Asset Risk Management: Can Top-Down and Bottom-Up ever be like Barbie and Ken?

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Abstract

Have you ever found yourself thinking:

- “Why won’t you just give me the answer?”
- “I don’t care about the decimal places”
- “Not everything can be classified as red, amber or green”
- “You just made that number up!”
- “Why are you making this so hard?!”

When it comes to asset risk, we know it’s not always as shiny as a scene from the Barbie movie.

Managing asset risks and their potential impact on organisational objectives is hard. There are often large numbers of assets distributed across various locations, making it hard to maintain a comprehensive view of all risks. Coordinating risk management efforts and creating consistency across diverse asset classes is challenging. Communicating asset risks to non-technical decision-makers is difficult.

And then there’s our iconic duo:

Enterprise risk managers oversee and manage organisation-wide risk management processes and programs, and typically hold responsibility for identifying, assessing and managing risks that could impact achievement of strategic objectives. These functions are pivotal in cascading understanding of the context in which the assets operate and the strategic consequences of their failure: the ‘top-down’ view.

Asset managers and operators are responsible for identifying and managing risks associated with assets and communicating upward the potential impact on organisational objectives. Such teams provide a wealth of knowledge about the ‘bottom-up’ view of risk: which assets are likely to fail, or fail to deliver the required levels of service, and when.

Effective management of asset risk can only be achieved through harmonisation of two. Join us as we embark on a journey to unravel the question: can the top-down and bottom-up views of risk ever find common ground like Barbie and Ken?