Asset Management is about realizing value from an organization’s asset base. There are many aspects to asset management and ISO 55000, 55001 and 55002 address these at a high level.

This Technical Specification - ISO 55010 is a guideline enabling organizations to better understand why and how alignment between financial and non-financial functions is important in realizing value from assets.

Operational, financial and technical managers are commonly the key personnel responsible for delivering asset management in an organization. Historically each of these disciplines has developed their own way to manage and control risks. This specification was written to help all functions in an organization to better align financial and non-financial issues coherently in order to maximize value from their assets.

ISO 55010 provides guidance for CFO’s and their financial teams to help them understand how they can fit together financial and non-financial aspects and become even better in controlling the organization’s risks and costs.

ISO 55010 is also for COO’s and technical managers of engineering and planning departments, plus any other non-financial functions involved in asset management. Personnel in these functions need to understand why the financial departments need to have relevant and timely information to compile accurate financial reports. ISO 55010 provides guidance to bridge current gaps between the financial and non-financial worlds.

This specification is not developed as a certifiable specification, it has no requirements as such. The main aim of this specification is to provide guidance to bridge current gaps between the financial and non-financial worlds. This can encourage the breakdown of silos and improve cooperation making better use of every department’s expertise in achieving the organizational objectives as effectively and efficiently as possible.

This specification was developed in response to demand from the global asset owning community. ISO/TC251 brought together experts from all over the world and liaised with financial experts in many countries and from organizations including IFA, IMA and IASB. Over 4 years, and through multiple rounds of consensus building involving several hundred experts around the world the ISO 55010 specification is now approved for publication and use by the asset management community.
Achieving better results in your Asset Management journey

Why is alignment important to my organization?
Alignment enables an organization’s various functions to share and utilize information and improve achievement of the organizational objectives.

- It bridges the gaps between goals of financial and non-financial functions;
- It improves knowledge sharing and decision-making with a common terminology and an understanding of the business goals and decision-making frameworks;
- It maximizes the value realized from assets by the organization and its stakeholders with a balance of risks, performance and costs.

What does alignment provide?
Effective and efficient interactions between financial and non-financial asset management functions result in:

- More efficient measurement of both asset and organizational performance, better demonstrating achievement of organizational objectives;
- Commonly agreed terminology relating to assets, creating information efficiencies and helping to break down internal silos;
- Improved internal controls;
- More transparent and complete reporting.

From an accounting perspective, integrated, consistent, and trustworthy data and knowledge management provides assurance that the financial and non-financial asset registers and their values on the balance sheet are accurate and complete.

How does ISO 55010 help bridge the gaps between financial and non-financial functions?
- It creates more efficient measurements of both asset and organizational performance, better demonstrating the achievement of organizational objectives;
- It improves teamwork and inter-departmental buy-in and pursuit of corporate, rather than departmental, objectives;
- It identifies mutually beneficial non-financial KPI’s (key performance indicators) that achieve better value from assets instead of focusing only on financial KPI’s;
- It embraces a partnered approach to asset management with collaborative financial and operational planning for a common understanding about the mutual impact of performance management and financial results.

Sharing knowledge for better decision-making
Organizations are typically structured along hierarchical lines, this tends to lead to functional silos. The development of strong functional capability has many benefits in terms of developing good practice within a function such as finance or engineering, but does not allow for good sharing of information across functions required to achieve organizational excellence.

ISO 55010 describes practices that enable good “horizontal” inter-departmental sharing. This has a direct impact on the organization-wide availability of asset information by helping to align various asset registers where they exist.

Maximizing value to the organization and to stakeholders
To maximize the value realized from assets to organizations and to stakeholders, it is necessary to balance risks, performance and costs.

This Technical Specification gives guidance on how to align the financial and non-financial functions to better balance performance, cost and risk.

ISO 55010 also describes how financial and non-financial functions in an organization can work more closely at every step of the processes associated with: planning, accounting for, analyzing, evaluating and reporting its activities.

Better achieving organizational sustainability
Organizational performance, including its long-term sustainability, can be assessed in many ways, such as a triple bottom line, balanced scorecards, or other key performance indicators. Assessments will inevitably involve both the financial and non-financial functions of the organization. Better alignment between these functional areas as promoted by this Technical Specification, will provide more accurate and complete information and data.

Such information and data are necessary inputs to the longer term planning required to demonstrate that the organization can meet its strategic objectives in a sustainable way. Ensuring that the necessary financial and non-financial resources are available over the forward planning horizon, should be the aim of management to satisfy stakeholders that the organization can continue to operate as effectively as possible.