

The Mule's Line-of-Sight on his Assets

David Albrice, May 3, 2015



"To think of shadows is a serious thing" - Victor Hugo.

Let me introduce myself. My name is Mule. I'm a fancy cross between a donkey and a horse capable of doing hard work. Some call me an *ASS-ET*. And here are my thoughts on shadows...

I remember it well....The day was intensely hot, with the sun beating down fiercely. A weary Traveller required assistance into the mountains so she rented me to haul supplies along the trails.

The Traveller noticed that my body was casting a Shadow that provided cool shade from the sweltering heat. She decided to rest to regain her strength before heading off on her journey and so she sat down in my Shadow.

A short distance away, my Owner, who had bought me from the local market, happened to notice the Traveller enjoying my shade. He rushed up to the Traveller and told her that she had only rented me but the Shadow belonged to him. He said to her that if she wanted to use the Shadow, she would have to pay for it.

The Traveller was perplexed. And me too. If only I could have said something -- but mules cannot talk. After a moment's hesitation she replied that she had rented me and expected that my Shadow come with me. I mean, after all, you can't separate me from my shadow.

Wouldn't you know it, they started to fight about who had the right to use my Shadow. My Owner seemed to think that he had only rented me and not my Shadow to the Traveller. For goodness sake, how am I supposed to detach my Shadow from my body and leave it behind in my stable. The Traveller argued that she had gained the right to my Shadow when she had paid for my services.

This silly quarrel got out of hand and I decided to get out of there. Who needs the stress? I headed back to the comfort of my stable.

Don't these people realize that there are five "sights" that should be considered when managing an *Ass-et* like me? When I got back to the stable, I thought I'd write a blog so that other Mules could learn from this experience.

Owners and Travellers need to know that there are five types of "sight" in *Ass-et* Management, each of which casts a different shadow. Together, these shadows give direction and focus on the evolving stages in the value-exchange between people and their *Ass-ets*.



So, my fellow Mules, what are these five "sights" you ask?

1. Insight

Insight is a deep understanding of an asset, particularly regarding its value and the things needed to preserve that value. An asset's value is complex and is derived from many things, including:

- the type of asset
- the location of the asset
- the age of the asset
- the maintenance necessary to preserve the asset
- the condition of the asset

Insight into the value of an asset is gained through the following means:

- development of a database of baseline information about the asset, from the time it was placed in service to the present
- periodic commissioning of studies from professionals to identify needs at different stages in the life of the asset, including warranty reviews, maintenance reviews and condition assessments.

For the Traveller, insight would be her understanding of what me, the Mule, and my shadow are capable of doing. She doesn't need to know my exact age but it's fair to say that she should know that I'm in good enough condition for a reliable journey through the mountains. Since I walk at a certain speed, and require food, water and rests at certain intervals, the Traveller will need to care for me accordingly.

For my Owner, insight is how he recognizes my inherent value, which includes, amongst other things, my ability to cast a Shadow. It also helps the Owner to ensure that he does not rent me to someone who will not respect my needs.

2. Foresight

Foresight is about leadership and the setting of goals associated with assets. It is having the ability to predict, with reasonable accuracy, what will happen to an asset in the future if a prescribed path is followed. Foresight enables us to make an estimation on:

- the Probability of Failure (PoF) of the asset
- the Consequences of Failure (CoF) of the asset

Within the domain of asset management, foresight is achieved through the following means:

- commissioning of a reserve study, which is a long-range planning tool that identifies key projects required for the assets. These studies must be based on realistic forecasts.
- development of three types of plans: a strategic plan (typically over a 30 year period); a tactical plan (5-10 year period); and an operational plan (1 year)
- establishment of policies and procedures for scope, cost, quality and time control.

For the Traveller, foresight enables her to identify our destination and the length of our journey through the mountains. She needs to consider if I might die *enroute* and, if that does happen, what her contingency plan will be for me and my Shadow. Let's hope THAT doesn't happen.

This is why it's important to know the risk of *Sweating the Asset*.

For my Owner, foresight enables him to determine how many trips through the mountains I am capable of doing under normal circumstances. He must recognize that I am aging and will provide less value over time. Maybe one day, he'll even consider leaving me in the stable and send out one of the younger, but less experienced, Mules.

3. Oversight

Oversight is about management. It is the mindful care of assets achieved through responsible stewardship and prudent decision-making. It is about how plans are executed to reach the best potential of an asset by leveraging and preserving its value.

Oversight involves:

- a prioritization scheme to separate the urgent from the important
- execution of periodic projects on the assets associated with maintenance, repairs and renewals

Oversight is achieved through the following means:

- a qualified and competent team
- an appropriate and fiscally responsible budget
- regular meetings to make informed and prudent decisions
- reporting procedures in place
- good recordkeeping, including logbooks

For the Traveller, oversight involves working in cooperation with me and my Shadow about the route to get us safely and efficiently through the mountains. The Traveller must manage unexpected circumstances and changing surroundings, as well as keep track of our daily progress. In doing so, she will determine what adjustments are necessary if we are to meet our schedule within budget.

For my Owner, oversight means he must transfer responsibility for my care when he releases custody of me to the Traveller. However, he must also have a mechanism to respond to any emergencies that may arise while the Traveller and I are on our journey together. Let's hope THAT doesn't happen.

4. Hindsight

Hindsight is the understanding of a situation or event, but only after it has happened or developed. A review of the past, as a direct result of oversight, includes:

- measurements of the results of the oversight to reveal any variances
- identification of patterns in the data to reveal trends and correlations

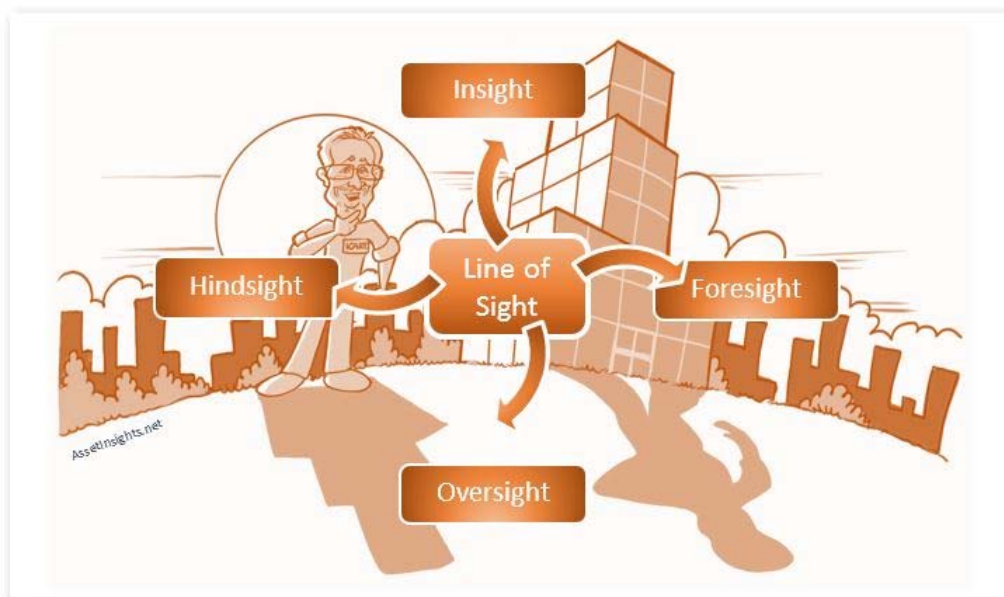
For asset managers, hindsight is achieved through the following:

- a data management platform and tools to enable data analysis
- periodic evaluation of the demonstrated effectiveness of projects and actions against key performance indicators

For the Traveller, hindsight occurs at milestones along our journey and upon arrival at our final destination. Hindsight enables the Traveller to assess the success of our journey together, including the value of my Shadow, and to take away lessons to be considered for her next adventure with or without a Mule.

For my Owner, hindsight enables him to evaluate how many more journeys I'll be able to carry out. In assessing my condition, he must ensure that I've not been neglected, misused or abused during the journey. Furthermore, my Owner, too, must not misuse or abuse me when I'm not accompanying other travellers.

And now finally, my fellow Mules, let me share with you one of the most important "sights" – Line-of-Sight.



5. Line-of-Sight

Line-of-Sight is an understanding of how the four sights interconnect. It is how one acts as a foundation for the other and how they work together as an overall, interconnected framework.

Here are a few examples:

- It is only with insight that realistic foresight can be developed
- Foresight helps set up appropriate plans and procedures for oversight
- The lessons learned from oversight provides hindsight
- Hindsight leads to new insights and thus completes the full circle

After I ran away from the stress of the Traveller and the Owner arguing about me, I returned to see if they had worked out their differences. Lo and behold, with my absence they had come to realize the value of my Ass-et. As they say, absence makes the heart grow fonder. I wandered back over to them, and they sat down side by side in my Shadow to renegotiate the terms of their contract. They both realized that they needed me and I needed them.

Now if only I could find somebody's shadow to sit in...

Closing Question: When managing assets, which of these "sights" casts the longest shadow?

I wish to acknowledge that this blog post was inspired by the Aesop's fable of the Ass and the Shadow.

David Albrice is a Senior Asset Management Specialist. His experience with shadows comes from his many journeys with hundreds of different clients. David can be followed on [Twitter](#).