

National Asset Leadership Strategy

Asset Leadership Network Policy Initiative

Asset Leadership Week
October 2019



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Agenda

- Purpose
- Roadmap
- NALS Elements
- Next Steps

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“Public wealth is vast, but largely overlooked as an asset class. Improving its management is one of the most important economic issues of our time...one can only hope that their book will kick start a debate that ushers in better stewardship of state land, buildings, utilities and other assets. The potential gains are enormous.”

- Matthew Valencia

from Detter, D. and Folster, S., *The Public Wealth of Nations: How Management of Public Assets Can Boost or Bust Economic Growth*

2015 Edition

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Purpose

The Asset Leadership Network initiated this effort to enable federal, state, and local government to radically improve the value realized from the nation's assets.

The ISO 55000 Asset Management System standards and other recent asset management standards provide a proven basis for a National Asset Leadership Strategy (NALS).

The NALS is a decision support and organizing framework using proven structures and enduring objectives to vastly improve asset management in the U.S. and allow for the impact of political exigencies.

ISO 55000 Benefits of a National Asset Leadership Strategy

- Informed asset investment decisions
- Managed risk
- Improved alignment to national goals
- Demonstrated social responsibility
- Improved stakeholder engagement
- Better lifecycle asset management
- Improved organizational sustainability
- Improved efficiency and effectiveness

Roadmap

The National Asset Leadership Strategy was developed by a working group with representatives from:

- Federal Government
- State and Local Government
- Private Sector
- Not for Profit

The Working Group provided subject matter expertise, best practices, and feedback for the NALS and was facilitated by Grant Thornton.

National Asset Leadership Strategy Timeline



Why is ISO 55000 key to the National Asset Leadership Strategy?

International experience confirms the promise of the ISO 55000 standards. Public and private organizations using these standards are realizing 10%, 20% and more savings on net assets, and realizing other important benefits. We have management systems approaches to human resources and finance, but not to the other key aspect of every organization – assets. The three core standards are:

- ISO 55000: Asset Management - Overview, **Principles** and Terminology
- ISO 55001: Asset Management – Management Systems - **Requirements**
- ISO 55002: Asset management — Management systems — **Guidelines** for the application of ISO 55001

All are ANSI American National Standards. They provide the necessary terminology, background, framework and guidance to implement asset management systems in organizations. A significant body of knowledge and related training and services supports the systems approach to asset management.

What is the NALS and How Does It Work?

The National Asset Leadership Strategy (NALS) framework is built on the management systems approach used by ISO 55000 and other management systems standards, e.g., ISO 9000, ISO 14000, etc. It identifies the following six elements as fundamental to a national asset management system and addresses the primary question associated with each element.

1.0 National Objectives	What are the nation's objectives?
2.0 Taxonomy	What do we mean when we talk about assets?
3.0 Stakeholders	What organizations and individuals have an interest in the NALS and nation's assets?
4.0 Scope	What assets are included in the NALS?
5.0 Asset Management Objectives	What considerations regarding the management of assets are important to achieving National Objectives?
6.0 Effective Asset Management Systems	How do organizations successfully achieve their programmatic objectives through the effective management of assets?

Figure 1: NALS Key Concepts

National Objectives – What are the nation's objectives?

National objectives are established by national governments as results to be achieved by the nation. Identifying those objectives is the starting point for identifying the assets needed to achieve them. Organizations across various levels of government as well as the private sector manage assets, which support initiatives to achieve specific national objectives. *Figure 2* groups U.S. national objectives into five categories.

Security	Environment	Economy	Communities	Leadership
<ul style="list-style-type: none">• Dominant military• Rule of law• Political representation• Safeguarding people and assets	<ul style="list-style-type: none">• Clean air• Clean water• Sustainable cities and communities• Safe, affordable energy	<ul style="list-style-type: none">• Full employment• Equal opportunity• Strong markets• A social safety net• Responsible consumption and production• Efficiency	<ul style="list-style-type: none">• Safe communities• Preserve national heritage• Good health and well-being• Quality education• Mobility	<ul style="list-style-type: none">• World leadership• Responsible membership in the world of nations• Innovation• Peace, justice, and strong institutions

Figure 2: National Objectives by Category



Key Concept: An understanding of national objectives is the basis for asset-related decisions



Action: Agree on National Objectives

Taxonomy – What do we mean when we talk about assets?

ISO 55000 Asset Management standard defines an asset as an “item, thing, or entity that has actual or potential value to an organization.” Developing a national asset leadership strategy requires agreement on characteristics or qualities that best describe the nation's assets.

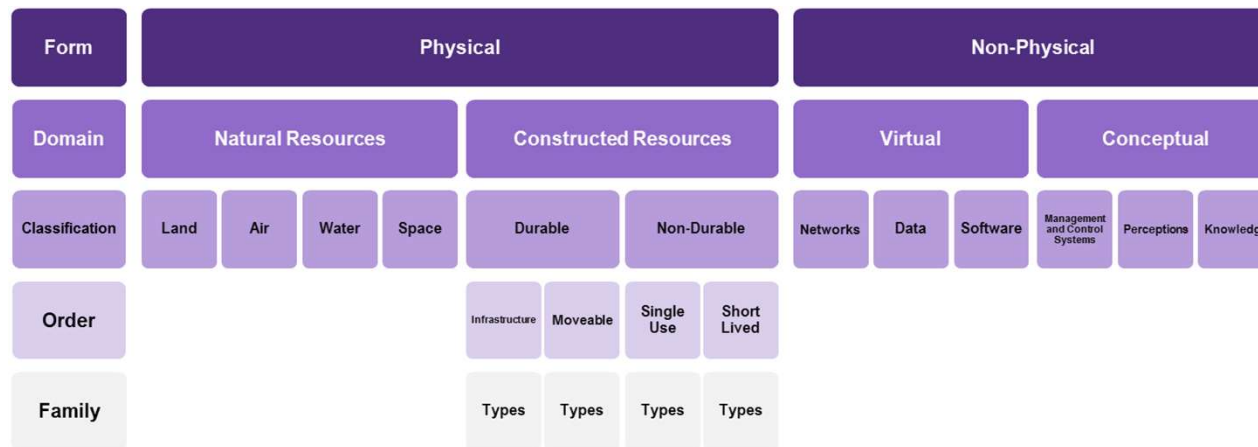


Figure 3: Asset Taxonomy



Key Concept: The breadth of asset types is all encompassing



Action: Understand and agree on using this taxonomy

Stakeholders – What organizations and individuals have an interest in the NALS and nation's assets?

As defined by ISO 55000, a stakeholder is a “person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.” The National Asset Leadership Strategy (NALS) will impact assets owned or operated by, or under the influence of, multiple public and private sector entities.

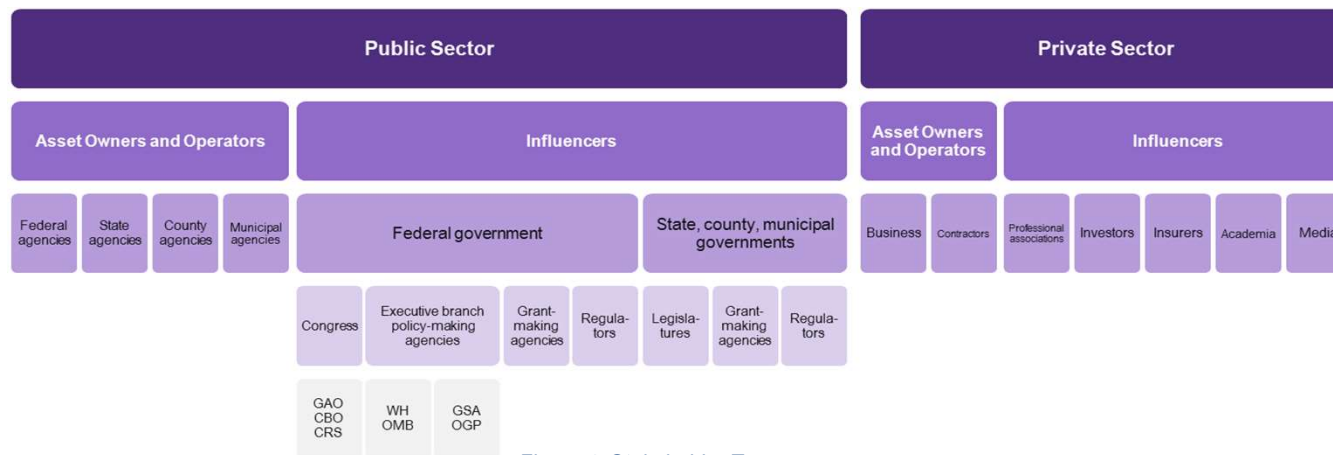


Figure 4: Stakeholder Taxonomy



Key Concept: Stakeholders inform national objectives and how assets support those objectives



Action: Identify relevant stakeholders

Scope – What assets are included in the NALS?

National assets are defined as assets that support national objectives and include all asset forms, domains, and classifications presented in the preceding taxonomy.

The scope of national assets includes assets:

- Wherever they are located
- That are owned or controlled by any level of the US government or by private sector entities (including businesses, government contractors, associations, and individuals)
- Whose asset investment decisions are affected by US government actions or policies



Key Concept: The nation has assets of all types



Action: Agree on scope

Asset Management Objectives – What considerations regarding assets are important to achieving National Objectives?

Asset management objectives address the performance of the assets in support of the national objectives. In the absence of enduring asset management objectives, all objectives tend to be based on near term political exigencies. Enduring asset management objectives provide a long term vision and context, while leaving ample controls and opportunities for short term decisions. Enduring asset management objectives are:

- Sustainability
- Predictability
- Effectiveness
- Efficiency
- Innovation
- Resilience
- Cost effectiveness
- High ROI
- High quality
- Interoperability/adaptability
- Environmental impact
- Accessibility
- Acceptable risk profile
- Regulatory compliance
- Affordability
- Lifecycle funding
- Where needed, when needed

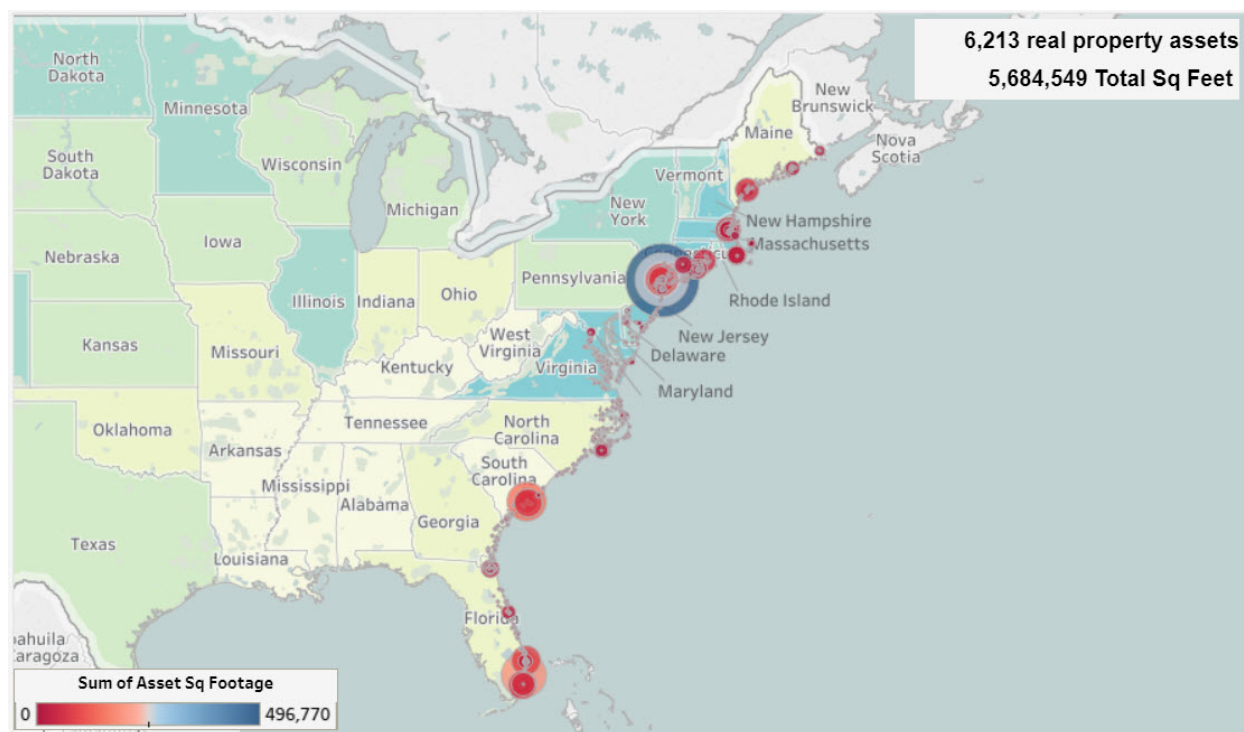


Key Concept: Enduring national asset management objectives guide political exigencies and short term decisions



Action: Agree on asset management objectives.

Asset Management Objectives – an example of asset management and impact on National Objectives.



Effective Asset Management Systems – How do organizations successfully achieve programmatic objectives through effective management of assets?

The asset management fundamentals of value, alignment, leadership, and assurance have been applied in specific instances by asset owners and operators across the Federal government, states, municipalities, and the private sector. However, these fundamentals have not been applied at the federal policy level.

Adoption of a National Asset Leadership Strategy presents the remarkable opportunity to improve value from assets and asset management for the Federal Government and beyond. Fortunately, a publicly available set of requirements for effective asset management systems is given in ISO 55001.



Key Concept: Effective asset management systems are required to connect the achievement of national objectives to the management of national assets.



Action: Embrace the systems approach to asset management and promulgate it to asset holders and operators

NALS Summary

The National Asset Leadership Strategy (NALS) objective is to provide a framework for the development and success of enduring asset management objectives in support of achieving national objectives. A National Asset Management System built on this foundation promises remarkable benefits in value to the nation expressed in monetary and non-monetary terms.

The National Asset Leadership Strategy (NALS) addresses:

- 1.) national objectives
- 2.) the assets used to achieve those objectives
- 3.) objectives for the performance of those assets
- 4.) an approach for linking achievement of national objectives to the management of national assets
- 5.) the stakeholders interested in those objectives and assets
- 6.) a standard way of describing those assets

The National Asset Leadership Strategy (NALS) Part 2 – Next Steps will cover implementation steps for key stakeholders

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Disclaimer: NALS is a collaborative work product led and owned by the Asset Leadership Network and reflects the inputs and consensus of the working group. Grant Thornton, as a member of ALN, supports the compilation of the NALS document and facilitation of sessions.



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