



Beyond Lip Service

The Case for Genuine Asset Management in the
Acquisition Phase

A DC2O Thought Leadership Paper

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1. Introduction — The Acquisition Paradox

Here is a paradox that ought to trouble anyone who owns, commissions, or finances a building: the phase of an asset's life cycle in which we have the greatest power to influence its long-term cost is precisely the phase in which we invest the least asset management effort.

The evidence on this point is well established and widely cited. Decisions made at the concept stage typically determine around fifty per cent of future life cycle costs; by the time detailed design is complete, more than seventy per cent of the cost trajectory is locked in (Neasbey, cited in AMQ International, 2002). Yet in most property organisations, the acquisition phase — encompassing planning, design, procurement, and construction — remains overwhelmingly the domain of project managers and engineers whose training, incentives, and key performance indicators are oriented towards capital cost, programme, and technical compliance. Asset management, to the extent it features at all, tends to arrive as a late-stage overlay: a maintenance manual handed over at practical completion, an asset register populated after the fact, or a set of life cycle cost projections prepared to satisfy a tender requirement and never revisited.

This is what we mean by “lip service.” The words are present — whole-of-life, total cost of ownership, asset management plan — but the substance is missing. The processes, governance structures, and genuine commitment needed to embed asset management thinking into acquisition decisions are conspicuous by their absence.

The consequences are neither trivial nor theoretical. They manifest as buildings that are expensive to operate from day one, maintenance backlogs that accumulate within the first decade, asset data that is incomplete or unusable, and capital renewal profiles that surprise the finance team. Every one of these outcomes can be traced, at least in part, to failures during acquisition.

This paper makes the case that a genuine asset management perspective — one supported by practical, embedded processes rather than aspirational policy statements — applied to the acquisition phase delivers measurable, long-term value. We draw on the international standards framework (ISO 55000, PAS 55), published lifecycle cost research, and our own experience in strategic property asset management to set out what “real” asset management in acquisition looks like, why it matters, and how organisations can move from rhetoric to practice.

2. The Problem: Fragmented Responsibilities and Siloed Thinking

The root cause of poor asset management outcomes in the acquisition phase is structural, not technical. In most property-intensive organisations, responsibility for the asset lifecycle is distributed across separate teams with separate budgets, separate reporting lines, and — critically — separate definitions of success.

As the NSW Treasury asset lifecycle model identifies, the basic lifecycle contains four phases: acquisition, operations and maintenance, renewal, and disposal. Yet typically, capital works units and construction managers own the acquisition phase; facilities, engineering, and maintenance managers inherit operations; and financial managers control revenue allocations and budget streams — often without recognising the dependent relationships between these activities (DC₂O, Overview of Strategic Asset Management).

This fragmentation produces predictable consequences. Design teams optimise for technical performance and aesthetics, with lifecycle costs considered only when contractually obligated. Construction teams optimise for programme and capital budget. And facilities teams are handed an asset they had little or no input into, along with whatever documentation survived the handover process — which, as we shall see, is often substantially less than was generated.

The differentiation between roles and phases increases the possibility of inefficiency, conflicting objectives, lack of coordination, and missed opportunities.

The “thrown over the wall” handover culture is not simply a matter of poor communication. It reflects an organisational model in which the people who make the decisions that most profoundly affect long-term asset performance have neither the information nor the accountability to consider those long-term effects. The design engineer is trained to size and specify assets in terms of functionality, not in terms of their lifecycle. The project manager is measured on time and cost to practical completion, not on total cost of ownership over thirty years.

As the IAM's guidance on the project phase observes, design offices are responsible for conception, design, and specification, but are staffed exclusively by engineers who consider the asset in terms of its sizing and functionality — not specifically in terms of its lifecycle. This is not a criticism of engineering

competence; it is a recognition that organisational structures fail to create the conditions for optimal value realisation (IAM, Asset Management Project Phases, 2019).

PAS 55 recognised this problem explicitly, establishing the concept of “line of sight” — the alignment between an organisation’s strategic direction and its day-to-day asset management activities. When this line of sight is broken during acquisition, as it routinely is, the assets delivered will reflect the objectives of the project team rather than the long-term objectives of the asset owner.

3. What the Evidence Tells Us

3.1 The Lifecycle Cost Curve

The relationship between early decisions and long-term costs is one of the most robust findings in asset management literature. The lifecycle cost curve demonstrates that the potential to influence costs is highest at concept and design stages and diminishes rapidly as the asset moves into construction and operations.

Concept-stage decisions typically determine the trajectory of around fifty per cent of future lifecycle costs. By the completion of detailed design, over seventy per cent of the lifecycle cost profile is established. By the time an organisation reaches the operations and maintenance phase, the bulk of actual spending may still lie ahead, but the scope for meaningful cost improvement is slight — and the cost of making changes is significantly higher (AMQ International, Issue 88, 2002).

This is a crucial insight that deserves more attention than it typically receives. It means that the most powerful lever available to an asset owner — the ability to shape the long-term cost and performance profile of an asset — exists precisely at the point where asset management input is most often absent.

3.2 The Construction-to-Operational Cost Ratio

Published research consistently demonstrates that initial construction costs represent only a fraction of total lifecycle expenditure. According to RSMeans data, initial construction costs typically account for approximately twenty-five to thirty-five per cent of total lifecycle cost (Lythouse, 2024). Other studies indicate that the ratio of initial construction cost to total maintenance and operational

costs can range from 1:5 to as high as 1:9 (Altaf et al., 2025). For a typical commercial building with a fifty-year service life, this means that for every dollar spent on construction, between five and nine dollars will be spent on operations, maintenance, energy, and renewal.

The implications are stark. An organisation that focuses its asset management effort exclusively on the operational phase is attempting to optimise a cost profile that is largely predetermined. Conversely, an organisation that embeds whole-of-life thinking into the acquisition phase has the opportunity to influence the entire expenditure envelope — not just the twenty-five to thirty-five per cent spent on construction, but the sixty-five to seventy-five per cent spent over the remaining life of the asset.

3.3 The Cost of Change Over Time

Closely related to the lifecycle cost curve is the cost-of-change curve. As an asset moves through its lifecycle from service strategy through design, construction, and into operations, the cost of implementing changes rises steeply. A design modification at concept stage may cost thousands; the same modification during construction may cost tens of thousands; and a retrofit during operations may cost hundreds of thousands or more.

This escalating cost dynamic creates a powerful economic argument for early-stage asset management involvement. Every decision that is deferred from concept to construction, or from construction to operations, carries a compounding cost penalty.

3.4 Data Loss Across Project Phases

One of the less visible but equally consequential problems in the acquisition phase is the systematic loss of asset information across project delivery stages. As the Strategic Asset Management newsletter observed: much of an organisation's asset data is acquired in the first four project delivery phases — planning, definition, implementation, and commissioning — yet data losses occur at every transition between phases (AMQ International, Issue 99, 2002).

This is not merely an administrative inconvenience. Asset data generated during design and construction — design parameters, material specifications, performance assumptions, commissioning results, warranty conditions — forms

the foundation for informed operations and maintenance decisions. When this data is lost, incomplete, or delivered in unusable formats, the operational team is forced to reconstruct it at significant cost, or worse, to make maintenance and renewal decisions in the absence of critical information.

The relevance of data collected during design and construction is often not evident until the in-service phase, which means that data requirements must be anticipated in advance and specified contractually — not left to chance.

4. What Genuine Asset Management Looks Like in Acquisition

If lip service is characterised by the presence of asset management language without supporting processes, then genuine asset management in the acquisition phase is characterised by embedded, systematic practices that influence decisions at each stage of the project lifecycle.

The international standards framework provides clear guidance on what this means in practice. ISO 55000 defines asset management as being fundamentally about value, alignment, and leadership. It requires organisations to apply a lifecycle management approach to realise value from assets, to implement risk-based planning and decision-making processes that transform organisational objectives into asset management plans, and to ensure alignment between the asset management system and functional management processes including finance, human resources, information systems, and operations (ISO, 2014).

PAS 55-2 is more specific about the acquisition phase. It states that procedures and operational controls for asset acquisition, creation, or modification need to match planning and scheduling processes closely to ensure that required design criteria are met at optimal lifecycle cost. Opportunities and options encountered during acquisition should be evaluated for whole-life cost, performance, and risk impact (BSI, 2008).

Translating these requirements into practical processes, genuine asset management in acquisition involves the following elements:

4.1 Whole-of-Life Objectives in Project Briefs

The project brief is the first and most important opportunity to establish asset management expectations. A brief that specifies only functional requirements and a capital budget is, by definition, optimising for the acquisition phase alone. A brief that includes whole-of-life cost targets, operational performance criteria, maintainability requirements, and asset data deliverables establishes the conditions for lifecycle optimisation from the outset.

4.2 Lifecycle Cost Analysis at Each Design Gate

Lifecycle cost analysis should not be a one-off exercise performed at tender stage. It should be an iterative process, updated at each design milestone — concept, schematic, detailed design — as design decisions crystallise and cost estimates become more precise. At each gate, LCC analysis should evaluate the long-term cost implications of design choices and compare them against whole-of-life objectives established in the brief.

In our experience advising on major projects, we have structured WOL reporting across design stages: a strategic overview at concept design, refined estimates at schematic stage, and fully developed LCC projections validated against market data at detailed design. At each stage, the focus sharpens from broad assumptions to specific, auditable cost profiles (DC₂O, D&C WOL Methodology).

4.3 Asset Register and Breakdown Structures Established During Design

The asset register is a sine qua non requirement for an operational asset system to comply with current standards. Yet it is routinely populated after handover — often months after — from whatever documentation is available. A genuine asset management approach establishes the asset breakdown structure during design and progressively populates the register as components are specified, procured, and installed.

This approach ensures that the register reflects actual installed assets (not design intent), includes the technical data and lifecycle assumptions needed for operational decision-making, and is ready for use from day one of operations.

4.4 Facilities Management Involvement from Concept Stage

Perhaps the single most effective intervention is to involve the people who will operate and maintain the asset in the decisions that determine how operable and maintainable it will be. This means including facilities management expertise in design reviews, equipment selection, and constructability assessments — not as an afterthought, but as a structured, accountable role within the project team.

PAS 55-2 notes that in the early lifecycle stage, it is of particular importance to ensure that new assets meet quality assurance requirements and are handed over in good operational order to those responsible for future operations. This includes training, knowledge transfer, and the provision of design, operations, performance, reliability, maintainability, and lifecycle data (BSI, 2008).

4.5 Commissioning as an Asset Management Event

In conventional practice, commissioning is treated as the final construction milestone — a confirmation that technical requirements have been satisfied. In an asset management framework, commissioning is the point at which the asset transitions from project to operational status. It should encompass not only technical validation but also the formal handover of asset data, confirmation that asset register entries are complete and accurate, verification that maintenance strategies are in place, and confirmation that operational staff have been trained.

Effective commissioning procedures, warranty conditions, and provision of all records and asset data should be tied to contractual requirements — not treated as administrative tasks to be completed after practical completion.

5. The Benefits — Why It's Worth the Effort

The benefits of embedding genuine asset management processes in the acquisition phase are substantial and well-evidenced:

5.1 Reduced Total Cost of Ownership

By evaluating design decisions against lifecycle cost criteria rather than capital cost alone, organisations can identify opportunities where modest increases in upfront expenditure deliver significant reductions in long-term operational cost. Given that operations and maintenance typically represent sixty-five to seventy-five per cent of total lifecycle cost, even small improvements in operational efficiency — achieved through better equipment selection, improved

maintainability, or more energy-efficient design — compound over the asset's service life.

5.2 Better-Informed Capital Decisions

ISO 55000 identifies informed asset investment decisions as a core benefit of asset management, enabling organisations to balance costs, risks, opportunities, and performance effectively. When lifecycle cost data is available at design stage, capital investment decisions can be evaluated on a total-value basis rather than a lowest-capital-cost basis. This is the foundation of sound asset stewardship.

5.3 Lower Maintenance Backlogs from Day One

One of the more insidious consequences of poor acquisition-phase asset management is the accumulation of maintenance backlogs from the earliest years of an asset's life. Assets designed without adequate consideration for maintainability, or delivered without proper maintenance documentation and strategies, will generate reactive maintenance requirements and premature renewal needs that erode the asset's value and consume operational budgets.

5.4 Improved Data Handover and Asset Intelligence

Establishing asset data requirements early in the project and specifying them contractually ensures that the operational team inherits a complete, accurate, and usable asset information base. This data is the foundation for everything from planned maintenance scheduling to capital renewal forecasting to condition-based monitoring. Its absence forces organisations into a costly programme of retrospective data collection — or, more commonly, into a state of chronic information deficit.

As Burns (2005) argued, asset information is an extremely expensive asset in its own right, often representing over twenty per cent of total corporate expenditure. Its management cannot be left to chance.

5.5 Regulatory Alignment and Assurance

Organisations operating under ISO 55001 or equivalent frameworks are required to demonstrate that asset management plans cover the full lifecycle, including creation, acquisition, and enhancement. Genuine AM processes in acquisition

provide the evidence base for compliance and assurance, whereas lip-service approaches create audit vulnerabilities and compliance risk.

5.6 Improved Risk Management

Lifecycle cost analysis, design-stage risk assessment, and early identification of operational risks all contribute to a more robust risk profile. By surfacing long-term risks during acquisition — when the cost of mitigation is lowest — organisations avoid the compounding cost penalties associated with late-stage risk discovery.

6. The Barriers — And How to Overcome Them

If the benefits are so clear, why do most organisations default to lip service? The barriers are organisational, not technical.

6.1 Procurement Models That Reward Lowest Capital Cost

Many procurement frameworks evaluate tenders primarily on capital cost, with lifecycle considerations weighted lightly or not at all. This incentivises contractors and designers to minimise upfront expenditure, often at the expense of long-term performance. The remedy is to embed whole-of-life cost evaluation into procurement criteria, requiring tenderers to demonstrate lifecycle cost projections and maintainability assessments as part of their submissions.

6.2 Misaligned Incentives and Split Accountability

When the team that delivers the capital project is not accountable for long-term operational performance, there is no incentive to invest effort in lifecycle optimisation. Aligning incentives requires structural changes: involving operational stakeholders in project governance, tying project success metrics to post-occupancy performance, and establishing clear accountability for whole-of-life outcomes.

6.3 Lack of Asset Management Competence in Project Teams

Project teams are typically staffed with project managers, architects, and engineers — professionals whose expertise lies in delivering projects, not in

managing assets over their lifecycle. Building asset management capability into project teams — whether through dedicated roles, training, or external advisory support — is essential.

6.4 Absence of Whole-of-Life KPIs

What gets measured gets managed. If an organisation's capital delivery KPIs focus exclusively on time, cost, and quality at practical completion, there is no mechanism to drive lifecycle performance. Establishing KPIs that span the asset lifecycle — including operational cost targets, maintenance performance indicators, and asset condition benchmarks at post-occupancy review — creates the feedback loop needed to drive continuous improvement.

7. Conclusions and Recommendations

The case for genuine asset management in the acquisition phase is not a matter of opinion. It is supported by decades of lifecycle cost research, reinforced by international standards, and demonstrated by the experience of organisations that have moved from aspiration to practice.

The lifecycle cost curve tells us that concept and design decisions determine the majority of an asset's long-term cost profile. The construction-to-operational cost ratio tells us that initial capital expenditure is a fraction of total lifecycle cost. The cost-of-change curve tells us that every decision deferred from early to late in the lifecycle carries a compounding cost penalty. And the evidence on data loss tells us that the information generated during acquisition is critical to operational decision-making — and routinely lost.

Against this evidence, an approach to asset management that begins at handover is, at best, an exercise in optimising the margins. At worst, it is an expensive pretence.

We recommend that asset-owning organisations take the following practical steps:

7.1 Embed Whole-of-Life Requirements in Project Briefs

Specify lifecycle cost targets, maintainability criteria, and asset data deliverables as core project requirements — not optional annexes.

7.2 Implement Lifecycle Cost Analysis at Design Gates

Require lifecycle cost analysis at concept, schematic, and detailed design stages, with explicit evaluation of long-term cost implications of key design decisions.

7.3 Involve Operational Stakeholders in Project Governance

Establish formal roles for facilities management and asset management expertise within the project team, with defined accountability for lifecycle outcomes.

7.4 Establish Asset Registers During Design

Build the asset breakdown structure and commence asset register population during the design phase, ensuring that the register is complete and operational at handover.

7.5 Align Procurement Criteria with Lifecycle Value

Weight whole-of-life cost, maintainability, and asset data quality alongside capital cost in procurement evaluations.

7.6 Define Post-Occupancy Success Metrics

Establish KPIs that measure asset performance against lifecycle objectives at twelve months, three years, and five years post-occupancy, creating a feedback loop that informs future acquisitions.

None of these steps is radical. None requires new technology or extraordinary expenditure. What they require is a genuine commitment to treating asset management as a discipline that spans the full lifecycle — beginning not at handover, but at the very first conversation about what the asset is for and how it will deliver value over its life.

The alternative — continuing to pay lip service while the real costs accumulate downstream — is a luxury that asset-owning organisations, frankly, can no longer afford.

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