
Consensus Standards A Public Sector Forecast

BY STEPHEN J. MICHELSEN, CPPM, CF, HARBOUR LIGHTS CHAPTER
DIRECTOR OF OFFICE OF RESOURCE MANAGEMENT, U.S. DEPARTMENT OF ENERGY

& PAT PICARIELLO, THREE RIVERS CHAPTER, STAFF MANAGER, AMERICAN SOCIETY FOR TESTING & MATERIALS

What has been Accomplished To-Date?

In the last several years, the National Property Management Association (NPMA) has proven itself to be a leader in the development and dissemination of the first consensus standards ever issued on conformity assessment activities specific to the management of durable and moveable assets. When the American Society for Testing and Materials (ASTM) published the E53 Standards on Property Management Systems, the property community began to recognize a new role for NPMA. NPMA has become the champion of the effort to develop standards to support all aspects of personal property management, including systems for the management of industrial, federal, state, and local government personal property, as well as educational and medical institution property.

Having achieved this initial success, it is important for NPMA and ASTM to have started an action that will change the property management function in very fundamental ways. A key facet of this initiative was to change the way practitioners used the terms of the profession. ASTM issued E 2135-01 entitled, "Standard Terminology for Property and Asset Management." In addition, with the publication of E 2131-01, "Standard Practice for Assessing, Loss, Damage or Destruction of Property" and E 2132-01, "Standard Practice for Physical Inventory of Durable, Moveable Assets," the typically prescriptive sector specific "how to" processes that were used historically have been rejected by a large body of practicing property professionals in favor of requirements expressed in performance terms and consensus outcomes.

What is the Community Position on Consensus Standards?

While it can be expected that the private sector may quickly move to adopt the new standards, a question arises as how these and future standards might affect the operations of the Departments and Agencies of the federal government. Ultimately, the real question is "will these standards have any effect on federal operations?" While there are Standardization Program Offices scattered throughout the various entities of the federal government, currently

there is no single voice on this matter. However, a very positive view of the future can be gleaned from the progress reported by some of these offices.

The Defense Standardization Office¹ has reported that the Military Departments and Defense Agencies have reviewed and taken action on more than 29,000 military acquisition specifications and standards. The result has been that 9,600 organization unique standards documents have been canceled, including 3,500 which were replaced by non-government standards, performance specifications and other forms of guidance. It seems that, at least in the Department of Defense (DOD) world, very few military specifications and standards remain and even many of those are targeted for replacement, if non-government standards can be identified or developed.

In addition to what DOD has done, it has been announced that two of the E53 standards have been incorporated by the Department of Energy (DOE) into the performance standards of federal and contractor organizations managing federal personal property. The standards associated with inventory practices and lost, damaged and destroyed property have been added to its Balanced Scorecard System of performance measurement. The Balanced Scorecard System is a model created by Kaplan and Norton at Harvard University. DOE has used this framework for managing performance for a number of years. The Balanced Scorecard is recognized in industry as a best practice model for both assessing and managing processes and out-

A Consensus Standard can be described as a protocol that characterizes a common set of rules, conditions, guidelines, or characteristics specific to products, processes, production methods, and management systems.

comes. In DOE it is used to set metrics and to measure performance against goals. It should also be mentioned that in the same announcement, the state of Texas was identified as evaluating how the E53 standards could be adopted for the evaluation of state property management operations.

The general public may not yet appreciate it but federal receptivity toward the use of non-government standards is growing. Beginning with the publication of Office of Management and Budget (OMB) Circular A-119² and changes made in the Federal Acquisition Regulations, Subpart 11.101(c), Federal managers were encouraged to go out and look for consensus commercial standards and apply those operations where those standards were not in conflict with the law. In fact, the ASTM E53 standards meet the test and DOE has said that it expects its federal employees and its contractors to perform at least in accordance with the ASTM standards.

Technically, what is a Consensus Standard?

Generally, a consensus standard can be described as a protocol that characterizes a common set of rules, conditions, guidelines, or characteristics specific to products, processes, production methods, and management systems. In addition, they typically include criteria for verifying trends toward task accomplishment without prescribing a particular method or problem solution. Such standards are developed by organizations using administrative procedures that allow for the broad public vetting of proposed standards, ensure a balance of interests, and involve due process by requiring action to resolve issues and comments brought to the attention of the standards formulation teams. While the International Organization for Standardization and ASTM are well known for their support of standards development there are numerous others, both domestic and international, which represent the public and private interests in the development of such standards.

What is the Public Policy Behind Consensus Standards?

In the mid-1990s, it was apparent to many in the federal government that government unique acquisition requirements and other system and process requirements were costing taxpayers millions of dollars and were unjustified, given the argued benefits. Public Law 104-113, contained in The National Technology Transfer and Advancement Act of 1995, was an initial attempt to advocate the acceptance of consensus standards and conformity assessment practices. At that time it was suggested that voluntary consensus non-government standards existed or were being developed which were adaptable for government operations. If such standards could be substituted for archaic federal requirements, it was reasoned that products could be acquired and processes and systems could be implemented with greater effectiveness and efficiency.

Other advantages to the federal government would be the elimination of the cost for developing federal standards and encouraging the long-term growth of U.S. public and private enterprise in a world economy through common standards.

How are Consensus Standards to be Used Within the Federal System?

Based on the various authorities cited previously, all federal entities are to use voluntary consensus standards in lieu of government created standards. In fact, these same organizations are required to report and justify to the National Institute of Standards and Technology any continued use of government created standards when voluntary consensus standards have been identified but not applied to government operations. The only acceptable reasons for not adopting outside standards is that an agency or department finds that the standard is inconsistent with applicable law or is otherwise impractical. It seems that "inconsistent with law" is self-explanatory; however, impractical may be subject to broad interpretation. The applicable tests of practicality revolve around: serving the agency's needs; meeting a standard of feasibility; being determined to be inadequate, ineffectual, or inconsistent with mission; impose a burden or be more costly than an existing government standard.

So what can we expect from the Federal Sector?

Clearly, managers in the federal government are, with few exceptions, required to adopt voluntary consensus standards such as the ASTM E53 products. However, the personal property community is relatively small and the recent successes of ASTM and NPMA in this important area are not widely known. Accordingly, an impressive program is underway to ensure that a much wider audience is quickly informed of the existence of the E53 standards and the requirements that federal organizations are required to consider adopting the conforming property management practices advocated by NPMA.

Briefly, the publicity campaign operates on multiple levels. ASTM has issued a series of press releases that detail the current breadth of Committee E53's activity from its initial formation in June 2000, through the approval of its first three standards, and the reference of those standards by the DOE's Balanced Scorecard. Additionally, ASTM's monthly magazine, Standardization News, has featured Committee E53 on Property Management Systems in its 11/00 issue and has included articles on the efficiency with which E53 operates (4/01 issue) and the standardization program to date (5/01 issue). Note: at least one of these articles will appear in an upcoming issue of the NPMA's *The Property Professional*. Finally, a tailored promotional pamphlet entitled "Manage Your Third Resource: Standardizing Property Management Systems" has been pro-

duced and will be used as part of a mass mailing to over 28,000 members of the property/asset management, accounting, CFO, CIO, and resource management industries.

At another level, NPMA has been working with ASTM to prepare for representatives of ASTM to meet with the U.S. General Services Administration (GSA) to discuss the impact that the standards produced by E53 have had upon certain arms of federal and state government, namely the U.S. Department of Energy and the Property Accounting Office for the State of Texas. Through discussion with GSA, it is hoped that the significance and relevance of E53's work will become obvious, specifically in light of the requirements found in PL 104-113 as implemented via the DOE's Balanced Scorecard modifications (to reference E2131 and E2132) and the decision of the Texas Comptroller of Public Accounts to use the standards produced by E53 to measure and unify statewide property management operations. Finally, ASTM has been working to identify and educate Congressional sponsors as to the value of voluntary consensus standards in the art of personal property management. The response to these initiatives has been quite positive.

In summary, the year 2000 was truly remarkable for property/asset management standardization. Beginning at ground zero, 2000 saw ASTM Committee E53 initiated, structured, organized, and populated. The same year saw the first three full-consensus standards for the property industry written, circulated, formatted, balloted, and approved. The NPMA members who joined Committee E53 were pioneers in this effort and should be commended for their vision and their commitment.

It is important (if not critical) to remember, however, that the goals achieved to date represent only the beginning of the development of a comprehensive standardization strategy for the property/asset management industry. Public Law 104-113 has shown us the way; it has provided a beacon for us to search out as we attempt to navigate this uncharted course. The work has only just begun – stay the course, provide your expertise, and help make history. ♦

1 Saunders, Gregory E., Defense Standardization Program Journal, January/February 2001, Volume 1, Number 2

2 OMB Circular A-119 entitled "Federal participation in the development and use of voluntary consensus Standards and in conformity Assessment Activities," Revised February 10, 1998.