

More on the new VM Standard - Defining Value Management Studies

Roy Barton*

This is one of a series of articles that were published in Value Times. The purpose of the series was to inform IVMA members of the rationale and implications of the new Australian Standard on Value Management.

When is value management *not* a value management study? We wrestled with this question for quite a long time on the standards committee. It is by no means a simple question: indeed, the more we got into it, the more we appreciated the complexity of the issue. From clients' perspectives, what can they expect when calling for a value management study? Similarly, when governments require value management studies to be undertaken as part of capital works approval processes, what, exactly, is being called for?

We decided, eventually, that we should specifically distinguish between a Value Management **study** and the more generic, often loose use of the term "Value Management". In other words, we have recognised that one can be doing "Value Management" in one form or another (or, indeed, just calling something Value Management), *without actually undertaking a Value Management **study***. This is a significant departure from the 1993 version in which we made no such distinction.

One reason for this was the recognition of the individual "value analyst" – a person who applies Value Management in decision-making in the normal course of day-to-day work. We were informed that, particularly in manufacturing and engineering design, a lot of this goes on, but unrecognised by the current VM community. Yet these people carry out all of the VM steps as originally conceived by Miles, but as individuals. We recognised that this is NOT what is being called for when procedures require Value Management studies to be undertaken but it's still Value Management in that those individuals systematically identify functions of components, establish their the cost and worth, generate and evaluate alternative approaches and take decisions to get best value for money. These individuals may organise some team or group work along the way. They might, for example, bring a group of stakeholders together to specify their requirements in Value Management terms. But essentially, they get on with their day to day work, and Value Management is an inherent part of it.

A second reason for specifying what constitutes a Value Management **study** is that activities often take place which are part of an overall *Value Management program or culture* but such activities, do not, of themselves, comprise a study. For example, a team may be called together (even for a couple of hours) to brainstorm alternative ways of performing functions of a particular component or entity and then to evaluate those ideas and suggest a best value for money option. This, too, is Value Management, but it is not a **study**.

A third reason is that all sorts of workshops are run under the name "Value Management" which might have nothing to do with the concept of value (as defined) nor follow a structured, disciplined procedure. There is no law against doing this (VM is not a protected species) and people are entirely free to do so. But when clients call for a Value Management study to be undertaken in accordance with the Australian Standard, they have a right to know what to expect, and we wrote the new standard completely cognisant of that.

Under the new standard, for something to qualify as a Value Management **study**, it must be a multi-disciplinary group process. This immediately separates a study from individual value management activity. It must also follow a prescribed work plan and this immediately separates Value Management from any other kind of workshop or planning meeting. This is very important. All sorts of workshops are run under the name "Value Management", but for them to conform to the Australian Standard as a **study**, the work plan must be followed. Having said that, we have ensured

a lot of flexibility in the work plan for facilitators so that personal style and preferences have ample scope for manoeuvre.

The work plan is as set out in the following table:

Stage	Activity
Pre-workshop planning	Prepare/review Value Management brief
	Select Study group members
	Organise a venue
	Gather and distribute relevant information
	Prepare facilitation strategy and agenda
	Brief Study group members
Workshop	Confirm Study objectives
	Confirm scope
	Build knowledge and understanding of the entity and its context (including the elements of value – <i>note: this includes purpose-means or function modelling</i>) and establish success criteria
	Generate multiple ideas to achieve best value and, where appropriate, best value for money of the entity
	Evaluate ideas against success criteria
	Develop options and proposals
	Make recommendations and, where appropriate, take decisions
	Prepare an action plan
Post workshop	Prepare Study report
Post Study	Implement decisions and recommendations

Each of the activities listed in the above table are described in more detail in the standard.

We defined the “multi disciplinary groups” as comprising:

- a) a number of technical specialists;
- b) a diverse group comprising stakeholders, end-users and decision-makers; or,
- c) a combination of these.

Example (a) – a number of technical specialists - provides for a conventional value engineering event where the group of people will typically focus on some “hard” technical or engineering situation such as the mechanical components of a sewage treatment plant. Example (b) – a diverse group comprising stakeholders, end-users and decision-makers – and example (c) – a combination of (a) and (b), provides for the more recent and emerging “soft” applications of Value Management, where the issues are frequently not to do with “hard”, technical issues but more focused on softer issues. An illustration of this may be seen from the example of using Value Management to produce a strategic plan for a heritage-classified bridge on the national highway: a bridge that is that is characterised by its sensitivity to environmental issues, Aboriginal heritage and social factors, transportation issues, as well as technical, engineering aspects. In these cases, an inclusive approach is needed with the real players all participating in the Value Management workshop. These events often involve groups of 20-30 people and present excellent group-learning and change opportunities but need expert facilitation – a subject that is not usually even mentioned in conventional value engineering literature.

Having followed the prescribed work plan, practitioners should be able to sign off to the effect that the Value Management study was carried out in accordance with AS 4183-2007.

Perhaps it's a bit like cricket. We now have three "forms of the game" – tests, one-dayers and 20/20. Some people argue to the contrary, but I think that there's now broad acceptance that it's all cricket, but in different forms. Similarly, we can see many forms of Value Management. In this context, the Value Management ***study*** is equivalent to the test match.

*Dr Roy Barton is chairperson of the Australian Standards Committee on Value Management and is a fellow-practitioner of the Institute. He is also a past president of the Institute and former chairperson of committees.