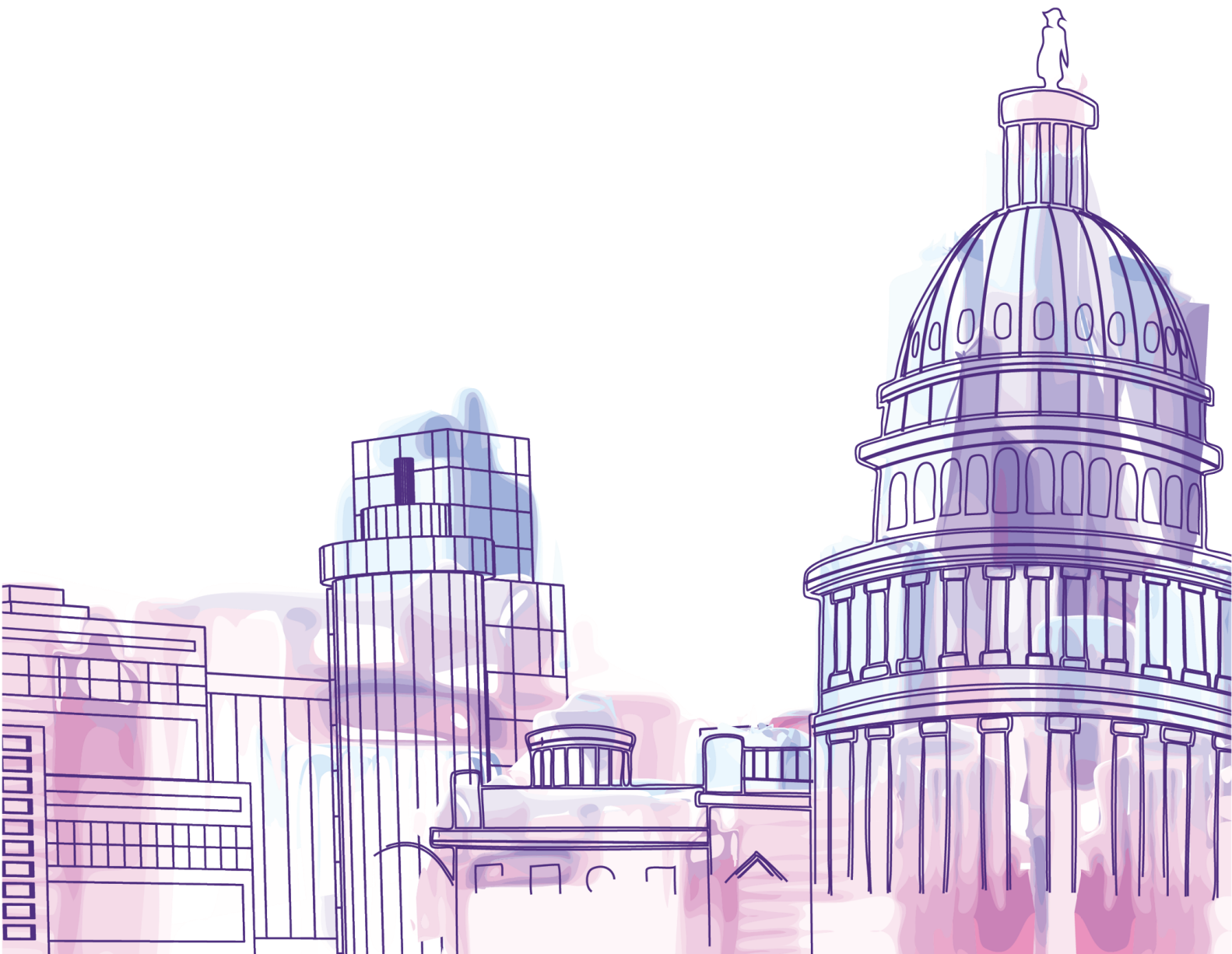


# National Asset Leadership Strategy

*Part 1: The Foundation*

*August 2019*



## The National Asset Leadership Strategy

***“An asset is an item, thing, or entity that has actual or potential value to an organization.”***

- ISO 55000, Asset Management - Overview, Principles and Terminology

One of the most complex challenges facing any nation is deciding how to allocate its resources for maximum benefit to meet various national objectives. Achieving these objectives requires the effective selection and management of the nation's public and private sector assets.

The National Asset Leadership Strategy (NALS) is a management systems approach to achieving national objectives by improving the management of the nation's assets.

The National Asset Leadership Strategy (NALS) recognizes as elements of the national asset management system all the organizational entities that make investment and operational decisions on assets that support national objectives as well as the policies and processes of those organizations for making those decisions.

With over \$5 trillion in national assets of all types, including real and personal property, and the wide variety of infrastructure assets, even marginal asset management improvement will provide significant cost savings and enhanced value realization. International experience strongly indicates that many more than marginal improvements are available.

In short, the National Asset Leadership Strategy (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.

As a policy and management framework, it assists public and private sector organizations to make decisions about asset investments and operations that impact national objectives, evaluate the results of those decisions, and make corrections and improvements as needed.

When implemented, expected results include:

- Investment decisions on national assets will be risk-informed and based on optimizing projected performance in achieving desired objectives and actual performance results.
- Decision makers will understand which investments are likely to have the most positive impact on the desired national objectives in the allocation of scarce resources.
- Stakeholder engagement throughout the process will support democratic principles and mitigate future surprises.
- Operational and financial decisions about acquisition, management and disposition of assets will conform to the appropriate standards.

As a result of demonstrating the previous characteristics, national assets will support the achievement of national objectives within available financial and other resources.

## 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.

Background information on the ISO 55000 standards can be found on the website of the developers of the standards: <https://committee.iso.org/home/tc251>.

## 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.

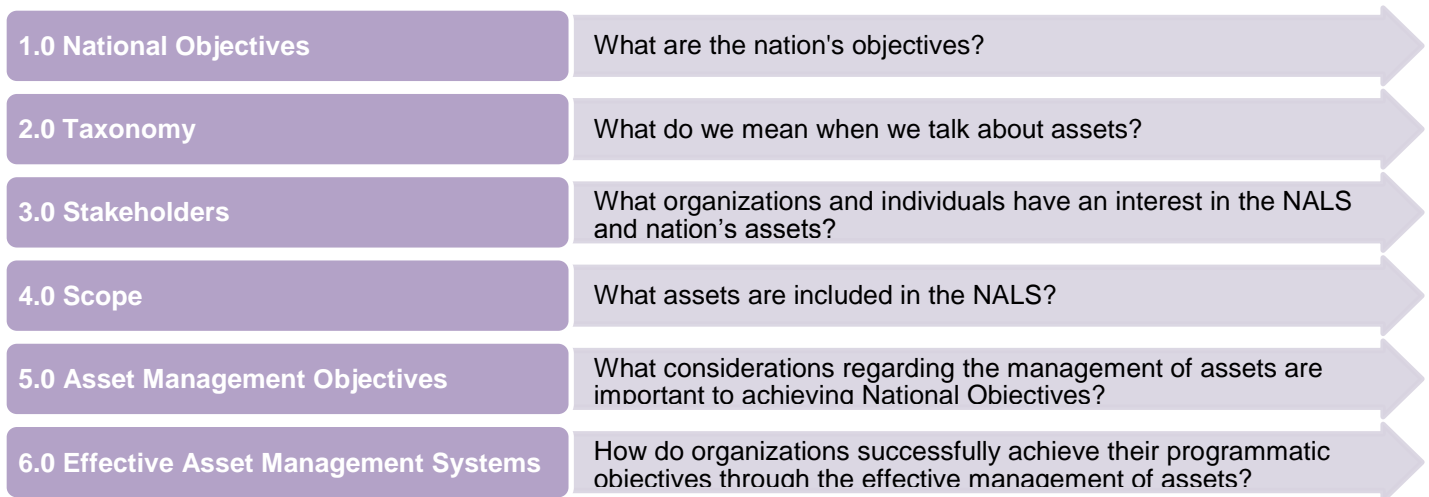


Figure 1: NALS Key Concepts

## 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.



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?

Rather than using the traditional financial based definition of assets, the ISO 55000 Asset Management standard defines an asset as an “item, thing, or entity that has actual or potential value to an organization.” Traditional, financial-based asset definitions are no longer adequate to gain the dramatic improvements needed today. Assets provide value irrespective of who owns the assets. Developing a national asset leadership strategy requires agreement on characteristics or qualities that best describe the nation's assets. A taxonomy that does this well is based on the innate characteristics of the asset, not on the asset's ownership, use, cost, or other factors. *Figure 3* presents an asset taxonomy that, when applied to the nation's assets, provides a common set of terms for discussing assets:

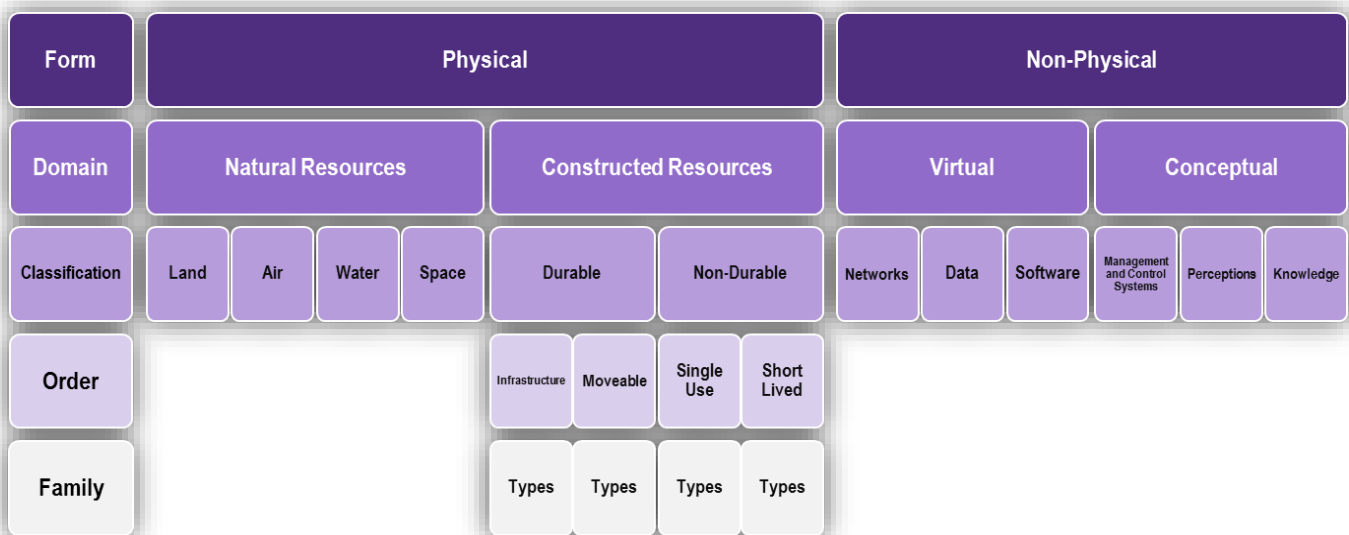


Figure 3: Asset Taxonomy

Form is the highest level in the asset taxonomy structure and breaks an organization's assets into physical and non-physical. Physical assets include those that we traditionally think of as assets (constructed resources) and others that can be impacted and utilized by our operations (natural resources). Non-physical assets include virtual assets (networks, data, and software) and conceptual assets (management and control systems, perceptions - including reputation, relationships, and knowledge).



**Key Concept:** The breadth of asset types is all encompassing

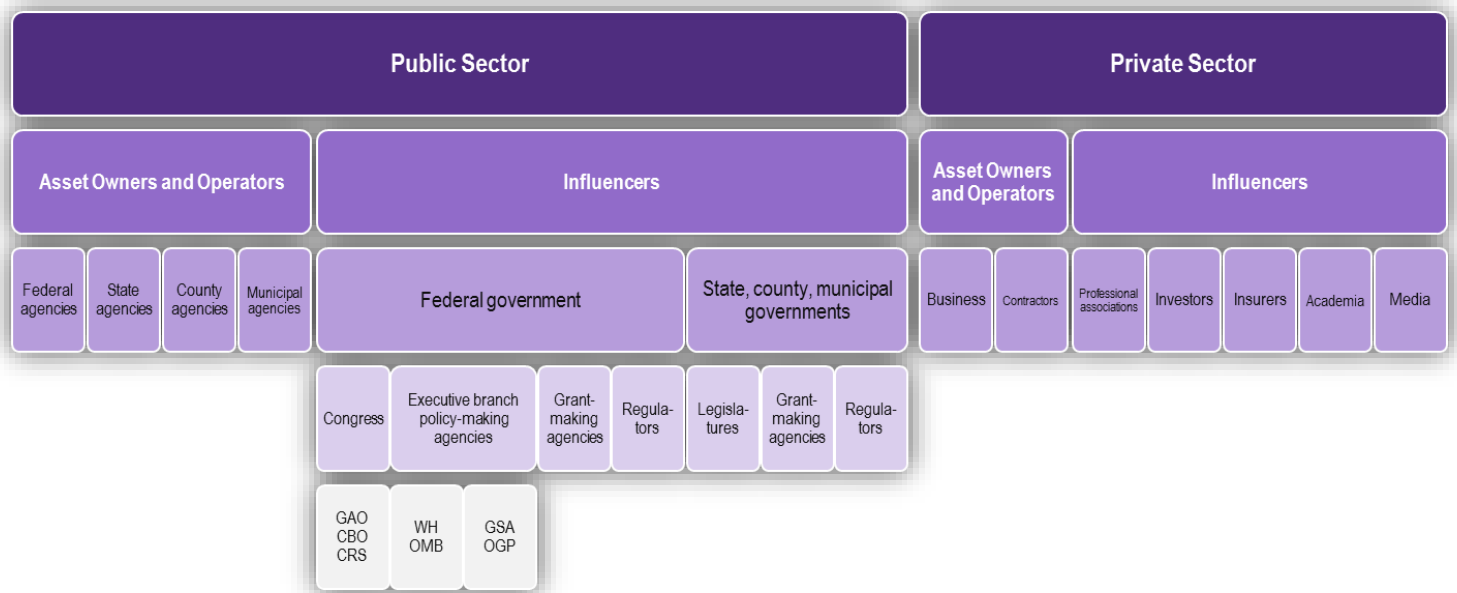


**Action:** Understand and agree on using this taxonomy

## 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.

Stakeholders also include non-asset owning entities involved in pursuing particular national objectives and/or interested in the results. From the perspective of developing a national strategy, stakeholders can be grouped two ways: first into Public and Private Sector stakeholders and second into “Asset Owners and Operators” and “Influencers” as shown in *Figure 4* below.



*Figure 4: Stakeholder Taxonomy*

Asset owners and operators achieve national objectives by the direct management of their assets. Other stakeholders influence policy and asset management decisions that impact national objectives. Influencers include persons or organizations that are affected, or perceive themselves to be affected. NALS Part 2 will provide a more complete description of the roles that these stakeholders play in the NALS.



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



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



**Action:** Agree on asset management objectives.

## Effective Asset Management Systems – How do organizations successfully achieve their programmatic objectives through the 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) 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, and 5.) the stakeholders interested in those objectives and assets, and 6.) a standard way of describing those assets. When addressed together, dramatic asset management results can be achieved by the U.S. Federal Government.

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) Part 2 – Next Steps** will cover implementation steps for key stakeholders.

The National Asset Leadership Strategy (NALS) holds remarkable promise for a nation facing severe asset related issues. It charts a course forward based on enduring objectives, it connects, possibly for the first time, national objectives to the assets needed to accomplish them. It provides a common language for asset management discussions. It recommends the adoption of the proven international asset management systems standard ISO 55001. With the enormous impact and importance of our national assets, even marginal improvements will result in remarkable savings impacting budget and national debt discussions. And much more than marginal improvements are quite possible.