

A NEW FRONTIER for Asset Management

As government agencies seek to modify system capabilities, establishing a standardized approach may be the optimal solution to better asset management.

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Federal Real Property Management has been on the Government Accountability Office's High-Risk List for 15 years. America's infrastructure, as a whole, has been given a grade ranging between "D" and "D+" by the American Society of Civil Engineers for an even longer period. Many solutions have been tried or pondered to remedy underlying issues including alternative funding streams, yet they remain year after year. Are they truly unsolvable, or is there a lack of will and knowhow to solve them?

In fact, the problems are surmountable, and there is the will and knowhow to solve them. But to do so, we must change our approach to focus on the value stream derived from assets, and not limit improvement efforts to better managing assets.

This change represents a paradigm shift and a new frontier in asset management. If systematically adopted, this approach will

generate problem-solving capabilities and breakthrough thinking needed to resolve the root causes limiting effective real property and infrastructure management.

ISO 55000/1 focus on the management system that organizations use to derive value from their assets, covering both tangible (physical) and intangible assets such as public trust, agreements, and knowledge.

A NEED FOR MANAGEMENT

Today, headlines abound on initiatives and technologies dedicated to improving resiliency, integrating data, modernizing systems, optimizing infrastructure, and enhancing cybersecurity.

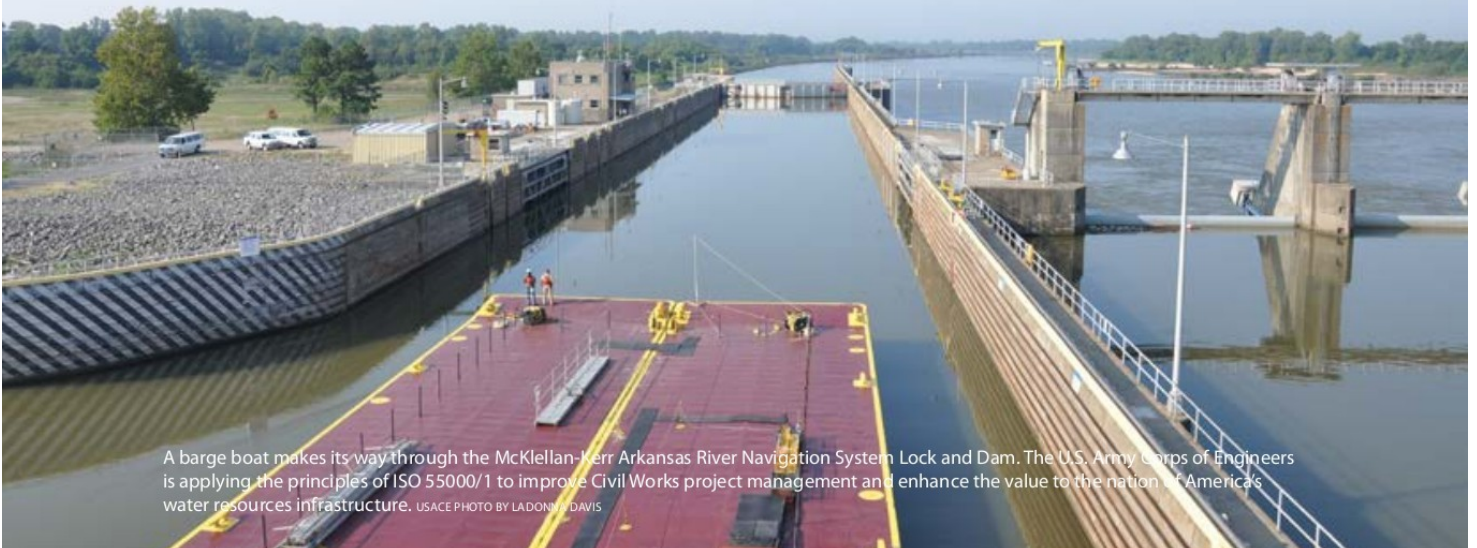
In most cases, supporting activities do not adequately address needed management system improvements that will deliver and sustain these important, emerging capabilities. This is because

federal real property and American civil infrastructure planning is dominated by short-term funding horizons that focus attention on work, project, and program execution. The consequence is that decision-making practices have become insensitive to how value is defined and managed in measure to longer-term organizational objectives and stakeholder needs. The purpose of these assets and the value that they provide to organizations and stakeholders is further lost in focused resource management activities. With

necessity being the mother of invention, this management capability gap became a driving force behind major advancements in the field of asset management.

STANDARDIZATION EMERGES

Modern day asset management started to gain focus in the 1980s and 1990s. During this time, governments across the world were introducing new business rigor to managing public assets. Domestically



A barge boat makes its way through the McKlellan-Kerr Arkansas River Navigation System Lock and Dam. The U.S. Army Corps of Engineers is applying the principles of ISO 55000/1 to improve Civil Works project management and enhance the value to the nation of America's water resources infrastructure. USACE PHOTO BY LADONN DAVIS

ASSET MANAGEMENT

in the federal sector, the *Chief Financial Officers Act* in 1990 and the *Government Performance and Results Act* in 1993 are leading examples of efforts to make government more responsive to public values and expectations. Likewise, private industry, coupled with improving datasets and computational power, also recognized the importance of configuration and strategic asset management. These and many related influences were generators for systematically improving asset management capabilities.

Standardized approaches to asset management first appeared in the British Publicly Available Specification 55 – Specification for the Optimized Management of Physical Assets, introduced in 2004 and updated in 2008. This standard was discontinued after the International Standards Organization (ISO) published ISO 55000: Asset Management – Overview, Principles and Terminology and its companion standard, ISO 55001: Asset Management – Management Systems – Requirements in 2014. These two standards were authored by subject matter experts from 31 participating and 10 observing countries, including the United States.

In the United States, efforts were organized through a Technical Advisory Group to ISO Technical Committee 251 on Asset Management sponsored by the American Society of Testing and Materials and authorized by the American National Standards Institute. ISO 55000/1 are currently the world's preeminent source defining management system requirements to derive value from assets.

STANDING ALONE

Why are ISO 55000/1 so important? They are the only standards to directly and completely address the base factors for why federal real property was placed on the high-risk list, and why America's infrastructure has continued to receive a poor grade. These root causes are common and easy to find in organizations that manage assets employed to generate operational capabilities.

ISO 55000/1 focus on the management system that organizations use to derive

value from their assets, covering both tangible (physical) and intangible assets such as public trust, agreements, and knowledge. ISO 55000/1 standards define principles and requirements used to assure assets are effectively and efficiently utilized to achieve the organization's purpose and stated objectives. These may include providing services, producing products, or generating value for stakeholders.

The standards are unique in they focus on value derived from assets, which is

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complementary to many other standards and practice that focus on managing assets across their lifecycle. Efforts to better manage assets are and will always be important, but invariably fall short of linking asset performance to the organization's overall performance. ISO 55000/1 fills this management capability gap.

ADVOCATES OF CHANGE

Many federal agencies now are venturing into this new asset management frontier. Several examples highlight advancing efforts of different agencies that are utilizing ISO 55000/1 to improve facility management capabilities.

- The U.S. Air Force has commissioned work to develop a Comprehensive Planning Platform, an Installation Health Assessment, and is re-baselining its Mission Dependency Index. All are driving forces to improve agency-wide asset management capabilities that align with ISO 55000/1 principles.
- The Army National Guard recently published a \$27 billion, 15-year Readiness Center Transformation Master Plan for its more than 70-million-ft² nationwide readiness center portfolio. This plan joined an operational-level Mission Dependency Index with other facility planning and condition criteria to calculate an Operational Readiness Index. This index was used to evaluate the

relative contribution each Sustainment, Restoration and Modernization investment and Military Construction project made to overall Army National Guard readiness. Development of this innovative approach was directly influenced by ISO 55000/1.

- The U.S. Coast Guard is applying the tenants and principles of ISO 55000/1 to continue modernizing its Civil Engineering Program capabilities, using a robust mission support business

model to optimize shore infrastructure in support of operational requirements.

- The U.S. Army Corps of Engineers has publicly endorsed use of ISO 55000/1 and is applying its principles to improve Civil Works project management and enhance the value to the nation of America's water resources infrastructure.
- The National Park Service is considering changes to more closely align with ISO 55000/1 principles as it seeks to improve its facility management capabilities and investment strategies supporting its mission to preserve and provide access to natural and cultural resources.

A SOLUTION EXISTS

Chronic challenges facing real property and infrastructure management will not be found by just "managing assets" better. They will be found in management that will ensure value derived from the assets is sufficient to achieve the organizational purposes they serve.

This perspective opens a new frontier in the field of asset management, and one that will serve organizations and the American public well if adopted.

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