Strategic Asset Management: An Imperative Whose Time Has Come

AAPA Marine Terminal Management Training Program
September 17, 2015

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Asset management is the “...coordinated activity of an organization to realize value from assets.”

Asset management policy is “... the link that connects strategic and business goals to the physical asset portfolio.”
Why Is SAM A Management Imperative?

- Aging Infrastructure
  - Operating costs—too high and too often hidden
  - Deferred maintenance--substantial but uncertain scope, cost and impact
  - “Preventative maintenance” program = “run-to-failure”

- Inadequate Capital Resources:
  - Scarce public capital,
  - Cautious private capital, and
  - Inadequate internal resources
Why Is SAM A Management Imperative?

- Business processes
  - Asset data: Deficient, especially life-cycle position/variable definitions/not transparent
  - Information systems do not support investment decisions
  - Uncertain level-of-service requirements
  - Capital planning—ad hoc prioritization does not comprehensively address strategic risks across the organization
  - Leaseholder responsibilities: Poorly defined/not specified/not monitored
  - Don’t know the VALUE of our facilities
- Human resources: Retiring ‘Boomers’ -- loss of institutional knowledge
Steps to SAM Development

- Setting goals, establishing a plan and governance
- Assessing current state
  - Data, data flows, information systems
  - Relationship to, and support of, business processes
- Determining level-of-service requirements
- Life cycle condition assessments and forecasting
- Risk/opportunity assessment and investment prioritization
- Continuous improvement strategies, annual review and training
Maturity Pyramid

- **Strategic AM**
  - Renewals based on ROI & asset condition based risk
  - CapEx based on lowest life cycle costs
  - Advanced risk and failure prediction
  - Corporate wide AMP’s

- **Advanced Asset Management**
  - Long term renewals planning
  - Corporate info and risk strategy
  - Reliable condition and life cycle data

- **Basic Asset Management**
  - Comprehensive corporate asset register
  - Works mgmt & financial reporting
  - Recognise LoS, ACR and life cycle data

- **Pre-Asset Management**
  - Some asset data, but in silos
  - Ad hoc AM policies or processes
  - Lack of corporate co-ordination

- **Chaos**
  - No asset data
  - No formal system/process
  - Little accountability
Lessons Learned

- Develop an asset management plan (road map) addressing:
  - Policy statement
  - Clear, measurable goals,
  - Timelines, critical paths, success criteria,
  - Budget and annual review process
- Senior leadership engaged at beginning and throughout
- Demonstrate value--find and deliver early and ongoing successes
- Keep all departments engaged — understand resistance and its root causes--don’t ignore
- Be skeptical of big (expensive) engineering and IT solutions—SAM, at its heart, addresses business process: making better decisions
- Asset management will neither get cheaper nor easier over time.
- Negative consequences of NOT getting started will ONLY get worse.
- Don’t let the ‘best’ get in the way of the ‘good’
North American Ports/MTOs Embarking On SAM Journey

- Port Metro Vancouver
- Seattle
- Tacoma
- Longview
- Vancouver WA
- Portland
- Long Beach
- Los Angeles
- Houston
- Jacksonville
- Baltimore/Ports America
Next Steps

- Education: webinars, conferences
- Networking—formal and informal
- Research
  - Resource-effective SAM benefit delivery for all ports
  - Cost-effective predictive modeling