

The Asset Leadership Network
presents

reStructuring America

October 2020 Online

Rethinking the concept of value in national assets and infrastructure.

~~“TO INFINITY AND BEYOND!”~~

Past,
to Present,
to Future.

Some thoughts after 40+ years
“doing”

“Property and Asset Management”



THANK YOU!

- **First, I greatly appreciate the invitation to speak today.**
- **My work has primarily focused on the technical, really the contractual requirements related Department of Defense Government property in the possession of Contractors.**
- **So, I might have a slightly different perspective than other previous speakers.**
- **With a smidgen of futurist and philosopher thrown in once in a while.**



OVERVIEW

Some Old Stuff!

Some Current Stuff!

Some Technical Stuff!

Some Emerging Stuff!

Some Future Stuff!



SOME OLD STUFF

- **Government Property**
 - **Since the revolutionary war (US View).**
 - I won't go as far back as "Genesis" (World View)
 - **Documents provided the historicity of property**
 - **Constitutional Foundation for property**
 - **Of Various Types**
 - **My knowledge and areas of Expertise**
 - **Post World War II concerns regarding Government property in the possession of Contractors**
 - No, I was not alive during WWII 😊
 - But I am a student of History



SOME SEMI-OLD STUFF

OVER THE PAST ROUGHLY 60 YEARS
THE KEY FOCUS FOR GOVERNMENT PROPERTY
– **COMPLIANCE!!!**

- Trend with the Controlling Documents:
 - ASPR
 - DAR
 - Original FAR

An Aside

THOUGH IT IS INTERESTING TO NOTE
THAT THE ASPR/DAR REQUIREMENT FROM
1953 THROUGH TO THE PRESENT REQUIRED A

“SYSTEMS” APPROACH!!!

WE HAVE REQUIRED THE APPLICATION OF A
“PROPERTY MANAGEMENT SYSTEM(S)”

THROUGH THE CONTRACTUAL
REQUIREMENTS FOR OVER 70 YEARS!



SOME SEMI-OLD STUFF

- **Accounting Guide for Defense Contracts,**
 - Paul M. Trueger, 1953, Commerce Clearing House
 - Covered the Armed Services Procurement Regulation (ASPR)/ “Manual for the Control of Government property in the Possession of Contractors.”
 - Highly Prescriptive Regulation with no concern about Cost nor Value nor Value Added
 - Telling the contractor SPECIFICALLY WHAT and HOW TO **CONTROL** IT! Note – the word used was “CONTROL” – vis-à-vis “MANAGE.”
 - The overarching concern... “JUST MAKE SURE YOU HAVE RECORDS AND CAN FIND THE STUFF!”
 - NOTE: ASPR name changed to the Defense Acquisition Regulation (DAR)



SOME SEMI-OLD STUFF

- **Original FAR – Published 1984**
 - Small humorous note – date of issuance 1 April
 - » (Perfect Date for the publication of a Government Reg. 😊)
 - **Reiterative** of the OLD ASPR/DAR.
 - No effort or quantum leap to improve the MANAGEMENT of the “Stuff”
- **A SIGNIFICANT FUNDAMENTAL ENVISIONING – (Started in 1995 – published in 2007)**
 - Eleanor Spector as DDP, finished with Tom Ruckdaschel @ DCMA
 - Still requires a **PROPERTY MANAGEMENT SYSTEM (PMS)** but **SIGNIFICANT ALTERATIONS** and **IMPROVEMENTS TO THE REQUIREMENTS.**



SOME SEMI-OLD STUFF

- **2007 FAR REWRITE**
 - THOUGH COMPLIANCE WAS STILL A DRIVER
 - STREAMLINING OF THE REQUIREMENTS
 - Focus on the critical decision(s) affecting variables
 - CLAUSES WERE DRASTICALLY REDUCED (19 to 3)
 - **VALUE** was NOW a CONSIDERATION
 - **RISK MANAGEMENT** was now a consideration
 - CONTINUED REQUIREMENT FOR A **PROPERTY MANAGEMENT SYSTEM!**
 - PROCESSES AND OUTCOMES WERE LEGITIMIZED!
 - Allowance for the Application of:
 - **VOLUNTARY CONSENSUS STANDARDS**
 - Industry Leading Practices
 - Customary Commercial Practices

DRIVEN BY STATUTORY REQUIREMENT
P.L. 104-113, the "National Technology Transfer and
Advancement Act of 1995" (hereinafter "the Act"),
this Circular directs agencies to use voluntary consensus
standards in lieu of government-unique standards

**SMALL NOTE ON MY PART: 13 Years – maybe it's time for a refresh to incorporate
new developments emerging over those 13 years!**



SOME SEMI-OLD STUFF

A DRIVER???

- **CHIEF FINANCIAL OFFICER ACT of 1990**
 - “... improve the government's financial management, outlining standards of financial performance and disclosure.”
 - Simply put, Government property was one area called out as lacking –INTERNAL to the Government, but it impacted Government property in the Possession of Contractors.
 - ANOTHER INTERESTING NOTE – it still took 17 years for the Government, in the FAR, to recognize its fiduciary requirement to maintain records of Government property in the possession of contractors!
 - » As an aside, until the 2007 FAR Rewrite it stated that the Contractor kept the GOVERNMENT’S “OFFICIAL” Records! Hmmmmmm!!!



SOME SEMI-OLD STUFF

- CHIEF FINANCIAL OFFICER ACT of **1990**
↓
- ULTIMATELY LEAD TO FIAR IN DoD
 - Financial Improvement Audit Readiness/Remediation
 - SMALL COMPETITIVE NOTE, DoD has NOT received a “Clean Audit Opinion” (I am sure that Amber Propert has addressed this earlier today). While other non-DoD Activities HAVE received “Clean Audit Opinions), e.g., NASA, DOE, etc.
 - <https://www.acq.osd.mil/pepolicy/accounting/FIAR.html>
 - https://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Report_June_2019.pdf

OBSERVATION -- MY PROBLEM with the CFO Act and the FIAR Initiative(s)...

There was no HOLISTIC PERSPECTIVE!

MY OPINION -- The singular focus was “ACCOUNTING RULES” with no

SYSTEMATIC INTEGRATION WITH ASSET MANAGEMENT!



Some Current Stuff

BUT IT APPEARS SOME FOLKS ARE PAYING ATTENTION TO OUR CHANGING WORLD!!!

- **VOLUNTARY CONSENSUS STANDARDS**
- **ANALYSIS OF VALUE-ADDED FUNCTION**
- **INTERCONNECTIVITY OF BUSINESS SYSTEM RULES**
(For DoD)
- **DATA REQUIREMENTS – BIG DATA**
 - **And of course...**
 - **ISO 55000 +**



Some Current Stuff

- **VCSes**
 - “C” SUITE LEVEL
 - **ISO 55000, 55001, 55002**
 - 5 February 2014
 - (November 2018 expanded version of 55002)
 - » With even more coming – 55010 and 55011
 - **FLOOR/WORKING LEVEL DOCUMENTS**
 - **ASTM VCSes – E-53 Committee**
 - The more “How to” Guidance, Specific Standards (Quantification of Performance), Specific Application Concerns.



Some Current Stuff

I've also seen a gradual shift from **COMPLIANCE** – TO **VALUE/SYNERGY/VALUE ADDED**

- **McFarland – Series of Articles**

- “Value Based Asset Management - Documented Evidence of Property Management Value.”

- Volume 20, Issue 3 (2008)/ Volume 20, Issue 4/Volume 21, Issue 1

- <https://cdn.ymaws.com/www.npma.org/resource/resmgr/SWIArch/ValueBasedAssetMgmtPart1.pdf>

- **THIS SERIES OF ARTICLES PROVIDED EMPIRICAL EVIDENCE OF THE VALUE-ADDED PROSPECT RELATED TO PROPER MANAGEMENT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS**

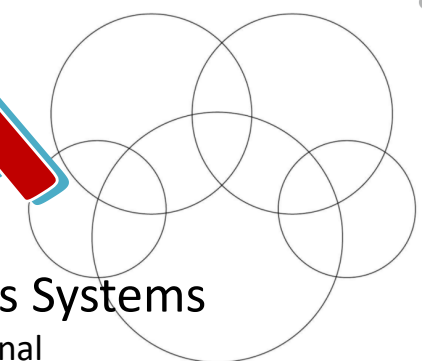
- And as evidence of its efficacy, a number of Property and Asset Management professionals have replicated his application.



SOME NEWER STUFF

- In the DOD WORLD – the Interconnectivity of SYSTEMS
 - Business System Rules
 - (Section 893(f)(2) of the 2011 NDAA)
 - PROPERTY MANAGEMENT
 - EVMS ACCOUNTING
 - PURCHASING ESTIMATING
 - » The Interconnectedness of the DOD Business Systems
 - MIKHELSON, and RUCKENSTEIN, Property Professional
 - https://cdn.ymaws.com/www.dodmgt.org/property_professional/prop_pro_32-4_final.pdf
 - Procurement Integrated Enterprise Environment (PIEE)
 - IUID
 - GFP MODULE
 - LOSS PREVENTION
 - DISPOSAL MODULE

DATA
BIG DATA



A SHOUT OUT!
Jim Dieter, on DAY 1 of this virtual Conference, had a number of EXCELLENT CHARTS Listing the VARIETY of ACTIVITIES INVOLVED with ASSET MANAGEMENT.



Some Current Stuff

- **OTHER LITERATURE:**

- **Global Analysis of Public Assets**

- **Text by:**

- **Detter & Folster**

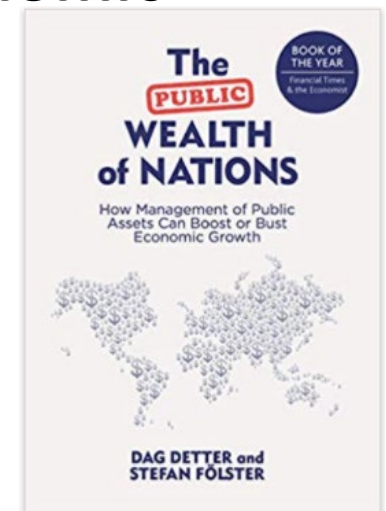
- **The Public Wealth of Nations: How Management of Public Assets Can Boost or Bust Economic Growth**

- **Key Characteristics**

- **Focus on Value/Create Value**

- **Hire Professionals**

- **Eliminate Politics**



Small note – VERY DEEP BOOK!

Ain't easy to get through! But Worth it!

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Some Current Stuff

- **Characteristics**

- Those that were successful used a different model.

- **WARNING: MY OPINION FROM YEARS OF WORKING UNDER DIFFERENT ADMINISTRATIONS**

- **For the US/DoD the Leadership of PAM is often left to the political perspectives, putting out fires, responding to audits.... DRIVEN by:**

- Policies and Programs
 - Reactive versus Proactive

- **DETTER AND FOLSTER's research supports**

- Hiring Professionals
 - Remove the Politics at the "C" suite level



Some Current Stuff

- **A CONCERN:**
 - **THE FEDERAL GOVERNMENT’S PERSONNEL STRUCTURE FOR PROPERTY**
 - **OPM HANDBOOK X-118**
 - Simply Put – **“OLD STUFF, REALLY OLD STUFF!”**
 - **WE NEED TO MAKE A QUANTUM LEAP IN THE ORGANIZATIONAL STRUCTURE OF “PAM” PERSONNEL**
 - **Set off a charge of reinvention for TODAY and the FUTURE!**
 - **NOTE: The OPM PERSONNEL STANDARDS DO NOT EVEN RECOGNIZE “ASSET MANAGEMENT.”**



Some Current Stuff

- **FOR EXAMPLE:**

- US GOVERNMENT OPM –

- 1940s TASK BASED STANDARD
- Latest iteration JUNE 1970!
- Property people do this, do that, do the other thing...
- <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/standards/1100/gs1103.pdf>

REALLY???

← We are still using a 50-year-old classification standard?

- 2020 – Today... the same standard!

- **FOR COMPARISON PURPOSES:**

- THE GOVERNMENT PROPERTY PROFESSION

- GOV.UK (<https://www.gov.uk/government/publications/the-government-property-profession-career-framework-2>)

OPM is still using a “horse and buggy.”
We need an
“Alternative Fuels Vehicle.”



An introduction to the
**Government Property
Career Framework**

28 August 2019

PAST AND CURRENT THOUGHTS

- **CYRIL HOULE – CHARACTERISTICS OF A PROFESSION**
 - Over the past three decades, from a sociological perspective, I have seen an increased “**PROFESSIONALIZATION**” of the Property and Asset Management (PAM) Community.



CHARACTERISTICS OF A PROFESSION

- Theoretical Knowledge
- Practical Knowledge
- Capacity to solve Problems
- Formal Training
- Credentialing
- Self-enhancement
- Legal Reinforcement
- **Public Acceptance***
- Ethical Practice
- Penalties
- Relation to other vocation
- Clarifying its defining function or functions



OUR CHALLENGE

THE FUTURE

- **INFLUENCE AND IMPLEMENT THE USE OF AN ASSET MANAGEMENT SYSTEM – WITH ASSET LEADERSHIP, IN PLACE and WORKING!**
 - **FOR THE US GOVERNMENT**
 - **ACROSS THE BOARD**
 - **ACROSS THE ENTIRE SPECTRUM**
 - Not just DOD, but the ENTIRE US GOVERNMENT!!!
 - **IN ALL ASPECTS OF ASSET MANAGEMENT**

*** Not to sound religious – Maybe we all need to become ASSET MANAGEMENT Evangelists!
I've heard a few over the past two days!**



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SOME FUTURE STUFF

- I encourage the ALN and other related Professional Associations and their leaders and members and each of us to continue to **fight the good fight.**
 - Showing our Value
 - Showing our Worth
 - Showing the Impact **PROPER ASSET MANAGEMENT** can have when given its rightful due attention from the worker on the floor to the highest levels in the board room and the Government.



THANK YOU!!!

Dr. Douglas N. Goetz

CPPM, CF, MIAM

PRESIDENT, GP CONSULTANTS

GPCONSULTANTS@ATT.NET

WWW.GOVERNMENT-PROPERTY.COM



1-937-306-8374

