

ASSET MANAGEMENT

WHAT IS IT AND WHY SHOULD WE DO IT?

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What Is Asset Management?

A procedure to meet a required level of service in the most cost-effective way, through:

- **C**reation
- **A**cquisition
- **O**peration
- **M**aintenance
- **R**ehabilitation and
- **D**isposal

of assets to provide for present and future customers.

Benefits of Asset Management

Better operational decisions

Improved emergency response

Greater ability to plan and pay

Increased knowledge of the location

Increased knowledge of critical assets

Efficient operation

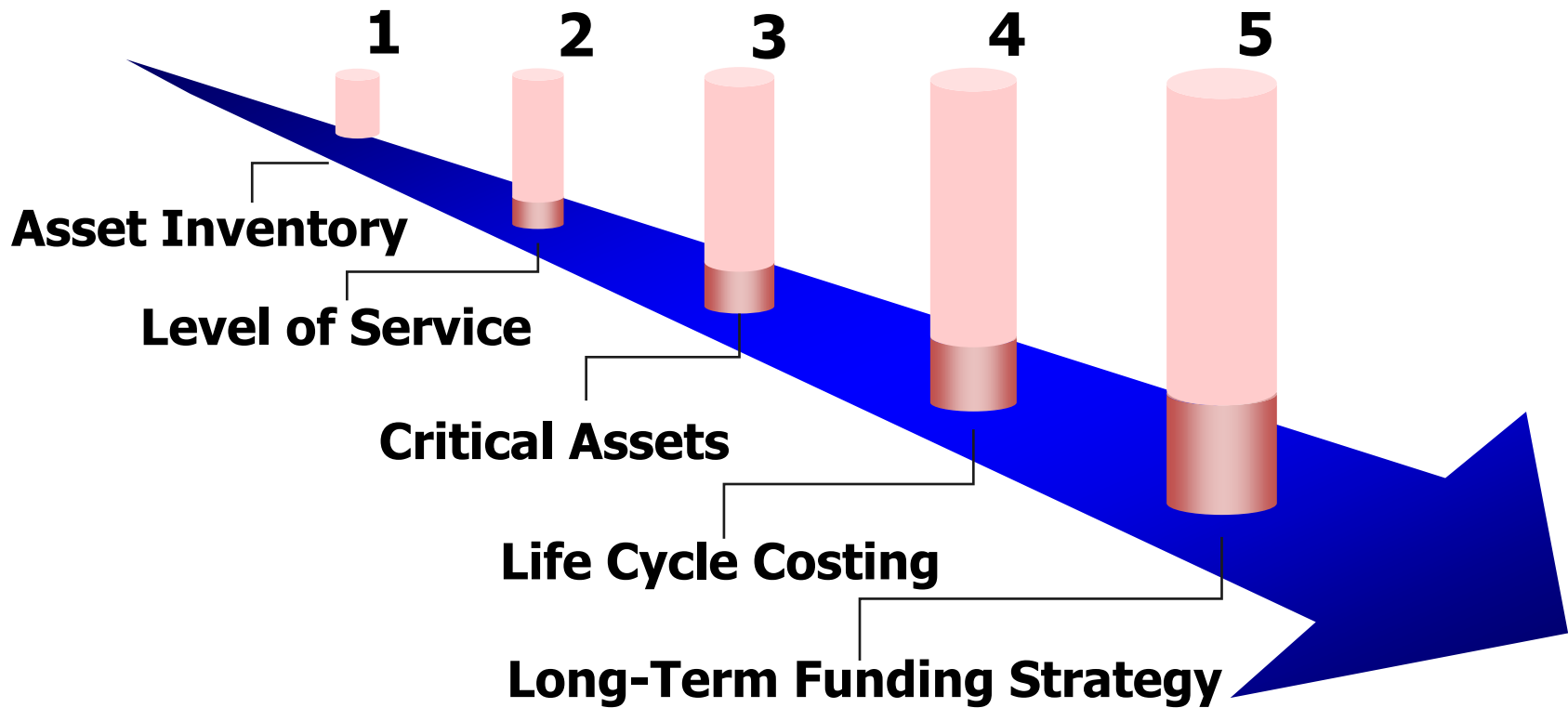
Better customer communication

Rates based on sound information

Increased acceptance of rates

Capital improvement projects

Components of Asset Management



Dealing with Assets Over Time

Operate and maintain the existing assets

1

Repair assets as they fail

2

Rehabilitate assets if repair is not enough

3

Replace assets if rehabilitation is not enough

4

But are we really dealing with assets properly over time?

Can you answer all these questions as “YES”?

- Do you have a complete asset inventory?**
- Do you have a maintenance management system?**
- Do you perform routine maintenance on a strict and documented schedule?**
- Do you try to maximize scheduled corrective maintenance to minimize expensive emergency repair maintenance?**

Do you have a complete asset inventory?

- **Do you have a complete record of each of your assets?**
- **Do you have the original cost or the replacement cost of your assets determined and recorded?**
- **Do you know where all assets are located and are they geo-referenced to include buried (pipelines) as well as above ground assets?**
- **Do you have complete name plate data for each of your assets such as pumps and motors?**

Do you have a maintenance management system?

- **Do you have all of your assets recored in a maintenance management system, whether it is a computer-based or a manual record keeping system?**
- **Do you have a documented maintenance schedule for each asset in the inventory?**
- **Do you record the history of all repair and rehabilitation perform on each asset?**
- **Do you have a documented replacement parts inventory system, which is sufficiently stocked?**

Do you perform routine maintenance on a strict and documented schedule?

- **Does your maintenance management system generate daily/weekly routine maintenance task orders?**
- **Is your staff properly trained to execute the scheduled task order?**
- **Does your maintenance management system alert you to task orders that were not completed?**

Do you try to maximize scheduled corrective maintenance to minimize emergency repair maintenance?

- **Do you have sufficient records to be able to trend the performance of an asset to anticipate a breakdown?**
- **Do you utilize predictive maintenance methods that provide indicators of potential equipment failures (such as: motor oil analysis, motor temperature trending, motor or pump vibration analysis and trending).**
- **Do you have the funds to take a corrective maintenance action?**

Critical Assets: Priority Considerations of an Asset Management System

- **Determine criticality of assets:**
 - How likely the asset will fail?
 - Consequences if the asset fails?
- **Consequences of a Critical Asset Failure**
 - Repair Cost
 - Social Impact
 - Collateral Damage
 - Reduction in Service
 - Environmental impact
 - Legal Impact

In today's reality, all water utility directors, along with the owners of the systems assets, are CHEATING.

- **Water utility directors and the governmental entities that own the assets are consciously destroying the assets.**
- **Why do they do it? Because they think that they can save money by leaving a repair or replacement for tomorrow.**
- **What is their problem? They forgot about Nastradini's donkey.**

How do you budget for asset management?

- **Let your maintenance management system generate the annual cost of routine maintenance.**
- **Define an anticipated average expenditure for capital repair and replacement.**
- **Define an anticipated average expenditure for capital renewal. (buried assets)**
- **Define an anticipate average expenditure for new capital investments.**
- **Total the above and enter into the overall revenue needs when determining your tariff.**

So Again, What Is Asset Management?

- **Know what you have, and know it in great detail.**
- **Take care of what you have, as recommended by the manufacturer, and with no exceptions.**
- **Know what are the critical assets for your system and treat them with special attention.**
- **Establish financial reserves to repair or replace what you have when the existing asset is no longer cost-effective to maintain.**

PLEASE – PLEASE – PLEASE

**DO NOT BE RESPONSIBLE FOR
KILLING NASTRADINI'S
DONKEY!**

THANK YOU