

An exploration of assets and projects: Types of assets, and project deliverables as assets, in an organisational context ¹

By Alan Stretton

INTRODUCTION

In a recent article in this journal (Stretton 2021k), I included discussions on longer-term organisational external effectiveness strategic initiatives and their associated assets, which are basically physical fixed assets. In that article I used the following Wikipedia definition of fixed assets.

Fixed asset: A fixed asset is a long-term tangible piece of property or equipment that a firm owns and uses in its operations to generate income. Fixed assets are not expected to be consumed or converted into cash within a year. Fixed assets most commonly appear on the balance sheet as property, plant and equipment (PP&E). They are also referred to as capital assets.

I also pointed out that there are many other types of assets, and foreshadowed further discussions about these. This article explores this topic further.

When I started looking further into the nature of assets, I found that different sources tended to present somewhat different listings of asset types, and differing perspectives of their relevance in various contexts.

In this article, I will first outline the results of this exploration, which includes a representation of types of assets in a business context, and of interfaces between them.

I then explore an idea first put to me by Giammalvo which links project deliverables directly with assets, and discuss this in the context of three broad groupings of deliverables from organisational strategic initiatives – and thence projects – from Stretton 2021k.

This is following by a brief consideration of the business organisation as a long-term fixed asset in its own right, which adds further asset interfaces to those already represented. I conclude with diagrams illustrating the cumulated assets and their interconnections, and their connections with the three broad groups of organisational strategic initiatives/projects.

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SOME DESCRIPTORS AND PERSPECTIVES OF TYPES/NATURES OF ASSETS

Asset/assets has/have a wide variety of usages/ meanings

The variety of usages and meanings of asset/assets are illustrated in the following example from a Norton search.

Asset – Meaning in the Cambridge English Dictionary

- A useful quality, skill or person
- An asset is also any positive feature that gives you an advantage
- Something valuable belonging to a person or organisation that can be used for the payment of debts
- [Accounting, finance] Something that is owned by a person, company, or organisation, such as money, property or land.

The first two bullet points are quite generalised usages. The third relates more specifically to the payment of debts, which is more of a specialised usage. The fourth relates to accounting/finance contexts, which are widely used, and particularly relevant to the business domain. Several specific types of assets are traditionally identified in the accounting/ finance and business contexts, to which we now turn.

Some definitions/understandings of types of business-related assets

Investopedia identifies four types of business-related assets.

Assets can be broadly categorised into short-term (or current) assets, fixed assets, financial investments, and intangible assets.

Current assets are short-term economic resources that are expected to be converted into cash in one year.

Fixed assets are long-term resources, such as plant, equipment and buildings.

Financial assets represent investments in the assets and securities of other institutions.

Intangible assets are resources that have no physical presence.

The Institute of Asset Management has published a two-part Publicly Available Specification (PAS 55) on Asset Management (IAM 2008a,b). Although PAS 55 is primarily concerned with physical assets, it identifies five broad categories of asset types, which it discusses in IAM 2008a:vi, in part as follows

0.2 Types of assets

The physical assets (see 3.1) represent only one of the five broad categories of asset types that have to be managed holistically in order to achieve the organization's strategic plan. The other assets are human assets, information assets, financial assets and intangible assets (reputation, morale, intellectual property, goodwill, etc).

The management of physical assets and asset systems is inextricably linked to the other categories of assets;

A listing of relevant types of assets

It is evident that the IAM's *Physical assets* would include both Fixed and Current assets, even though its primary concern is with the former. If we then amalgamate the asset types from the above two sources, we have the following listing

- *Fixed assets* } Physical
- *Current assets* } assets
- Financial assets
- Intangible assets
- Information assets
- Human assets

A representation of these types of assets and interfaces between them

The IAM 2008a Figure 2 illustrates the focus and business context of their PAS, with its focus on physical assets, in relation to other categories of assets. Figure 1 below is an adaptation of their circular figure, showing the main asset types, and important interfaces between the asset types.

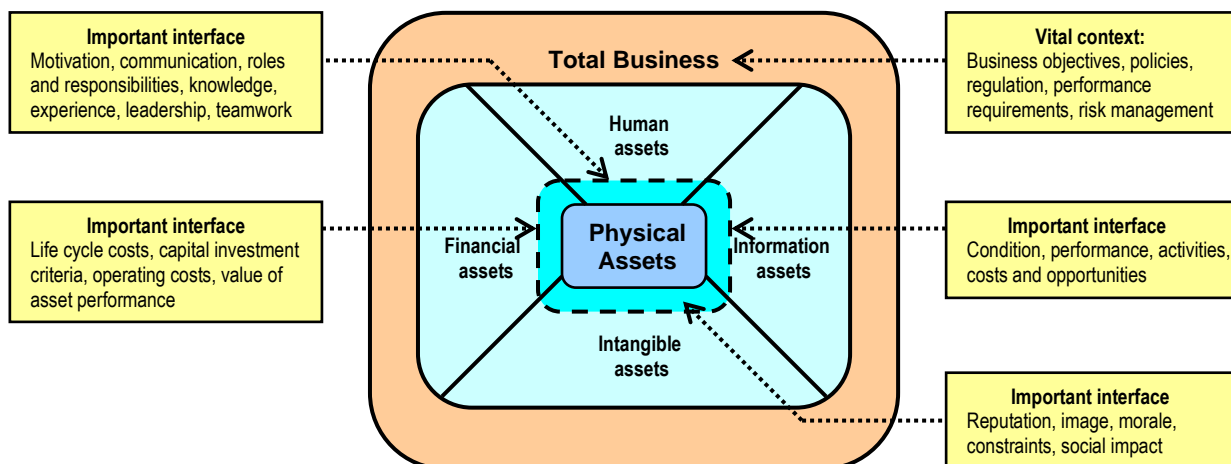


Figure 1: A representation of five types of assets and interfaces between them, adapted from IAM 2008a, Figure 2

Giammalvo 2019 has made an elegant representation of how all five classes of assets interface with each other in his Figure 3, which is also reproduced in his two 2021 articles. Unfortunately I do not have the computer drawing skills to reproduce it here, but commend it as a particularly neat way of illustrating such comprehensive interfacing.

Having identified the above types of assets, we now move on to discuss their relevance to the contexts of organisational strategic initiatives, their component projects/programs, and their products/outputs/deliverables.

STRATEGIC INITIATIVES, COMPONENT PROJECTS/PROGRAMS, AND ASSETS

A note on terminologies: Strategic initiatives, projects, programs & portfolios

As noted in Stretton 2021k, for some time now I have used the descriptor *strategic initiatives* (rather than their component projects, etc) for the actions taken by an organisation to achieve its strategic objectives, broadly in line with the following definition from Cooke-Davies 2016.

[Strategic initiative]....a project, portfolio of projects, other discrete program or series of actions undertaken to implement or continue the execution of a strategy, or that is otherwise essential for the successful implementation or execution of a strategy.

In the following I will be discussing strategic initiatives and project and programs in broadly equivalent ways, more or less interchangeably.

Equating products of projects directly with assets

In one of his more recent articles in this journal, Giammalvo 2021a equated the products of projects directly with assets, in discussing "...the products (= ASSETS) these projects are producing ...". Later, he says,

..., regardless of whether you are a CONTRACTOR or an OWNER, projects produce ASSETS from one (or more) of these 5 Asset Classifications [as identified in IAM2008]

I have not previously thought of project deliverables as always being assets. So, this has led me to examine Giammalvo's contention a little more closely.

I started by looking at a grouping of deliverables from organisational strategic initiatives which I first discussed in Stretton 2020e, and most recently in Stretton 2021k.

Broad groupings of deliverables from organisational strategic initiatives

The main headings used in Figure 4 of Stretton 2021k were as shown in Figure 2.



Figure 2: Organisational internal efficiency and external effectiveness strategic initiative headings

It can be seen that three broad grouping of strategic initiative deliverables were identified. The first is described as *internal efficiency strategic initiatives/projects*. The other two are types of organisational *external effectiveness strategic initiatives/projects*, which are described as *Shorter-term (production-related)* and *Longer-term (asset-related)*.

We now briefly look at how each of these three groupings of strategic initiatives (in reverse order) and how they relate with the various types of assets identified earlier.

External effectiveness strategic initiatives

- **Longer-term (asset-related) initiatives:** These are directly related to the *fixed assets* type of *physical assets* listed above.
- **Shorter-term (production-related) initiatives:** These appear to relate reasonably directly with the *current assets* type of *physical assets* listed above.

Internal efficiency strategic initiatives

Internal efficiency initiatives also influence an organisation's external effectiveness, and thence its contributions to both its current and fixed assets. This is one type of connection they have with the organisation's assets. However, as I have interpreted a comment Giammalvo made to me, it can also be very useful to look at the operating business organisation itself as also being an asset in its own right, and particularly at what could be termed its *internal operating assets* which benefit from *internal efficiency* initiatives.

The operating business organisation as a long-term fixed asset in its own right

Giammalvo 2019 describes asset management as a process of "creating, acquiring, expanding, upgrading, maintaining and eventually disposing of organisational assets". It takes only a slight modification of this descriptor for it to be equally applicable to an operating business organisation at large.

If we look at it this way, we can then look at how its *internal operating assets* interface with other asset types.

Interfaces of the business internal operating assets with other asset types

Business *internal operating assets* appear to interface with other types of assets in two different ways.

Interfacing with current and fixed physical assets: These might be termed "flow-on" interfaces, in the sense that results from *expanding, upgrading, maintaining* the *internal operating assets* will be expected to flow on to benefit the *current* and *fixed* physical assets it subsequently *creates, acquires, etc.*

Interfacing with human, information, financial and intangible assets: These other interfaces are more direct, and in some types of *business change initiatives* could directly involve all four of these types of assets.

An example comes from my own experience when I project managed the development and deployment of a completely new financial and cost accounting system (an *internal operating asset*) for Civil & Civic in the early 1960s.

This involved our people (*human assets*) needing to develop new personal skills; learning how to use new *information assets* in new ways; improvement in controlling and enhancing the company's *financial assets*; and ensuing *intangible assets* such as an enhanced reputation as an efficient and effective organisation to do business with.

Many, if not most, internal efficiency strategic initiatives would appear to involve all four of these internal operating assets, either directly or indirectly.

We can summarise most of the above by adding to Figure 1 as follows.

Adding the business internal operational assets and interfaces to Figure 1

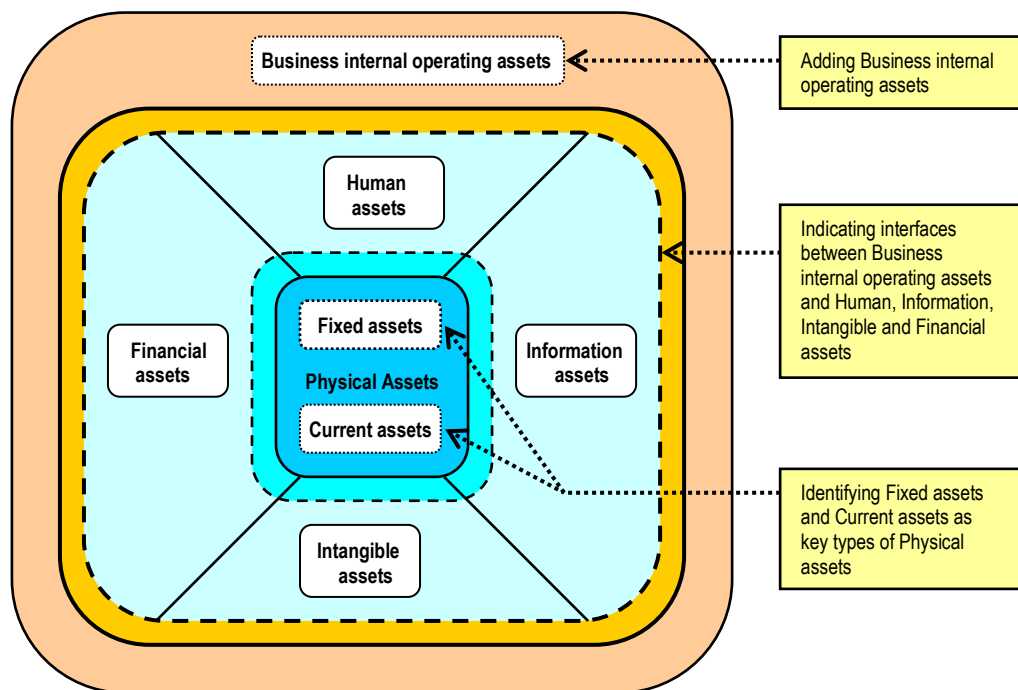


Figure 3: Adding business internal operating assets & interfaces to the representation in Figure 1

SUMMARY/DISCUSSION

Overall, we have identified seven groups of assets, as highlighted in Figure 3, and have indicated some of the many interfaces between them.

We also identified three broad groupings of deliverables from organisational strategic initiatives, and linked them most directly with three of the primary groups of assets, as now summarised in Figure 4 below.

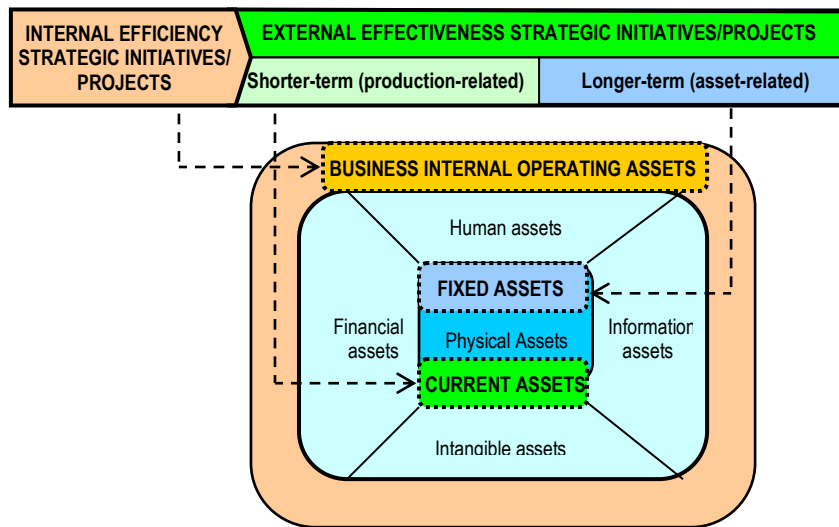


Figure 4: Summarising connections between three broad groupings of organisational strategic initiatives and their primary contribution to three key types of assets

I am not sure how useful this exploratory article may prove to be. But it helped me understand a little more about the nature of various types of assets that are relevant to the project and allied contexts, and I hope it may do the same for at least some others.

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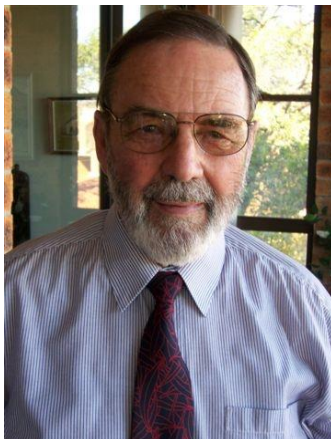
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Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program. Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in

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