



# How Technology Can Enhance Asset Management Processes

by

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## Key Takeaways

1. **Effective asset management** (i.e. ensuring you realise the full potential of all your equipment) **is critical to minimising costs and maximising efficiencies** within your FM department and your organization.
2. **Taking advantage of a good CAFM system ensures you implement an effective maintenance management strategy**, which will improve the condition of your assets, minimise risk of breakdown and elongate their lifespan.
3. **Technology makes creating and maintaining an accurate and up-to-date asset register easy**, which can result in savings in procurement, storage, security and insurance costs.
4. **Mobile technology – such as FM mobile apps – makes recording vital asset information for your engineers quick and straightforward**, which in turn ensures your asset data is accurate and up-to-date.

## Minimising Unnecessary Expenditure

For any well-run business, minimising unnecessary expenditure is a priority. Its commonplace for management at all levels to scrutinise cost – a totally reasonable stance to take: why would any company want to spend money unnecessarily?

But what does this mean for facilities managers? Most FMs must produce detailed financial and business justification for purchases they wish to make and be expected to minimise costs. In this context, it makes sense that you elongate the lifespan of your assets as much as possible and ensure they are utilised to their full potential. To ensure you can do this, you need to know exactly what assets exist, where they are and how they are being used.

Effective facilities and asset management systems and procedures can add significant value and increase profitability. The cost-related benefits are quantifiable, with a three to six- month return on investment by no means uncommon.

This white paper looks at three important facilities management strategies to enable you to save costs and increase profitability:

- Asset value maximisation
- Asset tracking
- Technology exploitation

## Maximising the Value of Your Assets

As a facilities manager, you have a very important job: you are responsible for assets with values totalling many thousands, if not millions, of pounds. Standard wear and tear means these assets will deteriorate over time, incurring both direct and indirect costs:

- Badly functioning or non-functioning equipment causes disruption and/or delays to the day-to-day operation of the company
- Service levels to customer's decline
- Safety standards are compromised
- New assets must be bought to replace those that are no longer usable

Although stopping the natural deterioration of assets altogether is impossible, you can do a lot to slow the process.

### Maintenance is the key

Maintenance is crucial to maximising asset value: Well-maintained assets last longer, work better and are less likely to break down. You and your business should see maintenance processes as an investment rather than a cost. Planned preventative maintenance (PPM) – a schedule of regular work to keep equipment in good working order is a key part of this.

### How do I create effective maintenance management processes?

First and foremost, you need the right information to create effective maintenance management procedures. For each asset or group of assets you need to know:

- When maintenance should be carried out
- How maintenance should be carried out
- What is needed to enable the required maintenance to be carried out

A facilities management software system allows you to deduce all this information quickly and easily.

### When should maintenance be carried out?

Full maintenance histories and schedules – typically held in most facilities management software solutions – enable you to fine-tune the timing of planned preventative maintenance.

A good FM system automatically schedules maintenance work by asset type, while also allowing you to record the condition of assets and assign maintenance tasks to financial periods. You can rate the likelihood of potential failure and the severity of the risk to the business, and then use these risk ratings to inform future planned maintenance schedules. As a by-product, this information also provides you with the ability to pre-plan and budget for asset replacement.

**EXAMPLE: Plymouth Primary Health Care Trust**

The estates department of Mount Gould hospital is a multi-building site from which many services operate and is Plymouth Primary Health Care Trust's headquarters.

The hospital uses CAFM software. All 10,000 of the estates' assets were entered into the system, resulting in a comprehensive asset register. The register also stores details such as location, warranty, expiry dates and a full repair and maintenance history. The system then generates a maintenance schedule for every asset, as well as determining whether it should be repaired, refurbished or replaced.

**How should maintenance be carried out?**

Standard maintenance tasks are carried out quicker and more efficiently when using a system that holds a task library of maintenance procedures. A good FM solution allows you to build up a knowledge database, so that best practice, standards, history, personal insights and the key learnings of experienced staff is made available to your engineers when carrying out jobs. Apps also ensure they can access and record information while out in the field, making this aspect of their roles quick, simple and straightforward.

**What is needed to enable maintenance to be carried out?**

Maintenance almost always requires the use of spare parts and/or stores of building consumables. An efficient system provides you with the power to control this usage by linking the asset or asset group with the relevant components or parts. It is also essential to have a stores control system, to ensure that the parts needed are replaced as they are used and are readily available when you need them. More sophisticated systems use the asset maintenance history to predict and schedule future maintenance and ensure that optimum stock levels of parts and components are maintained in store.

## Asset tracking

### The Problem

A surprising number of companies do not have accurate information about the stock they own. While an asset register is almost certainly in existence, there is often very little confidence in the data it holds. Over time, as assets are acquired, disposed of and moved so keeping track of what you have and where it is located becomes increasingly difficult.

In many organisations, there are multiple asset registers all holding different information – which only further compounds matters. Typically, the finance, IT and facilities management departments all maintain their own lists of assets. It doesn't take long for these to become a) out of date and b) inconsistent with each other.

When an asset register is riddled with these types of inaccuracies, identifying under-utilised, under-performing and obsolescent assets becomes impossible. In cases where the value of the asset base runs into thousands or even millions of pounds, it's not hard to see how incorrect asset tracking can be costly.

#### **EXAMPLE: Timpson Ltd**

Timpson has a network of 1,412 outlets throughout the UK and offers a diverse range of services, from key-cutting to engraving and dry-cleaning. It uses a CAFM solution to manage the stores and thousands of assets across the organisation. As stocks deplete, the system prompts users to place an order for more supplies – which is then sent directly to the relevant supplier. The system is ideal for requesting spares for machinery, and the whole process is automated, speeding up the turnaround time and ensuring minimal disruption in the retail outlets.

#### **EXAMPLE: St George's Healthcare Trust**

St George's Healthcare NHS Trust is one of the largest hospitals in London. The Healthcare Trust has installed an FM web-enabled estates management system. Prior to the implementation of this software, the old estates and management system (developed in-house) had reached the end of its life and departments were holding their own asset lists and other technical information on their own PCs. The introduction of this software allowed rationalisation of all the different asset registers, purchasing processes and supplier lists.

### What should you do?

The only way to make sure that your asset register is an accurate representation of the assets physically present in your organisation is to carry out a physical asset audit. This means exploring every part of the organisation and then recording what you find. You can then use the information recorded during the asset audit to create a complete, accurate and up-to-date asset register.

## The Results

You can make vast savings simply by knowing what you've got. In fact, the cost of an asset audit is often recouped within a few months through improvements and savings in:

- **Procurement:** If you don't know what you've got, you may well be buying equipment you already have and you lose out on opportunities for re-deploying existing assets. Without accurate information about the maintenance history, and therefore the robustness of your assets, you may well end up buying problematic and unreliable equipment. You may also be buying from suppliers without a good service and support history. An accurate asset register allows you to get to the bottom of issues such as these to ensure you maximise efficiencies when procuring the assets you need.
- **Storage:** With effective space utilisation a key priority for all businesses, an accurate overview of unused assets is crucial. The cost of holding these is often surprisingly high, especially in comparison to redeploying or disposing of them. Rationalising the asset base by identifying and dealing with unused asset can result in significant cost savings.
- **Insurance:** Unless you know exactly what assets you have, you may well be paying insurance premiums on non-existent items. By contrast, you may have valuable assets that are not insured simply because you have no record of their existence.
- **Security:** 'Lost' assets can be expensive, both in terms of the total initial cost of the item and then replacing it and then the inconvenience and disruption caused to the business. As assets become smaller and more mobile, security becomes more and more of an issue. If you don't have a good grasp of what you've got, you can't know when it goes missing. Barcoded assets enhance control, while frequent and visible audits not only highlight security problems but act as a deterrent.

## How to audit and track

There are various ways of asset auditing and tracking. The simplest is to send one of your staff off with a clipboard and pen and instructing them to record everything they find. This apparently inexpensive approach is in fact usually costlier. It is expensive in human resources – someone (or more than one person) will need to be paid for weeks or months to find, identify and record assets. This is disruptive to the operation of the company but – worst of all – the exercise is almost always pointless. By the time the audit has been completed, assets have been moved, acquired or disposed of, the results of the audit will typically be out-of-date.

Electronic auditing involves an initial outlay, but the costs are often recouped within months through the savings which result from better management of fixed assets. There are several options for electronic tagging of assets (e.g. barcoding). Assets that are electronically tagged or labelled can be audited using an appropriate reader or mobile technology.

**EXAMPLE: London Borough of Camden**

The London Borough of Camden uses CAFM solutions to manage multiple buildings across the region, including Camden Town Hall and the Crowndale Centre, home to approximately 3,000 council employees.

The client services division used our software to set up a comprehensive asset register, accessible to all other users of the system. The system provides a single source of building history and information, by building, floor and room. The comprehensive expenditure and asset information provided has resulted in detailed and accurate cost control.

**EXAMPLE: Celtic Manor**

There are two hotels at the Celtic Manor Resort, the luxurious five-star Resort Hotel, and the four-star 19th century Manor House offering a total of 400 rooms between them. The resort includes three championship golf courses and numerous restaurants, bars, spas, shops, conference and other facilities.

The Celtic Manor complex is a logistically challenging facility, with more than one million square feet covering 16 floors across four separate buildings. CAFM software is used for a number of FM functions, including asset tracking and job scheduling by locations and assets.

The system paid for itself by the end of the first quarter through efficiencies and cost- savings, including buying in economical quantities from approved suppliers.

## Exploiting Technology

There are two main essentials for efficient and cost-effective asset management. The first is to have the right information available on the facilities and asset management system, while the second is to have this information, in an actionable form, available to operatives and engineers where and when they need it. In the case of maintenance and asset tracking, this means onsite where the assets are. Mobile technology, which improves the efficiency of many aspects of facilities and asset management, revolutionises maintenance and asset tracking.

A system that employs mobile technology – most commonly through a smartphone/tablet app, which can be downloaded to your engineer's existing devices – allows data to be transmitted back and forth between the central system and your staff in the field.

This means that information recorded “on the job” (e.g. asset condition, maintenance activity, assets found and their location) is seamlessly communicated back to the central system in real time (assuming your engineers using the app have an internet connection when submitting; if not, the information is stored to be sent when they are online). You can therefore be assured that this data is accurate and up-to-date.

Your engineers' use of mobile technology can result in significant cost savings, including:

- Reduced travel time
- Maintenance engineers can view asset and location details, planned maintenance instructions and any safety procedures while out in the field, meaning far fewer trips back to the office are required
- Efficiently planned jobs lists optimise travel time spent between sites
- Access to inspection/maintenance instructions and safety procedures on site mean that the work is carried out quickly, correctly and safely
- Mobile technology and barcoded assets make asset tracking fast
- More productive site visits
- Significant time is typically spent on breakdown preparation for any repair, including looking for technical documentation and finding spare parts information. Mobile technology allows your staff to remotely check stock, allocate parts and record stock movement (withdrawals, returns, movements), which means you have greater control over your stock
- If an unexpected situation is encountered, your engineers can create new work orders immediately, with the relevant parts allocated from stores
- Less time spent on administration: mobile reduces the time spent by your engineers on jobs by making recording progress quick and straightforward
- Better control of resources: mobile apps record start and finish times of each job, providing you with accurate data on how long each task typically takes and therefore allowing you to efficiently deploy your resources
- Better cost control: Labour and travel time costs can be recorded against a work order, which then allows you to produce analyses and reports on costs by job, site, asset and engineer; use this information as part of your strategic cost control planning processes

## Summary

To sum up, asset management is an area offering substantial cost saving opportunities with no discernible adverse consequences.

Improved maintenance procedures ensure you make the most of your existing assets, get rid of those that aren't necessary and ultimately drive improved efficiencies in your organisation.

Effective asset tracking and auditing prevents erroneous and wasteful expenditure.

Similarly, technology can play a vital role in ensuring you maximise efficiencies throughout each aspect of your asset management processes and guarantee ROI fast.



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