

Value Management

Value management can assist agencies to make good decisions on the planning, management and use of building assets. The *Australian Standard 4183-2007: Value Management* defines value management as a structured and analytical process which follows a prescribed work plan to achieve best value or, where appropriate, best value for money. Value for money in the context of this definition is a measure used for comparing alternatives based on the relationship between value and total cost.

Value management has the following key characteristics:

- follows a specific methodology
- is based upon a creative problem solving approach
- involves key stakeholders in a managed team approach (e.g. a workshop)
- considers functions and their interrelationships
- focuses on achieving value-added solutions.

The concepts contained in this guideline are consistent with the requirements in the [Capital Works Management Framework](#) (Department of Housing and Public Works) and the [Project Assessment Framework](#) (Queensland Treasury).

Agencies may find value management particularly useful when:

- determining and prioritising needs
- testing and validating planning assumptions
- enhancing the performance of assets
- securing the commitment of stakeholders to outcomes through structured participation
- ensuring that a project or program is cost effective
- improving value through reduced costs while maintaining required standards
- identifying alternative solutions to achieve agreed objectives and outcomes.

Benefits

A well-managed value management process can facilitate:

- clarification of stakeholder needs and user requirements
- better definition and understanding of the project objectives leading to an improved client brief
- saving money, time and resources
- generation of alternative ideas, options and solutions
- identification of innovative service delivery processes
- increased operational efficiencies
- enhanced communication, teamwork and cooperation
- wider ownership of project outcomes and a commitment to implementation.
- assessment of risk.

Risks

Potential risks associated with not undertaking value management include:

- outcomes that represent poor value for money
- inappropriate strategies for meeting service needs
- inadequate definition of service needs
- an imbalance between capital, operating and maintenance expenditure
- an asset that does not support service delivery
- ineffective communication among stakeholders
- deficient project briefs
- lack of project ownership by end users.

1.0 Value management study

A value management study usually:

- entails a participatory workshop involving a multidisciplinary representative group of people who work together and follow a prescribed work plan
- affects everyone associated with the project, for example:
 - **clients** who are interested in achieving the best value for money
 - **users** who want the project to meet their needs as effectively as possible
 - **designers** who are keen to meet the expectations of the client and users and to ensure that the planning and design principles and performance

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requirements for the project¹ are understood, evaluated and appropriately applied

- **project directors** and **project managers** seeking to ensure that the project is managed within time, quality and budgetary constraints
- **contractors** aiming to provide services in such a way that they receive an adequate profit.

While a value management study generally returns savings in excess of the cost of conducting it, the following expenses should nevertheless be recognised and taken into consideration prior to commissioning the study:

- engaging a facilitator or team (if required)
- each participant's attendance
- venue hire (if applicable)
- administrative support.

The decision to conduct a value management study may be influenced by the following factors:

- perceived potential for cost savings or improved outcomes
- a desire to overcome a difficult or multi-faceted problem
- the need to provide rigorous review or audit
- the need to optimise the balance between capital, operating and maintenance expenditure
- the requirement to accelerate a project
- the complex, high cost or innovative nature of a project
- a large number of stakeholder interfaces.

When a decision is made to conduct a value management study, a skilled value management facilitator (or facilitation team) should manage the process. The choice of facilitator is fundamental to the success of a value management study. The decision to use an in-house facilitator, a consultant facilitator or a facilitation team should consider the nature of the study, the complexity of the task and the likely number of stakeholders involved in the workshop.

When selecting a facilitator, agencies should consider their:

- competence in the principles and practices of value management
- experience with group facilitation of similar projects
- knowledge of and willingness/ability to comply with the *Australian Standard 4183-2007: Value Management* (to confirm the facilitator's suitability it may be useful to undertake referee checks and examine any supporting documents with respect to a particular value management commissions previously conducted)

¹ Guidance related to planning and design principles and performance requirements in the context of preparing a project brief is available in the *Capital Works Management Framework* guideline: [Project Definition](#).

- professional qualifications relevant to the building industry and/or [eligibility for registration](#) as a Value Management Facilitator by the Institute of Value Management Australia.

The facilitator should be objective, have no vested interest or any other involvement with the project, be familiar with the design and construction process, and with the roles of the members of the design team.

The four stages of the value management study (which are consistent with the *Australian Standard 4183-2007: Value Management*) are explained below:

1.1 Pre-workshop

The facilitator and the sponsor of the study should work collaboratively to:

- establish and document the objectives and scope of the study
- determine the venue, format and duration of the workshop
- identify key stakeholders including technical experts, end users, decision-makers and others
- invite participants
- produce a facilitation strategy and workshop agenda
- prepare and distribute background material.

1.2 Workshop

The workshop is the main element of the value management study. It provides the means for bringing key stakeholders together in a forum which:

- maximises their contribution
- draws on the combined knowledge, technical expertise and experience of people from a variety of disciplines
- takes advantage of group dynamics rather than relying on input from individuals in isolation
- helps to bring into perspective the project as a whole, rather than as a collection of independent elements
- ensures the most cost effective use is made of participants' time by concentrating their contribution into a short duration workshop.

During this stage, the facilitator focuses more on process than content as they guide workshop participants through the following activities:

- confirming the objectives and scope of the value management study
- building knowledge and understanding by:
 - identifying essential functions e.g. “givens” (budgets, project inclusions, relevant legislation and policies) and key issues and concerns
 - analysing essential and supporting functions, together with their interrelationships, costs and resources

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- generating alternatives which are the most likely to achieve best value for money
- evaluating ideas
- developing options and proposals considered to have the most potential
- making recommendations
- preparing an action plan.

The action plan:

- consolidates the outcomes of the workshop
- represents the consensus of views of the workshop participants
- highlights ideas that show the greatest potential for value improvement
- identifies:
 - issues that may need to be addressed after the workshop
 - ideas that require further evaluation and resolution
 - actions needed to implement the recommendations arising from the workshop
 - persons responsible for implementation actions and associated timeframes for completion
 - resources required for implementation.

1.3 Post-workshop

During this stage, a report is prepared which documents the process, proceedings and outcomes of the workshop. The report should provide a clear and comprehensive record of events and justifications that led to the development of recommendations and actions.

The report will generally include:

- an executive summary
- an overview of the workshop
- study findings and value improvement options
- a list of actions and recommendations.

The report should be distributed to workshop participants/stakeholders before being submitted to management for acceptance of its recommendations.

Some form of evaluation is advisable to confirm that the value management process has achieved its objectives in a cost-effective manner.

1.4 Post-study

The implementation of the study's recommendations and decisions depends on the:

- allocation of appropriate resources and sufficient time for assessing and implementing the recommendations
- establishment of management controls to achieve the agreed objectives and outcomes.

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The success of a value management study depends upon the five essential elements:

- a prescribed work plan that clearly outlines the stages and associated activities
- an appropriate mix of participants who are committed to participate in the workshop
- efficient management of the study from inception to completion
- support of senior management
- effective facilitation of the workshop.

The suite of guidelines which comprise the *Strategic Asset Management Framework* (available online at www.hpw.qld.gov.au) is organised under the following categories:

1. **Overview** - explains the principles and concepts of strategic asset management as they apply to buildings.
2. **Guidelines** - expand on key aspects of strategic asset management to inform decisions over the entire life-cycle of the asset.
3. **Decision-making methodologies and guidelines** - support agencies to implement best practice strategic management of buildings.

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