WHITE PAPER

Optimising asset management:
Four key questions to help water and wastewater organisations align asset maintenance strategies with business objectives.
For asset-intensive organisations, the ability to align a whole-life approach to the management of physical assets with business objectives is vital to success.

As such, asset and maintenance managers are increasingly required to report on performance against key financial performance indicators (KPIs) such as asset utilisation, risk, and return on assets (ROA). These metrics are critical to understanding the overall health of an asset-intensive organisation, and rely on a current and correct view of all underlying asset information.

The ‘manage physical assets’ process, depicted below, also starts at the senior management level, with the definition of an asset management policy and the asset-related strategies and plans to support the policy objectives. Evaluating the alignment of the ‘manage physical assets’ process with policy requires the ability to measure both the efficiency of maintenance activities and their overall effectiveness, as shown in the diagram below. This implies that organisations have access to the data they need to evaluate their activities.

Best practice development of asset management policies and corresponding strategies for the maintenance of individual assets are based on the criticality of an asset – that is, the risk to the business and consequences to production associated with its failure to production, quality, safety, the environment, maintenance and other key factors, usually referred to as the triple bottom line: social, environmental and financial.
 Whilst closely related, the management of assets to ensure operational resilience is not the same as capturing data for the financial KPIs usually associated with asset management, or ‘asset criticality’. Asset criticality is a function of a company’s specific operations and equipment. For example, in a wastewater collection system, the loss of a pump station would interrupt the ability to get sewage to the water treatment facility, creating a public health hazard – thus its criticality is high, yet the likelihood of failure may be low.

Optimising an asset maintenance strategy around an asset’s criticality is vital to maximising the return on investment in the asset.

The four key questions an organisation must ask in order to optimise maintenance strategies are:

1. Where is the asset in its lifecycle and what is the expected end of life for that asset?
2. What is the asset’s detailed maintenance history? Based on that, what is its current age and condition in relation to its expected end of life?
3. What is the value of the work the asset is performing, in relation to the cost of maintaining it?
4. Are the right asset management software capabilities in place to optimally maintain the asset?

1. Where is the asset in its lifecycle and what is the expected end of life for that asset?

Organisations have typically focused on measuring initial and operating costs for assets. This view considers the asset lifecycle in terms of overall costs, from commissioning through operation and disposal. From this perspective, the goal of asset maintenance is to minimise the sum total of all costs associated with keeping an asset in operation during its life.

Another way to view the asset lifecycle is to track where an asset is in its lifecycle timeline, and adjust management plans accordingly. This best practice approach enables a more refined maintenance strategy that allocates cost and effort efficiently across each asset’s lifecycle to dynamically optimise maintenance expense in relation to availability targets.

In the case of a new truck, for example, the manufacturer might rate the expected engine life at approximately 12,000 hours (about 6 years). A maintenance organisation should perform a review of the possible failure modes of a truck engine. This can be done with a Failure Mode Effect Analysis (FMEA) or utilising the OEM failure history and maintenance recommendations. A maintenance plan utilising both predictive and preventive maintenance can then be developed to optimise the performance of the engine based on risk and detectability of a failure. The maintenance plan can be adjusted based on the equipment usage demands, environment, age and performance history to optimise both asset performance and maintenance costs.
2. What is the asset’s detailed maintenance history? Based on that, what is its current age and condition in relation to its expected end of life?

As asset-intensive organisations first develop and then execute on their maintenance strategies, it becomes important to measure whether a strategy is delivering the expected operational resilience improvements. Both efficiency and effectiveness criteria factor into this evaluation:

- **Efficiency** relates to how well the maintenance organisation executed its intended strategy. For example, were preventive tasks completed within acceptable timeframes?
- **Effectiveness** relates to whether the efficient execution of the strategy produced the desired results. Did it provide the projected asset availability within cost parameters? Did it produce the required production output?

Only by measuring maintenance efficiency as well as effectiveness can businesses optimise the return on their asset maintenance investment. Improving efficiency enables incremental gains, whilst improving effectiveness lets organisations see the ‘big picture’ to drive longer-term strategic gains.

The ability to build, access and collate historical data on assets not only helps management evaluate the effectiveness of maintenance strategies, but also enables the maintenance workforce to do a better job. For example, when repairing a failed drive belt, it’s useful to know if the drive belt’s life was significantly shorter than expected: Did the failure reflect normal wear and tear, or might there be an underlying problem to look for?

Of course, to make these determinations, the enterprise asset management (EAM) system must contain the necessary data, which means that field workers and others must enter it in the first place. By and large, the ‘what failed, why did it fail and how was it corrected?’ level of historical data on assets must be captured by the maintenance staff who do the work – preferably in the field, as part of the activity. This is much more likely to happen if the field force (1) understands how capturing this data will enable them to do their jobs better, and (2) is given a straightforward way, such as a mobile device interface, to enter high-quality data quickly and easily, in alignment with maintenance activities.
3. What is the value of the work the asset is performing, in relation to the cost of maintaining it?

Maintenance organisations have often measured their performance in isolation from the wider business context. If asset availability does not constrain production targets, then the maintenance strategy is perceived to be effective. But relating maintenance effectiveness only to asset availability fails to factor in the other side of the equation: is it worth it overall?

The migration from critical to preventative maintenance is not always simple. With critical maintenance, typically repairing or replacing assets that are not operating, there is no need to consider how the repair will impact system performance. By contrast, a preventative maintenance task has the potential to trigger an unintended consequence. For example, a valve exercise program could lead to increased water flows and so increase water pressure, which might in turn increase distribution water loss, pushing up water treatment production. It therefore behooves the maintenance organisation to be able to quantify whether the maintenance performed was worth the cost associated with doing it in the context of the overall business strategy.

The ISO 55000 standard advocates that asset maintenance should take place in the context of the organisational strategic plan. The Institute of Asset Management defines the organisational strategic plan as the overall long-term plan for the organisation that is derived from and embodies its vision, mission, values, business policies, stakeholder requirements, objectives and the management of its risks. From these perspectives, best practice measurement of maintenance effectiveness involves optimising maintenance performance and expenditures to deliver asset performance that meets business demand.

The repercussions of under-maintaining critical assets are swift and painful, and the loss of production availability or quality far outweigh maintenance cost savings – but over-maintaining all assets is not the answer. Preventive maintenance is about recognising and working within the broader business context, determining the optimal maintenance schedule for any given asset so that resources – whether in terms of time or money – are not wasted.
4. Are the right asset management software capabilities in place to optimally maintain the asset?

An EAM system is a critical enabler for asset-intensive organisations to optimise their ‘manage physical assets’ processes in accordance with their asset management policies.

For example, energy providers generally wish to maintain distribution system pressure within an acceptable range for the geographical location, and to minimise or eliminate unplanned service outages. Planned outages should be driven by maintenance requirements and corrective work that cannot be performed at any other time.

To enable the maintenance organisation to easily track and access the various information discussed above, a range of EAM capabilities are required. For example:

- **To track where assets are in their lifecycle timeline**, the EAM system must support storing that data, along with historical maintenance data, in relation to individual assets. Ideally, organisations can likewise track maintenance experience with all similar assets, to develop richer trend data.

- **To measure the value of work produced by individual assets**, the EAM system must make it straightforward to record and retrieve production data at the level of individual assets.

- **To leverage ‘as-found’ and ‘as corrected’ asset data**, the EAM system must provide highly usable screens and strong mobile application support to make it easy for maintenance workers to capture data whilst in the field.

**Asset registry capabilities**

An underlying capability that supports the above information storage and retrieval is the ability to define assets and their parts and components, and associated attributes and activities, in standard and optimal ways. This is a function of the equipment registry component of the EAM solution. Specifically, asset-intensive organisations need a way to apply asset management strategies against assets and their components at a level of granularity that organically reflects ‘real life’ (i.e., you want to manage water pressure, not the dials on a pump station).

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The EAM equipment registry should embody a hierarchical structure that breaks the company and plant down, in logical units, from the highest level to a level where costs can be collected, maintenance activities planned and failure analysis performed. Maintenance and other activities can be planned and recorded at any level within the hierarchy. This enables organisations to clearly relate physical assets and strategies for managing and maintaining them to business goals, in alignment with best practices. For example, entering the ‘make’ and ‘model’ attributes for a supply meter into the EAM system should automatically set up all the maintenance tasks associated with that equipment, such as calibration intervals. It should also define any condition monitoring parameters you want to associate with that equipment.

These capabilities help guarantee that maintenance management strategies and best practices are applied consistently across all similar assets in the organisation, to ensure that similar equipment is managed similarly, and that configuration and process information is reused appropriately. They also make it easy to review the performance of assets at the ‘make/model’ level; for example, how well a pump, motor or meter is performing overall, and how individual units are performing.

It should also be possible to compare performance across different asset models. If performance is not up to expectations, the maintenance strategy could be adapted to improve performance, e.g., changing the inspection protocol to check for a specific problem before it causes a failure.

A full-function EAM equipment registry is able to:
• Support a reliability centred maintenance (RCM) and reporting strategy
• Let organisations record the relative criticality of equipment and associated items and parts in relation to business objectives
• Make it easy to create, plan and schedule work
• Drive long-term planning of procurement of parts and services
• Provide an effective way to evaluate when to replace equipment

A specialised solution for asset-intensive organisations

Asset-intensive organisations need an EAM system that supports maintenance strategies and other activities that ensure their assets are available for the optimal amount of time to deliver on production or service goals. It is critical to understand what is necessary for assets to meet the business’s needs; asking the right questions will help you make the right decisions for your organisation.

Learn more

Asset-intensive organisations must solve many complex problems to meet service and production goals whilst balancing cost, safety, environmental and other variables. Contact ABB to learn more about our comprehensive solutions for enterprise asset management.