

Version No.:

For the period [YEAR] to [YEAR]

[DATE OF IMPLEMENTATION]

**EXECUTIVE SUMMARY**

One of the leaders in the [INDUSTRY] business, [NAME OF COMPANY] possesses a diverse asset portfolio in [CITY], where it centrally operates. Asset management, therefore, is a required discipline for the company to develop and perform across the board. This is to ensure that the company's assets are continuously being managed in a way that it is able to perform at its optimum state and maximize its resources and assets while being able to deliver quality services to its fast-growing clientele.

This plan specifically reviews and reports on the company’s assets acquired from its first year of establishment until the present. An organizational plan is also included for the purpose of implementing improvements to the company's current asset management activities.

As the ownership and management of the company's assets are divided into asset classes, this asset management plan will cover only all the company's assets in relation to its business operations.

In general, the company's assets are in good condition. Sufficient investment on the assets is attributable to regular capital renewal and the effective implementation of asset replacement programs, both of which are essential for the company to maintain the capacity of performing according to its current service level. The company's asset figures and performance ratios are as follows:

|  |  |
| --- | --- |
|  | **Remarks** |
| Asset Portfolio Value | Current Replacement Cost Valuation Method | USD 0.00 M | Attributable to an increased rate of return between [YEAR] to [YEAR] |
| Depreciated Replacement Cost Valuation Method | USD 0.00 M |  |
| Asset Consumption Ratio | 0.0% | Meets acceptable standards, the lowest ratio acceptable at 0.0% |
| Asset Sustainability Ratio | 0.0% |  |
| Asset Renewal Funding Ratio | 0.0% |  |

The company has delegated a group of employees to act and function as the company's asset management unit (AMU). This management unit is tasked to closely monitor the company's assets in its daily business operations and to plan and implement asset management improvement strategies. Currently, the AMU is conducting an asset management maturity survey using the company's management assessment framework and is also working toward further reviewing the company's asset management system data quality. From these investigations, the AMU is expected to expose gaps and make recommendations which will be used as guidelines for the development of a holistic asset management strategy for all of the company's assets. The strategy will further define the focus areas for the future of the company's asset management improvement endeavors.

Since the company's asset portfolio is diverse, the AMU will be required to coordinate with various asset custodians so that the team can provide a customized application of each asset management plan suited for each of the company's asset portfolios. Further revisions of this asset management plan will be determined by the development of improved strategies specific to each asset class.

**DEVELOPING THE PLAN**

This plan is one of the key components in the company's management plan framework, which covers all aspects of planning and reporting for its business operations. Adopted by the board on [DATE], this management plan will be reviewed yearly.

**The Management Plan Framework**

The overall objective of the company's management plan framework (MPF) is ensuring that the company's business operations are in line with the needs and interests of its many stakeholders. The framework and accompanying guidelines for the MPF were introduced into the company's management system activities as early as [DATE] and has since been the foundation for the company's approach to holistically strategizing its complex management activities. The flowchart below shows the components that make up the company's management plan framework:



Figure 1. Management Plan Framework

**Asset Management Structure**

The company's asset management structure is composed of four levels. Each level is theoretically designed for the purpose of enabling the MPF to function and continuously improving management planning and development. The development process is divided according to these levels so that progress can be monitored and measured accordingly.

|  |  |  |  |
| --- | --- | --- | --- |
| **LEVEL** | **NAME** | **DESCRIPTION** | **PROGRESS OF APPLICATION** |
| 1 | Asset Management Policy  | 1. Provides an outline of the company's asset management objectives, targets, and plans.
2. Creates a platform and standard for quality and efficient service delivery
3. Provides a comprehensive framework which becomes the basis for the production and implementation of the ASM (see Level 2) and AMP (see Level 3)
 | * Policy adopted by the company board
* Reviewed yearly
* Consistent with the company's strategic business plan and holistic company management plan

Overall Progress at \_\_\_\_\_\_\_% |
| 2 | Asset Management Strategy (ASM) | 1. Establishes the connection between the company's asset portfolio and the needs and interests of the business stakeholders
2. Ensures that the asset portfolio will be consistent and meets all service delivery needs
3. Capacitates the achievement of the AMP (see Level 3)
4. Ensures the integration of the AMP into the company's strategic business plan and holistic company management plan
 | * Integration into the business and management plans
* Considered areas for improvement:

AccountabilityInnovationInformationSustainabilityDevelopment of the strategy Overall Progress at \_\_\_\_\_\_\_% |
| 3 | Asset Management Plan(AMP) | 1. Is developed for each asset class
2. Defines and delineates the processes utilized in managing each asset class
3. Includes the following
4. asset register reference
5. defined levels of service
6. demand forecasting
7. company financial information
8. risk management strategies
 | * Each asset class has the corresponding AMP developed
* Plan requirements are met
* Consistency of data and formats among asset classes
* Detailed justification of forecasted budgetary requirements
* Detailed delivery of risk management and operational and maintenance policies procedures

Overall Progress at \_\_\_\_\_\_\_% |
| 4 | Process and Plan Evaluation(PPE) | 1. Measures and assesses the effectiveness of asset management programs and policies in reaching the company's yearly targets and outcomes
2. Should meet accounting standards
3. Be audited independently
4. Includes organizational requirements (e.g. workforce planning, etc.)
 | * Created the AMU and introduced to work with the asset custodians
* Business standards, procedures, and processes have been consolidated
* Key performance indicators have been defined and measured according to the AMS applicable to the company

Overall Progress at \_\_\_\_\_\_\_% |

Figure 2 below shows the relationships between each level of the adopted asset management structure.



**The Holistic Asset Management Plan**

The Holistic AMP is the additional fifth level added by the company in its adopted asset management structure. It has the following focus areas: a) modifications to the asset management structure and function, including the planning and administration aspects; b) overall asset inventory, condition, and financial valuation information merging all asset classes into a single source; and c) overall asset performance and its ability to meet stakeholder needs and interests, measured by a key performance indicator structure which is currently being developed.

**ASSET MANAGEMENT ADMINISTRATION**

The company sees asset management as a critical process for the health of its business operations. As such, it has required the makers of this plan to provide an appropriate governance structure that will cover the highest levels of strategic planning from the executives down to every functioning field employee performing specific work order. Integrated asset management delivery entails the consistency of communication between the departments.

**Asset Management Administration**

The company's adopted asset management administration structure is composed of five functioning bodies tasked to govern the asset management processes and to ensure that the overall strategic direction and vision of the company and its business align with its adopted asset management strategies. The following are the functioning bodies with their respective leaders and collective responsibilities:

1. The Company Board, led by [NAME], [DEPARTMENT], [POSITION]:
	1. Approves and adopts the asset management policy
	2. Provides advice and strategic direction in setting achievable objectives, realistic priorities, and clearly delineated focus areas
2. Management Body, led by [NAME], [DEPARTMENT], [POSITION]:
	1. Considers resource allocation among competing company priorities
	2. Ensures that the viable and efficient asset management policies and strategies are implemented
3. Asset Management Body, led by [NAME], [DEPARTMENT], [POSITION]:
	1. Are made up of company's key stakeholders
	2. Reviews asset management strategies and plans
	3. Provides guidance for implementation, monitoring, evaluation, and review of asset management strategies
	4. Ensures that asset management plans and procedures are aligned with the strategic business objectives and standard reporting requirements
4. AMU, led by [NAME], [DEPARTMENT], [POSITION]:
	1. Coordinates with the asset custodians and management in relation to the assets covered
	2. Provides leadership and guidance in making sure that the company assets are managed in line with its policies
	3. Reviews asset management policies, strategies, procedures, and reporting requirements
	4. Ensures the smooth delivery of information for each asset class to the company's holistic planning functions
5. Asset Custodians, led by [NAME], [DEPARTMENT], [POSITION]:
	1. Operates and maintains the assets
	2. Are assigned on a per asset class basis
	3. Supports the company's service delivery requirements
	4. Develops and implements the AMPs
	5. Plans and informs the company of future management actions and requirements
	6. Coordinates with the AMU in ensuring that the asset portfolio management is implemented in line with the company's strategic business objectives



Figure 3. The asset management administration structure adopted by the company. New assets are included in the diagram but are connected to the AMU, since the company's process for incoming assets entails each asset to be classified into another asset class by the AMU prior to the asset being entrusted with its respective asset custodian.

**SUMMARY OF COMPANY ASSETS**

The company owns, operates, and maintains a wide variety of assets which it tries its best to use efficiently in running its business operations. These assets are critical to the company's ability to provide a number of services to its customers while making sure that the interests of the stakeholders are taken into consideration.

In order for the company to maximize its resources in asset management, the company gathers and keeps asset data so that it can plan acquisition, maintenance, and disposal actions.

|  |  |  |
| --- | --- | --- |
| **ASSET CLASS** | **ASSET SUBCLASS** | **ASSET DATA REQUIRED** |
| Cash and Cash Equivalents | 1. Capital reserve
2. Business income
3. Bank accounts
4. Money market funds
5. Stocks and bonds
6. Marketable securities
 | 1. Financial Valuations
2. AMS Asset Registers
3. Condition Assessment Data
 |
| Business Inventory | 1. Raw materials
2. Products on sale
3. Products in storage
4. Equipment and machinery
5. Supplies and stationery
6. Computer software
 |  |
| Properties | 1. Land [SPECIFICATIONS HERE]
2. Building A [SPECIFICATIONS HERE]
3. Building B [SPECIFICATIONS HERE]
4. Storage Location A [SPECIFICATIONS HERE]
5. Parking Space
 |  |
| Equipment | 1. Computer hardware
2. Tools
3. Machinery
 |  |
| Accounts Receivable and Prepaid Expenses | 1. Unpaid invoices
2. Debts/cash advances
3. Loans
4. Insurance
5. Leasehold
 |  |

**Asset Information**

This section contains an overview of the current state of each asset class, which has been further subdivided into asset subclasses as seen in Column 2 of the preceding table. The information provided is as follows:

1. Asset Condition. The physical condition of each asset is measured on a scale of 1 to 5, corresponding to the asset's visible deterioration: 1 = good condition; 2 = minor deterioration; 3 = fair condition; 4 = poor condition; 5 = failed asset. For cash and cash equivalent assets, deterioration will be measured by the amount differential between the company's current asset valuation and past monies within the last [N] years. If the differentials exceed 0.00 mil USD, the assets will be considered in poor condition. The score is supplied in a parenthesis ([ACS]) beside the asset subclass name under "ASSET CONDITION" in the table below.
2. Quantities. Physical measurement or count of the asset type currently owned by the company.
3. Consumed Versus Remaining Life. This provides a look into the asset's consumed life compared with its expected remaining life. This is measured in years.
4. Value: This is the total financial value of assets in a particular subclass. The company currently uses the fair value of assets valuation methodology, wherein realizable assets are valued at open market value, while non-realizable assets are valued using a depreciated replacement cost or an income approach. These assets are revalued every [N] year to ensure that the latest fair value of each asset is properly reflected.

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSET CONDITION** | **QUANTITIES** | **LIFE IN YEARS** | **VALUE** |
|  |  | **CONSUMED** | **REMAINING** |  |
| **CASH AND CASH EQUIVALENTS** |
| Capital reserve [ACS] | USD 0.0 | [N] yrs | [N] yrs | USD 0.0 |
| Business income |  |  |  |  |
| Bank accounts |  |  |  |  |
| **BUSINESS INVENTORY** |
| Raw materials | [N] |  |  |  |
| Products in stores |  |  |  |  |
| **PROPERTIES** |
| Land lot no. [N] | [AREA] |  |  |  |
| Building A |  |  |  |  |
| **EQUIPMENT** |
| Machinery |  |  |  |  |
| **ACCOUNTS RECEIVABLE AND PREPAID EXPENSES** |
| Unpaid invoices |  |  |  |  |
| Insurance |  |  |  |  |

**Summary of Asset Valuations**

Legend: CRC = Current Replacement Cost in USD mil

 AD = Accumulated Depreciation in USD mil

 DRC = Depreciated Replacement cost in USD mil

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSET** | **CRC** | **AD** | **DRC** |
| **CASH AND CASH EQUIVALENTS** |
| Capital reserve | USD 0.00 | USD 0.00 | USD 0.00 |
| **BUSINESS INVENTORY** |
| Raw materials |  |  |  |
| **PROPERTIES** |
| Land lot no. [N] |  |  |  |
| **EQUIPMENT** |
| Machinery |  |  |  |
| **ACCOUNTS RECEIVABLE AND PREPAID EXPENSES** |
| Insurance |  |  |  |

**Budgetary Requirements**

The company's assets have their respective budgetary requirements for operation and maintenance. These requirements have been projected by the company as far as [N] years into the future. Despite these projections, further actions must be pursued in order to refine its asset management requirements into activity-based projections linked to appropriate service levels and risk.



Renewal, replacement, upgrade, and expansion is viable options for the company's future actions on its capital budgetary requirements. This is for the company to continue meeting the long-term needs and interests of its stakeholders. Capital renewal and replacement are essential for the company to offset asset deterioration from their regular use.

**Measures of Success**

The measures of asset performance are continuously being improved through the coordination between the AMU and the asset custodians. Under each success criteria, key performance indicators (KPIs) will be developed so that the company can accurately measure the progress and growth of each asset portfolio as the business continues to operate. Once finished and implemented, the KPIs will be included in the latest version of this plan.

As of this writing, data acquisition processes and systems are still being developed by the AMB and AMU. The development of the data acquisition framework is intended to measure long-term assets. The company believes that developing and using the KPIs to measure and maintain positive asset performance will ensure a sustainable and efficient asset development plan.

The drafted success criteria are as follows:

1. Customer Value. The company primarily relies on its business in order to further sustain its growing asset portfolio. The customers are the primary drivers of increased assets since the cash flow the business provides for the company holds a total of 0.0% of the company's whole asset value. The company plans to maintain and continue gathering assets that will have a great impact on how positively the customers behave in relation to the business.
2. Stakeholder Value. The company has a lot of stakeholders, most of whom are tied to the business financially. In this aspect, asset performance will be measured in the ability of the company to continuously provide a positive return on investment to its stakeholders.
3. Socioeconomic and Environmental Impact. Another success criteria for an asset is its socioeconomic and environmental impact. Asset performance measures may vary from one asset class to another. Impact identification and sustainable improvements are key factors in this initiative.

**KPIs for Asset Ratios**

1. Asset Consumption Ratio (ACR). In its latest ACR calculation, the company scored 0.0%, which is a passing score considering that the standard ACR score is 0.0%. This score represents that the company's assets are generally in good condition.
2. Asset Sustainability Ratio. At 0.0%, the company meets the standard for this ratio. The company is currently keen on investing in renewals and replacements at a rate close to the rate of asset depreciation considering the maintenance of appropriate business service levels.
3. Asset Renewal Funding Ratio. At 0.0%, the company meets the standard for this ratio, indicating that the company is capable of funding its capital renewal and replacement program, and is able to sustain most, if not all, of its assets in the current portfolio.

**IMPROVING THE COMPANY'S ASSET MANAGEMENT STRATEGIES**

Despite having already established a workable and organized asset management system, the company inevitably still has low asset value returns in terms of strategic planning, budgeting forecasting, and decision-making. The AMU is dedicated to improving the company’s asset management system. Some of the major improvement activities being undertaken by the unit include the asset management maturity survey and the data quality investigation and report.

**Asset Management Maturity Survey**

Self-evaluating a company's asset management maturity is an industry-recognized asset management evaluation methodology. Since [YEAR], the company has adopted this method in analyzing the growth, health, and use of its assets.

The survey will be conducted by the AMU on a yearly basis, taking into consideration 11 elements that provide valuable information for determining the maturity of the asset management strategies. Questions from the survey will be designed to fall under these categories: strategic long-term planning, annual budget and report, asset management policy, asset improvement strategy, asset management plans, management and administration, levels of service, data and systems, skills and processes, and evaluation.

The latest survey indicates that the company's overall asset management has significant gaps in terms of asset data information administration and consistency with the company's asset management policy and plan. These issues will be addressed according to these recommendations:

1. The consistency of the AMP. It is recommended that the AMU coordinate with other existing management units in order to define and organize all asset information to be incorporated into the policy and plan. Likewise, the company must also organize regular meetings between its stakeholders and asset management bodies so that any new requirements will be taken into consideration in making AMP updates. In line with this, a communications plan should be developed to ensure alignment.
2. Gaps in Asset Data Information Administration. A technical standard for usable asset data information is currently being worked on by the AMU and the ACU.

**Asset Management System (AMS) Data Quality Review**

The latest data quality review conducted by the AMU concluded that the company has poor AMS data. The system's configuration is not user-friendly so that users have the tendency to commit errors. The AMU also discovered significant inconsistencies in the system asset data, asset information incorporated into the AMP, and the actual asset management work being done to address data linkage issues.

Functionality is a feature that should be addressed by improving the quality of AMS data. The AMU recommends an analysis and improvement based on these four core elements: 1) ease of system navigation; 2) implementation of asset risk management through the system; 3) work order completeness, and 4) value and usability of asset information collected and stored.

**Values of Improvement**

The company is now expected to deliver an asset management strategy that will implement the improvements needed to optimize its asset management functions. The strategy will be guided by the following values:

1. Informed Decision-Making. The company needs useful asset information in order to improve its decision-making activities. In order to achieve this, specific standards and strategies will be developed for the information under each asset class. This is to clearly define the information needed for each decision to be made, how such information is collected, the storage location of the information, and how the information is extracted and analyzed.
2. Improved Methods. Asset management is a rapidly developing field and a single change in the way asset management is viewed and handled has a lasting impact on the company. Innovative ways to manage assets, durable materials, and more useful technology and processes are needed in order for the company to maximize the success of its many assets in the long run. This, plus quality asset information and sound decision-making, will help the company manage and utilize its assets better.
3. Accountability and Sustainability. These values are ingrained in the company's core. The company aims to remain consistent in demonstrating a transparent link between what it plans to do and what it actually does for its stakeholders and customers.



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