

THE INTEGRATION OF CAPITAL AND MAINTENANCE

The Missing Link of Facility Asset Management

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For decades, Property and Asset Managers have been developing Capital Renewal Strategies independent of their Maintenance Management Strategies for their portfolios in an effort to drive more value (i.e. profit, educational outcomes, reduced patient stays, etc.), out of their buildings.

Many organizations have successful demand/reactive maintenance plans that are often powered by a Computerized Maintenance Management System (CMMS). However, many organizations barely have the staff needed to address their reactive maintenance needs let alone complete any preventative maintenance tasks.

Over the past two decades, capital renewal planning has evolved significantly. Most larger organizations have a decent understanding of their Deferred Maintenance (DM) backlog. In most organizations, DM is actually associated with capital renewal needs as opposed to maintenance costs. However, given the ubiquity of the term, we will define DM as the total replacement cost of building elements that are passed their useful life but remain in service within a building or portfolio.

Understanding your DM requires consistent and defensible Building Condition Assessments (BCAs). BCAs became fairly common-place for large portfolios of buildings 20-plus years ago. Accordingly, most organizations utilize some form of a 5-Year Cycle for BCAs, meaning that each building is assessed by a 3rd party every five years. This data forms the foundation of a Capital Renewal strategy.

The opportunity that remains largely untapped within the Facility Asset Management space is to develop a single strategy that encompasses both Maintenance and Capital Planning. There are four key roadblocks to achieving this lofty goal:

1. The dataset needed for Maintenance Planning is far more granular (Equipment-Level) than that needed for capital planning (Element-Level);
2. The departments within an organization that deal with Maintenance and Capital are often siloed;
3. The tools used to manage Maintenance (CMMS) are different than those used to manage capital (often as simple as Excel Spreadsheets); and
4. Maintenance is a transactional process with thousands of Work Orders generated every year, while capital is more of an annual process, with generally less than a hundred projects annually, depending on the size of a portfolio.

We truly believe that if organizations can overcome these four challenges, the opportunity to maximize the value of its facility portfolio can be significantly enhanced. This can be executed through the following:

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1. Leveraging true lifecycle costing (spending more capital initially to save maintenance dollars over a 50-year lifespan of an asset);
2. Reducing equipment failure and extending the lifespan of major building systems through the design, execution and monitoring of a comprehensive Preventative Maintenance Program;
3. Ensuring relevant maintenance data for equipment is readily available to inform BCAs and Capital Renewal Planning;
4. Streamlining the upkeep of existing and new asset data by consolidating it into a single data source as opposed to having two independent sets of data associated with the same building(s); and
5. Prioritizing the allocation of limited resources (human, financial, etc.) in a way that delivers maximum value for all stakeholders.

Achieving this integrated approach to Facility Asset Management is not going to be easy for those that are up for the challenge. If it was, everyone would have figured it out by now.

We recognize that organizational resources are stretched thin as Property, Facility and Asset Managers are expected to continually “do more with less”. However, the return-on-investment that can be achieved when an organization finds the “sweet spot” between Capital and Maintenance Planning is worth the effort.

This whitepaper was written to introduce the challenges and present what we see as the potential benefits that exist for real estate organizations, whether public or private sector.

Our mission is to improve the built environment around the world through collaborative development of strategies that integrate maintenance and capital planning. Our hope is that by sharing our ideas and hopefully starting more conversations on the topic that the global Facility Asset Management profession will be able to increase the value of their assets for the benefits of their stakeholders and users.

Over the course of the coming months, several of our team members will be collaborating on a series of whitepapers that will provide more information on each of the challenges and the potential benefits outlined here. We welcome you on our quest to assist as many organizations as possible to find the Holy Grail of Facility Asset Management.

We welcome your feedback on this and all whitepapers that we publish. Please send your comments to info@rothiams.com or email the author directly at bill.roth@rothiams.com. If you are interested in co-authoring one of our whitepapers by

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exploring specific challenges or benefits to an integrated capital and maintenance strategy, please contact us as well.

For more information on how we are helping clients just like you develop integrated asset management strategies, please do not hesitate to contact us!



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Bill Roth is the founder and President of Roth IAMS and FCAPX, as well as the Co-Founder of SLAM Technologies. Together his three organizations are focused on providing expertise and tools that will enable integrated asset management for facilities around the world.