



## Introduction to Asset Life Cycle Management

When the economy is booming and business is great, many organizations don't question the costs associated with the HVAC/R equipment on which their facilities depend. But when cost controls become important, those in the C-Suite start asking questions regarding R&M (repair and maintenance) spend. They want justification as to "how" and "why" these dollars affect asset life and unit level operating cost.

To answer these questions you need data...and to get that data you need to have an Asset Life Cycle Management Program in place.

### What is an Asset Life Cycle Management Program?

Every fixed asset – such as your HVAC/R equipment – has a life cycle. Life Cycle Asset Management is a data-driven approach to optimizing this life cycle that allows you to intelligently plan and budget for updates, replacements and maintenance strategies. Costs, opportunities and risks are balanced against the desired asset performance, in order to achieve the organization's objectives.

Taking a "whole of life" approach to asset management means moving away from the "one-time" transactional approach to assets procurement, to an approach that sees the acquisition as a multi-step process to be analyzed and thoroughly vetted. That's why an Asset Life Cycle Management Program addresses all eight phases of an asset's life:

1. **Needs Identification** – What need will the asset fulfill?
2. **Planning** – What is expected of the asset while in use?
3. **Design & Engineering** – What are the minimum purchase specifications and/or any design additions?
4. **Procurement** – Purchasing, based on steps 1 through 3.
5. **Commissioning** – Proper installation and commissioning.
6. **Operations** – Operation, maintenance and continual monitoring.
7. **Modifications** – Potential upgrades or the addition of efficiency systems/components.
8. **Decommissioning** – Retirement and disposal of the asset at the end of the life cycle.

### What metrics should you be tracking?

For most organizations, the monitoring and tracking of any asset-related activities throughout its life cycle is the largest barrier to entry for implementing a robust Asset Life Cycle Management Program. However, this is the data you need to make educated decisions and provide valuable feedback to the C-Suite budget discussions.

By tracking each life cycle phase of each particular asset you will drive data by the asset and not by a work order. There is just no substitute for tracking the details. For example:

- Instead of tracking a particular trade or asset category spend such as "refrigeration equipment," you should track the actual costs of the individual assets that comprise that category.
- Instead of tracking "average invoice cost" you should track the failure modes and work performed on each asset.

Having this type of information will enable you to codify future acquisition decisions and value-engineer future build outs. You will finally know "why" the money is going there.

## About Evolution Mechanical

Evolution Mechanical is an experienced and reliable HVAC and refrigeration contractor that can design and install your HVAC system and keep it running smoothly. In addition, we're also highly knowledgeable energy consultants offering a full range of energy management services. Give us a call for all of your HVAC and energy needs!

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