Asset Management in 2017

Richard Edwards, Past Président IAM
Contents

- Asset Management
- Key drivers
- Where is leading practice in 2017?
- Challenges
- What it is the IAM doing?
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Asset Management

*Coordinated activities of an organization to realise value from assets*

ISO 55000
What does value mean to your organisation?
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Drivers – Regulators
Bill 6

(Chapter 15
Statutes of Ontario, 2015)

An Act to enact
the Infrastructure for Jobs
and Prosperity Act, 2015

The Hon. B. Duguid
Minister of Economic Development,
Employment and Infrastructure

Projet de loi 6

(Chapitre 15
Lois de l’Ontario de 2015)

Loi édictant la Loi de 2015
sur l’infrastructure au service
de l’emploi et de la prospérité

L’honorable B. Duguid
Ministre du Développement économique,
de l’Emploi et de l’Infrastructure
Drivers - Accidents
Drivers - Investors

Pension funds’ current and target allocations to infrastructure assets

Share of total assets, 2012 (per cent)

- **Australia**
- **Canada**
- **UK**
- **Global average***

*Sample of 619 pension funds. Source: RBA, PREQIN
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ISO 55001 – Friend or Foe?
Limitations of ISO 55001

• Can encourage a ‘compliance culture’ where certification becomes the goal – not actual business results
• Provides the benchmark for competent Asset Management, but no more
• Does not help organisations determine ‘best appropriate practice’ for their business – what it really needs to do in order to deliver stakeholders’ objectives
• It deliberately says nothing on ‘how to’
The maturity scale has six maturity states as follows:

1. **Innocent**
   - The organization has not recognised the need for this requirement and/or there is no evidence of commitment to put it in place.

2. **Aware**
   - The organization has identified the need for this requirement, and there is evidence of intent to progress it.

3. **Developing**
   - The organization has identified the means of systematically and consistently achieving the requirements, and can demonstrate that these are being progressed with credible and resourced plans in place.

4. **Competent**
   - The organization can demonstrate that it systematically and consistently achieves relevant requirements set out in ISO 55001.

5. **Optimizing**
   - The organization can demonstrate that it is systematically and consistently optimizing its Asset Management practice, in line with the organization’s objectives and operating context.

6. **Excellent**
   - The organization can demonstrate that it employs the leading practices, and achieves maximum value from the management of its assets, in line with the organization’s objectives and operating context.
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Stakeholder Engagement

- **Option 1**
  - Cost: 4.5
  - Risk over 20 years: 2.5

- **Option 2**
  - Cost: 1.5
  - Risk over 20 years: 5.5

**Key**
- Red: Cost
- Blue: Risk over 20 years
Communication
People
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Professional Development Pathways

IAM Professional Registration
Evidence of achievement across the 7 CP Roles and in AM Leadership

IAM Diploma or equivalent is minimum knowledge requirement

IAM Qualifications
UK and Internationally Regulated
- AM Diploma
- AM Certificate
- AM Award

IAM Membership

Other CPD Activity

Company Schemes
Recognised, Endorsed or Accredited by the IAM

Credits & exemptions
Credits & exemptions
IAM Diploma embedded

University Masters Degrees
Asset Management, Economics, Business & Finance, Engineering & Technology, Accounting, Social Sciences

Underpinned by the requirements of IAM Competence Framework (CF) & Leadership Frameworks (LF)
Summary

- Asset Management is an established discipline – still developing but the practice is now well defined
- Growing body of evidence that Asset Management delivers better governance, sustainable value & better risk management
- The challenges now are about leadership, culture & people – we need to make it happen!
- The IAM is increasingly focusing on leadership and professional development programs to make it happen
Thank You