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Thinking Sustainability?

There is an overwhelming focus on sustainability these days. Issues related to carbon emissions, global warming, exponentially growing landfills, rampant energy wastages, etc., which seemed conceptual a decade or two ago, are a reality hitting everyone harder than ever before. Most people are yearning to play a role in contributing to the world's sustainability goals, which is a very good step!

But now, the bad part. In spite of this drive, it has somehow been assumed that the world's responsibility toward sustainability starts and ends with the above stated issues. In recent years, the idea of sustainability has grown to be recognized as the connector that binds a business with the society as a whole while ensuring its profits are rolling. However, corporations these days are trying to communicate with the outer world in a language that everyone understands best, sometimes making them seem and sound redundant and making others wonder if they are really doing enough. That's not to say reducing the carbon footprint or increasing reusability are unimportant or vague topics, but hard fastening these terms every time someone speaks about sustainability somehow creates a notion that it's a mandate for some big corporations or countries to look at while relieving other important stakeholders from this responsibility. In short, generalizing these parameters is depriving one of performing enough action when it comes to implementing these practices in real sense.

Get Focused on Sustainability

All individuals can and should make a conscious effort to work in their own capacity to evaluate how best they can deliver back to society. Dean Kamen, an American inventor and entrepreneur, provides inspiration, not so much for his invention of the Segway, but by making a better living standard affordable. Through his invention of a system that purifies water, people in developing nations have easy and affordable access to potable water. Massimo Bottura, a famous Italian chef, did something similar in 2012 when a small city in Italy was ravaged by an earthquake and the local vendors thought they had no other choice but to dispose of millions of pounds of much valued parmesan cheese. He invented a delicacy and persuaded the government to help him make it famous around the world. Not only did his efforts ensure that vendors suffered only minimal losses, his risotto initiative also helped in clearing the inventory and preventing job losses.

So, how does this all relate to asset management practitioners? For starters, it should get you thinking about what sustainability means to you and how you can contribute. Asset management has a strong potential to implement sustainability. You may wonder how something that purely operates in the context of a specific business domain has anything to do with sustainability.

Consider these questions:

❑ YES ❑ NO Is energy important to you? In a resource constrained space that you live in, do you think energy conservation makes sense to society as a whole? Does the idea of minimal entropy excite you?

❑ YES ❑ NO Do you think an asset's reliability has anything to do with health, safety and the environment? Do you see a safer work environment as a social imperative?

❑ YES ❑ NO Do you think by maxing optimal reuse of assets that you are benefiting society?

If you answered **"yes"** to some of these questions, you are probably someone who would advocate asset management as a candidate for implementing sustainability in the true sense.

by Rejeesh Gopalan

Think Asset Management!

Sustainability's Link to Asset Management

More than half of the typical manufacturing operational expenses are incurred by the energy required to run the machineries and peripheral systems. While assets drive the operation for an organization, they consume an enormous amount of energy and often waste even higher energies than what is required. This should definitely bring a focus to sustainability, which, in principle, targets efforts to reduce energy wastage.

{ Is energy important to you? }

A U.S. Energy Information Administration report[1] finds that worldwide energy consumption by heavy industries has been rising at an alarming rate. If this finding worries you, so to should the amount of energy that gets wasted by the inefficient working of assets. Nothing in the world is perpetual, including the equipment that runs your operations. The nature of entropy ensures that nothing can virtually operate at 100 percent efficiency, with energy losses through friction, heat loss, etc., some of the contributors here. But through an optimal asset management process, you can be sure of reducing these energy losses, ensuring you are burning less energy to produce better process output. Asset management improves machine productivity and cuts wastes, from non-productive work hours to breakdowns, etc. In the process, it automatically takes care of the emission and global warming aspects of sustainability.

An article[2] emphasizing the importance of safety shows a common link of safety-related ignorance that acts as a catalyst to oil spills, reactor blasts, refinery explosions and other adversities. Asset management helps in effectively and efficiently managing safe operating conditions that may otherwise effect workplace occupants and the environment. Safety remains a fundamental aspect of asset management. Through a robust premise of guiding principles and programs, it establishes a safe limit for equipment to operate while deriving operational efficiency. Losses witnessed lately due to these adversities clearly emphasize the fact that a safe upkeep of assets makes an organization responsible toward its ecosystem more than its business output.

Research on servitization,[3] a business model that involves delivering value instead of product, reveals a sustainability link. Imagine a company opting to buy service of an asset rather than the asset itself. With changes in technologies, business needs and the temporary nature of assets, the need to pile up on asset inventory is gone. The traditional model of production and consumption is not environmentally sustainable. Wastes, overproduction and non-context based manufacturing result in customization and added maintenance costs. Servitization offers opportunities from an environmental aspect also, providing incentives for manufacturers to increase fuel efficiency that, in turn, results in less carbon dioxide emissions and reduces the cost of the service delivery. But for its effective implementation, servitization needs asset management as one of its core support systems.

Implementing Asset Management

Are you convinced about the importance of asset management in sustainability and ready to implement? First, you need to be ready to control and sustain this culture.

Knowing the importance of asset management in sustainability is just half the battle won. A strong implementation of asset management policies needs to be backed by an equally robust control mechanism. Imagine a tighter control being brought in through an accountability check to manage a

safe work limit for an asset. This can potentially de-risk the environment in which assets are operating. Reporting on sustainability practices also acts as a persistent self-check and could channel the efforts of an organization in this direction without deferral. An external auditing body that keeps a tab on the sustainability mechanism and correctly reports activities in a timely manner would ensure the credibility of such reports and the actions behind them, thereby ensuring persistency. These external agencies would act as enforcement agents for the sustainability policies of the organization. It is extremely important to bring in the assurance aspect of sustainability reporting to ensure the asset management activities of an organization are reported along with other operational and strategic aspects.

Motivate Toward Sustainability

Incentivizing stakeholders plays an important role in getting a natural and voluntary support from them. It also goes a long way in ensuring the focus remains on the sustainability goals. Mechanisms, such as universally tracking adherence to safety parameters (e.g., accident history, waste disposals), equipment emissions and the willingness and ability to reuse, could enable a framework for providing incentives to participating stakeholders. Imagine gifting a "carbon credit" for adhering to the sustainability policies or providing other types of incentives that would motivate employees to do more and achieve more.

Without a doubt, asset management has a strong potential to contribute to society while aligning to the nature of business in which it operates. It is very important not to get restrained by the standards or the general notion of sustainability. Instead, expand your own horizons with a serious desire to operate in a sustainable environment, thus making sustainability a more practical term than a mandated one.

Being a representative of asset management, you have a major role to play in promoting this culture. Are you up to the task?

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