Is Value Management (VM) Part of your daily life

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Contents of Seminar

Part 1: Would you like to know how VM affect your daily life?

Part 2: Would you like to know the process of VM?

Part 3: Would you like to have a taste of VM techniques?

2

1

Definition of Value Management (VM)

Structured and analytical process which seeks to achieve value for money by providing all the necessary functions at the lowest total cost, consistent with required levels of quality and performance.

Australian for value Management AS/NZS4183

3

Assumptions

Poor values exist because of :

- Working pressure
- Insufficient time
- Habitual thinking
- Poor coordination
- Insufficient information
- ....

4

2

Philosophy

$$\text{Value} = \frac{\text{Function}}{\text{Cost}} = \frac{\text{Satisfaction achieved}}{\text{Resources consumed}}$$
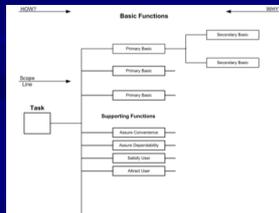
5

Process

VM DECISION-MAKING PROCESS

- A VM approach emphasizes the logical and systematic VM processes standardized by SAVE, i.e. Five-phase job plan.

| 1 Information | 2 Analysis | 3 Creativity | 4 Evaluation | 5 Development |

7

VM Process	Purpose
Pre-decision making	Clear project scope Appropriate PE arrangement Adequate PE publicity
Sharing information	Concise presentation Sufficient / selective information Not too many technical terms
Analyzing information	Information analysis Aware how opinions are proceeded
Generating ideas	Sufficient time for discussion Create as many feasible opinions as possible
Evaluating ideas	Engage public involvement
Developing ideas	Develop specific plan Commitment and consensus
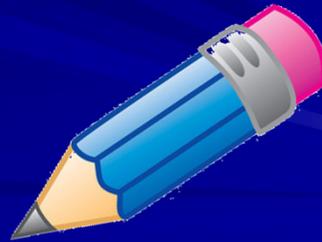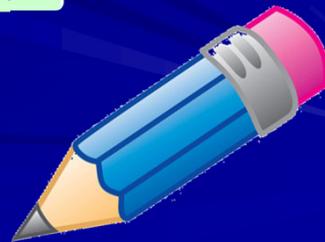
INITIAL STAGE OF VM

Pre-decision making

- ✓ Establish VM strategy (activities, date, venue,)
- ✓ Identify stakeholders
- ✓ Prepare information

Pre-workshop

- ✓ Collect project info.
- ✓ Identify VM team members
- ✓ Determine the agenda
- ➢ Develop clear scope
- ➢ Identify and prioritize strategic issues of concern
- ➢ Identify key issues
- ➢ Understand project info.

VM

Analysis

- ➢ Analyze project functions
- ➢ Establish function model
- ➢ Identify value-mismatched functions
- ➢ Specify project objectives

VM

Generating ideas

- ✓ Raise creative ideas /alternatives
- ✓ Use brainstorming techniques

Creativity

- ✓ Generate creative ideas
- ✓ Apply brainstorming

- ➤ Ideas are function-based
- ➤ Ideas can improve value
- ➤ Conflict can be stimulated and used constructively

VM

Evaluating ideas

- ✓ Multiple criteria
- ✓ Assess the proposed ideas
- ✓ Consider resource/risk

Evaluation

- ✓ Identify criteria
- ✓ Evaluate ideas
- ✓ Consider project limitation

- ➤ Ideas are function-based
- ➤ Develop a shared understanding
- ➤ Conflict resolution by initial consensus on selected ideas

VM

Developing ideas	**Development**
✓ Develop feasible proposal	✓ Develop feasible action plan
✓ Develop action plan	✓ Develop implementation proposal
	➢ Compare select ideas to project obj. /functions
	➢ Commit to the final decision
	➢ Specify project goals

VM

Presenting ideas	**Presentation**
✓ Present proposal	✓ Present report /proposal
✓ Exhibit the feasible proposal	✓ Prepare formal report
✓ Prepare formal report	
	➢ Seek support from top management
	➢ Commit to the project goals

VM

Post-decision making	Post-workshop
✓ Proposal implementation ✓ Follow-up and monitor ✓ Feedback	✓ Conduct an implementation meetings ✓ Feedback ✓ Follow-up

✗ Lack of commitment

✗ Lack of public support ⟵ ➢ High commitment

VM

- Conduct for the purpose of <u>solving team issues</u> in construction development projects.
- Divide into <u>three stages</u>: pre-decision-making, decision-making and post-decision-making.
- <u>Logical processes</u> : sharing and analysing of information and the proposing, evaluating, developing and presenting of ideas.
- <u>Activities and techniques</u>, such as the preparation of a venue, the selection of stakeholders, and the brainstorming and evaluation of ideas.

SUGGESTIONS

VM Process		Suggestions
Pre-DM		Develop VM guidelines Appropriate VM planning VM Publicity by multimedia
Share info.		Prepare info. with lay people language Specific project issues
Analyze info.		Encourage interaction & participation Specific project objectives
Generate ideas		Sufficient time for discussion
		Encourage creativity
Evaluate ideas		Public involvement in the evaluation Evaluation methods
Develop ideas		Consider public opinions Specific action plan
Present ideas		Use multimedia to distribute VM report
Post-DM		Allow public to monitor Update project progress to the public

- In conclusion, the application of VM in decision-making process is expected to improve project performance, obtain consensus and commitment on the final decision and promote the project outcomes.

10

Practising Time

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Exercise – Practising VM

- 3 people form 1 team
- Each person proposes 1 problem / issue
- In team:
  – Discuss by asking
    - What is the issue?
    - Why do you consider the issue?
    - What is the consequence of <u>NOT</u> resolving the issue?

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Exercise – Practising VM

- Select & agree **a topic** for practice
- Define the objective
    - What would you like to get?
- Roles of members:

Information Phase
Understand the characteristic of the issue

Internal	**Strength / Well**	**Weakness / Not Well**
External	**Opportunities**	**Threats**

Information Phase
Identify the areas need to explore creative alternatives

- Rate the items in SWOT

  1 = Must be addressed
  2 = Can be resolved later
  3 = Plan for future

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Function Analysis
Define, classify and evaluate the functions of the issue

- Discuss & write on worksheet
  - What does it do?
  - What does it <u>HAVE</u> to do?

  ACTION - Verb
  What are you going to do?

  TARGET- Noun
  What are you going to do it to?

  Make
  Friends

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Function Analysis
Construct a FAST diagram

- Select **a function** against the objective
- Choose other functions to form FAST diagram

| Meet goals | Be recognized | Make contributions |
| | | Make friends |

HOW →

←WHY

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Creativity Phase
Problem solving by brainstorming

- Rules
  - No judging
  - Quantities NOT quality
  - Wild ideas are welcome
  - Build on others ideas
- In team, brainstorm 10 ideas

5 min

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Evaluation Phase
Screening the useful ideas

- Here you can be judgmental :-
    - **1 - Worth further consideration**
    - **2 – Maybe worth further consideration**
    - **X - Practically impossible**
        - ↳ **Insignificant improvement**
        - ↳ **Violates constraints / objective**

HOW WE FILTER

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Development Phase
Planning for actions

- Prioritize the No. 1 ideas
- Work out key actions for top 3 ideas

Re-define creative idea	
Key action	When
1.	
2.	
3.	

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Implementation Phase
Monitor the outcome meets the expectation

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Thank you

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Practising VM

| Proposed

problem / Issue | |

Information Phase - SWOT	
Strength / Well	**Weakness / Not Well**
Opportunities	**Threats**

Practising VM

Function Analysis Phase – Identify Functions	

Practising VM

Function Analysis Phase – FAST Diagram

Practising VM

Creativity Phase – Brainstorming

1 - Worth further consideration

2 – Maybe worth further consideration

X - Practically impossible

↳ **Insignificant improvement**
↳ **Violates constraints**

<u>Practising VM</u>

Implementation Phase – Action Planning	
Creative Idea:	

Key Action	When
1.	
2.	
3.	