

# [Introduction in order to satisfy these needs,](https://assignbuster.com/introduction-in-order-to-satisfy-these-needs/)

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IntroductionEveryorganisation requires its assets to achieve its objectives and deliver itsplan. One of the greatest challenges has been an increasing needs andexpectations from regulators, customers and stakeholders. In order to satisfythese needs, an effective control and governance of assets need to beimplemented. Inthe recent years, many organisations have begun to realise the significance ofasset management as an enterprise strategy that, if properly implemented, willimprove financial performance of an organisation. Since the introduction ofInternational Standard PAS 55 in 2008 and ISO 55001 later in 2014, manyorganisations in various industries have adopted these sophisticated approachesto asset management.

Asan asset-intensive company, the function of asset management permeates many areas of the Jemenabusiness. Jemena recognised the need to put in place a standard and consistent frameworkto promote good asset management practice in the facilities management businessin order to retain the business with existing clients as well as secure newbusiness. Moreover, assets being the core component in the business, thediscipline of asset management is an enabler for the business to realise a valuethrough managing risk and opportunity, in order to achieve the desired returnfrom the asset portfolio. What is Asset ManagementAssetManagement is the coordinated activity Jemena undertakes to realise value fromassets.

It involves the balancing of costs, opportunities and risks againstperformance of assets to achieve Jemena’s Business Plan.  Benefits of having effectiveasset managementThere are a number of compellingbenefits for having the right asset management system. With effective asset management, alignmentof processes, resources and functional contributions are promoted, creating atransparent audit trail for what is done, when and why.

Thus, allowing anorganisation to direct, coordinate, control and monitor asset managementactivities at different levels throughout an asset’s whole life. Optimised assetmanagement also boosts workforce engagement. This includes leadership, communicationsand cross-disciplinary teamwork. Most importantly, it enables an organisationto achieve its objectives sustainably over time and ultimately maximisesvalue-for-money and satisfaction of stakeholders’ expectations. To summarise, an asset management system is a great tool for derivingvalue from the assets, streamlining processes involved, and achieving businessexcellence. China Light& Power or CLP is one of the largest investor-own power business in AsiaPacific. Its operation includes generation, transmission and distribution, andretail. For over a decade, CLP has been following a structured plan ofcoordinated improvements in asset management, achieving PAS55 accreditation in2007 and 2010.

The impact of integral AM was measured in 2011: 90% reduction insystem losses, while meeting a 20% growth in demand, expanding its asset baseby 25%  and, simultaneously, reducingcustomer charging tariffs by 40%.  Similarly, Sodexo, a facility management company, has also claimed that an asset management approachis very efficient. At the time that Sodexo obtained an ISO 55001 accreditationin 2015, it was observed that: • Improved control of day-to-dayactivities and business efficiencies – 7-8% average improvement • 40% reduction of risk-relatedcosts • 100% compliance in regulatoryactivities • Reduced failure rates – 20% Insupport of the importance of the discipline of asset management, a Britishspecification for good asset management, PAS 55, was first developed in 2004with global input from many different industries. PAS 55 outlined therequirements of an AMS in order to support the achievement of organisational objectives.

In January 2014, the internationalstandard, ISO 55001 Asset Management was launched and has now replaced PAS 55. ISO 55001ISO 55001 Asset Management is the latest international bestpractice in the management of physical asset, outlining specific requirementsof an AMS. It describes the benefits of adopting the standards: “… enablesan organization to achieve its objectives through the effective and efficientmanagement of its assets. The application of an asset management systemprovides assurance that these objectives can be achieved consistently andsustainably over time.

” Why Certification? A majorfocus of Jemena’s strategy is investment in its infrastructure, maintaining andupgrading its physical assets to assist in the provision of gas and electricity. An ISO 55001 certification will be excellent indication that Jemena has achieveda high degree of professionalism in the optimised asset management, committingto produce high quality products safely, efficiently and sustainably. To be ISO55001 certified, Jemena must be able to: demonstrate we understand theenvironment in which we operate; understand what customers and stakeholdersrequire from us; show how we deliver on their requirements; and show how wereport back. Being ableto demonstrate these abilities will provide confidence to the customers thatJemena is managing its assets efficiently to ensure the certainty of supply, quality and charges. It will also serve as an assurance to the regulators thatJemena is committed to doing its best to achieve optimal value from its assets inorder to keep the average household bills reasonable.