

## President's Message

### Introducing Value for Money 'Labs'

In recent years, there has been a noticeable trend away from 'long' workshops amongst the young and upcoming body of professional people.

However, this does not mean that people have lost interest in achieving best 'value for money' or in involving whole project teams and stakeholders in the process of doing that. They have certainly done neither.

It is just that 'long' workshops don't fit the modern way of doing things and I am in full agreement with that.

When I say 'long' workshops, I mean ones that go for a couple of days or so.

Of course, "long" and "short" are relative terms and I recognise that some people still refer to two-day workshops as "short", compared with the more traditional Value Engineering five-day workshops.

It was back in the 1980s at the University of Canberra that I got together with my colleagues at NSW Department of Public Works to set about developing an approach to Value Management that would be both effective and acceptable to government departments and industry at large.

We came up with a two-day workshop model that proved to be very effective indeed — in both the private and public sectors — and was adopted in practice

by every State and Territory Government around the country.

We also established the two-day workshop model of practice in New Zealand and Singapore.

In the years since then, we have conducted hundreds of two-day exercises on a vast range of projects.

In recent conversations with colleagues, it has become clear that none of us has been called upon to conduct 'long' (two-day) workshops in Australia recently.

We have conducted two-day workshops in Singapore right up until the advent of Covid, but it has been quite a while since any of the practitioners to whom I've spoken have conducted full two-day Value Management workshops on Australian projects.

This has not come as a surprise. I have been writing in *Value Times* about a complete change in our approach as Value Management practitioners for quite a while now.

I've been particularly emphasising the need for "short interventions" (rather than long workshops) and drawing alongside people to offer help and advice on achieving best 'value for money'.

In the last few months, the IVMA Board has discussed this at length. In addition to Board meetings, we have held three online workshops to work through the implications for the 'short interventions' approach.

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*"I fully expect 'Labs' will become our standard way of doing things for the foreseeable future."*

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We have come up with the concept of "Value for Money Labs" which, I fully expect, will become our standard way of doing things for the foreseeable future.

This approach is based on the certain knowledge that people strongly desire to achieve best 'value for money' — from whatever it is they're working on — but are not prepared to convene or participate in 'long' workshops.

Thankfully, when we wrote the Australian Standard on Value Management (AS 4183-2007), which is still current, we intentionally did not prescribe any length of time for a Value Management event.

Nor did we prescribe that it had to be done in one go.

The consequence of this is that the Australian Standard, in its current form, allows for the 'Value for Money Labs' approach that we are now advocating.

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## President's Message

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There's still plenty of work to be done to develop this further including documenting the approach. Flexibility is the key.

As we see things at the moment, the 'labs' will take the form of short, facilitated workshops that will typically run for up to two hours, maybe three hours in some cases.

We expect the first of these 'labs' on most projects will be convened to produce a Value Statement as well as Contextual Givens and Assumptions.

The Value Statement, as I have explained in previous *Value Times* articles, comprises the 'primary purpose' of the entity being considered, the benefits that are expected to flow from fulfilling that 'primary purpose' and, the important features of the entity.

We can usually come to complete agreement on the Value Statement within a couple of hours, occasionally three when there is a very large group of stakeholders.

(I've previously referred to a new hospital project in Singapore where there were 70 participants. In that case, it took three hours to complete the Value Statement, Givens and Assumptions).

There is enormous benefit in getting together the key stakeholders and selected project team members for this 'Value for Money Lab'.

A key outcome from a 'lab' that focusses on the Value Statement, Givens and Assumptions is the shared knowledge

and understanding amongst the stakeholders and project team members of one another's needs.

This is critical in achieving best 'value for money' from the whole project.

In subsequent 'labs', we can then build on the work already done by conducting further 'labs' that focus on, for example:

- Identification and discussion about options to achieve the Value Statement
- Generating and evaluating ideas
- Selecting options for further consideration
- Evaluating proposals
- Choosing the best 'value for money' option

In between these 'labs', planning and design will continue as usual day-to-day practice. These 'labs' may be spread over several days, weeks, or even months depending on the project.

The IVMA Board will continue to work on this and will produce documentation to guide clients and practitioners.

This all represents a fundamental change in practice but no change at all to the principles of achieving best 'value for money'.

**Dr Roy Barton**  
President, IVMA



**"The value of my home?  
You mean right now or a few seconds ago  
when you asked the question?"**

# Achieving Value for Money

The concept of ‘value for money’ (VfM) in everyday life is easily understood: *not paying more for a good or service than its functionality, quality or availability justifies to the individual making the purchase.*

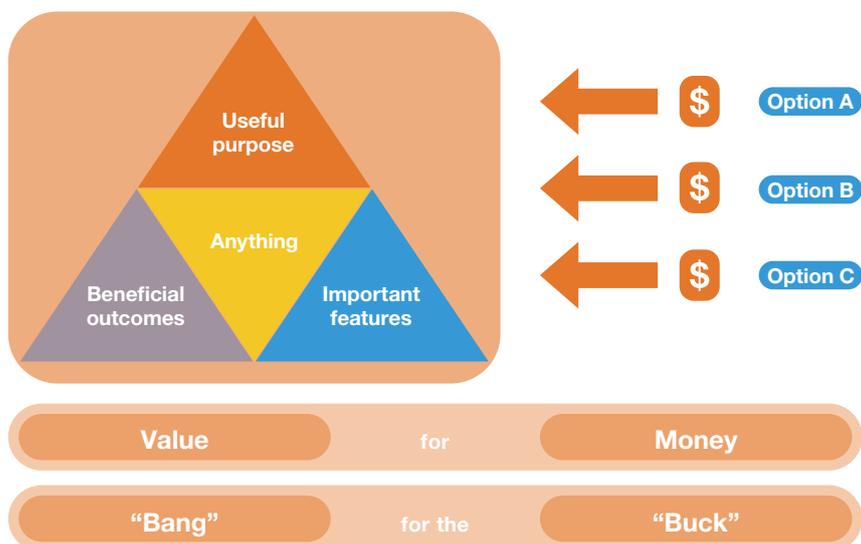
However, for major public projects, the concept can be far more complex and will vary according to the perspective of the many interested or affected stakeholders.

VfM is a core component of Value Management (VM) as reflected in the Australian Standard AS 4183-2007 for Value Management. The standard refers to VfM no less than 33 times and defines VfM as:

*A measure used for comparing alternatives based on the relationship between value and total cost.*

The Standard includes an expansion of the VfM definition by way of the guiding principles that apply to VM i.e. it provides a structured approach to identify what constitutes ‘value’ for a particular project or product.

The approach is reflected in the following representation of the VfM interdependencies:




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*“The issue here is that when a VfM ‘intervention’ occurs, it will be at a particular point in the project or product life cycle”*

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While the Standard links VM to other ‘management systems’ such as Quality Management, Risk Management and Project Management, the standard VfM enabling mechanism is focused on some form of VfM intervention, more generally referred to as VM Study.

The issue here is that when a VfM ‘intervention’ occurs, it will be at a particular point in the project or product life cycle, meaning that VfM is then defined in the context of that particular point in time.

The implications that follow are:

- The traditional VM Study outcomes are a VfM ‘snapshot’ that will have varying degree of relevance, depending on the timing of the VM Study
- Unless VfM is underpinned by adequate whole-of-project governance processes, the VfM ‘snapshot’ may be quickly eroded as the project/product development continues with the usual ‘time is money’ urgency.

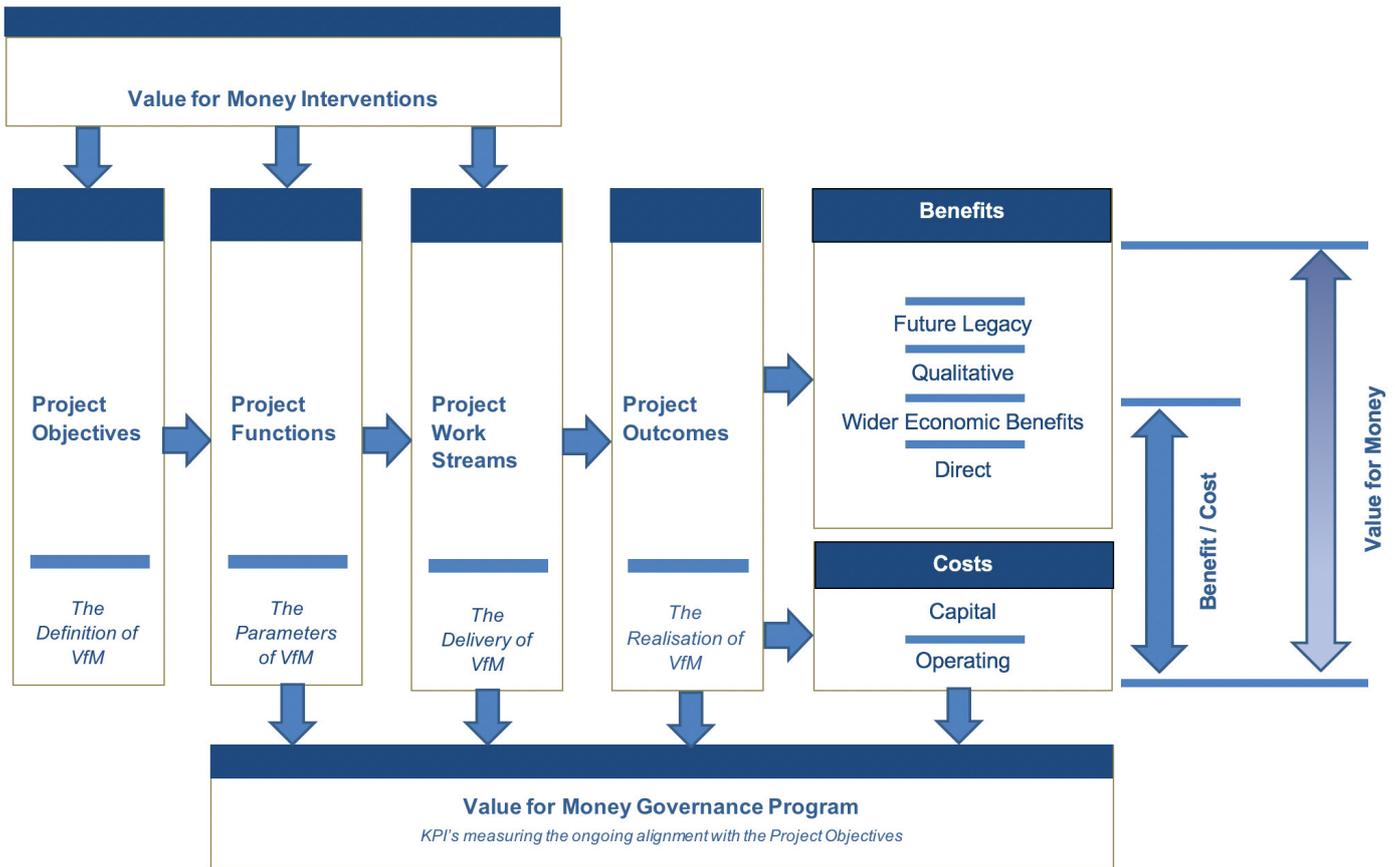
The Australian Standard acknowledges this issue by suggesting that owner/client should ensure implementation of the VM Study recommendations and decisions, including the allocation of appropriate resources, agreement on relevant timeframes, and the establishment and implementation of appropriate management controls at some point after the VM Study.

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## Achieving Value for Money

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VfM Framework



### VfM Framework

In the context of a whole-of-system approach to a major project, and the way a Business Case measures benefits and costs, the realisation of VfM can be represented in the above diagram.

In the development and execution of any project, literally thousands of value-based decisions will be made by project personnel to steer the development and delivery of the project.

Initially, these decisions establish the project 'scope', the types and quality of the finishes, the speed of execution, the

treatment/involvement of stakeholders, the method of project delivery, and the selection of major contractors.

These decisions are then embedded in documents that guide the execution of the project including contracts, management plans, specifications, design drawings, programs, and meeting schedules. In turn, these documents guide the expenditure of effort and capital.

A well-articulated project definition of 'value for money' should be used to drive and/or against which to test subsequent project decisions.

However, realistically, it must be recognised that the drivers of VfM will evolve as the project develops and this is where there is the need for the two critical components of the above framework — these being:

- Regular VfM interventions or check-ins so the evolution can be recognised and any necessary resets tested and documented as the reference point/s for ongoing project decisions.

In Value Management terms, these interventions are typically referred to as Strategic or Tactical Value

Management studies, which are respectively used to establish project objective (the parameters of VfM) or assist in project development (e.g. design decisions). The benefit of VfM interventions is assisting project decision-makers and project team members quickly focus on key project issues, rather than the raft of project demands that are a distraction from the things that are important but not necessarily front-of-mind on a day-to-day basis.

- Governance/assurance monitoring through a mix of strategies including hold points (at which pre-determined and agreed key success factors must be met before further progression) e.g. scheduled reviews, expert reviews, risk assessments, KPI monitoring.

Governance/assurance is aimed at ensuring accountability for generating measurable results (amongst other things). Without adequate tracking

*“Governance/assurance is aimed at ensuring accountability for generating measurable results”*

and accountability, there is no way to quantify that ‘value’ is being generated in the development and delivery of a project. While it is more than likely that ‘value enhancement’ is occurring, it is imperative that the extent of ‘value’ being generated is quantified, rather than relying on anecdotal and qualitative descriptors.

The above VfM framework importantly recognises that VfM extends beyond the often cited benefit/cost ratio of achievement of the three Es – Economy, Efficiency and Effectiveness represented as:

- Economy – delivering optimum economy through cost, time and effort

- Efficiency – delivering optimum outputs (in terms of cost, time and resources)
- Effectiveness – delivering better services, return on investment and other agreed measures.

In the wider context, the benefit/cost ratio or the three Es are, albeit important, only components of what constitutes VfM.

More specifically, VfM must include consideration of all those things that reflect the purpose of the project which are more often than not, described as ‘qualitative benefits’.

Further, for some projects this will also include ‘legacy benefits’ that extend beyond the project in terms of both scale and time.

**VfM Program**

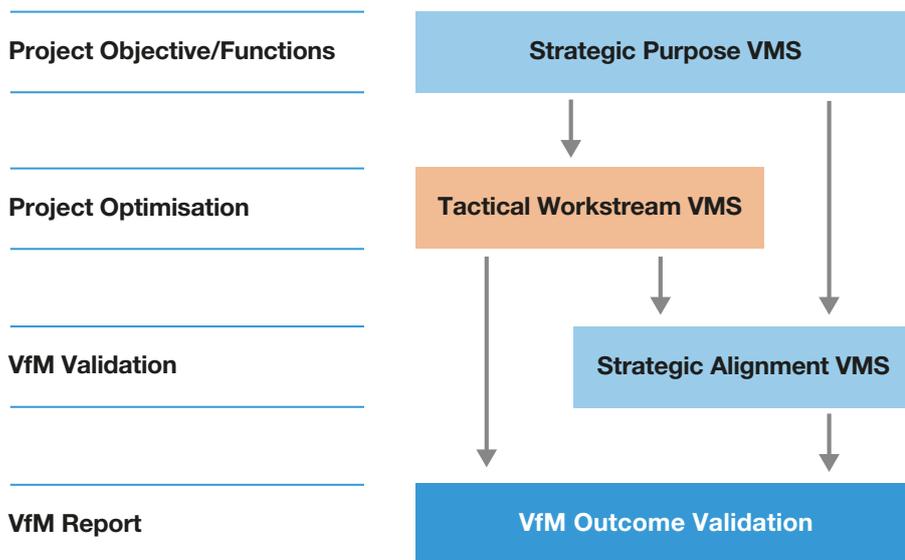
On major projects, VfM interventions can be best realised by the establishment of a VfM Plan that can typically be represented in the diagram on the left.

It is important to note that the above interventions are not necessarily traditional ‘value management studies’ (VMS) and should be targeted/focussed to achieve required outcomes in just a couple of hours.

Effectively these studies are encompassed in the ‘Value for Money Labs’ referred to in the President’s Message in this edition of *Value Times*.

**Ted Smithies**  
Director, IVMA

VfM Program



## Sydney 2000 Olympics – a Value for Money Retrospective – Part 3

### Velodrome

The Velodrome that hosted the Olympic cycling events was originally planned to be a significant element within Sydney Olympic Park.

Fortunately a two-day project design 'value management' (VM) workshop was held as planned in 1996. As the workshop progressed it became evident that the allocated site would be insufficient to accommodate the temporary accommodation and facilities that were required during Olympic operation.

A new site had to be found, a revised brief developed, and the design and construction progressed rapidly — in order to meet the Olympics schedule.

What was it that the VM was able to elicit that hadn't been recognised earlier? Why hadn't traditional planning and design processes picked up this requirement earlier?

Two important points of difference exist between VM and other typically used asset and infrastructure planning and design processes:

1. VM focusses on 'value for money' by establishing a clear definition of what is of 'value' before solutions are looked at. This cannot be achieved solely from a single client perspective but needs to define what is of 'value' to all project stakeholders. This clarity of 'value' helps focus the collective expertise and knowledge of the project team members to optimise solution options and whole-of-life costs and benefits.

Other project management processes typically focus only on what the primary client wants, costs rather than 'value' (to a broader stakeholder group) and an imperative to meet a deadline for completion of construction: not the whole-of-life asset implications.

For the Velodrome there could be no single client stakeholder (i.e. the International Olympic Committee). There was also the Australian Olympic Committee, the NSW Government and its many agencies – including the entity that would have ongoing post-Games asset management and operational use responsibilities (including the funding necessary for these) plus the actual users — the Olympic-level riders as well as myriad other grades of users including casual users from the local community.

2. VM uses a multi-disciplinary workshop environment — bringing them together and fostering a collaborative approach to 'value' definition, problem definition and functional analysis (or needs clarification). Issues such as Givens, Constraints and Assumptions are also clarified, openly discussed, and then agreed.

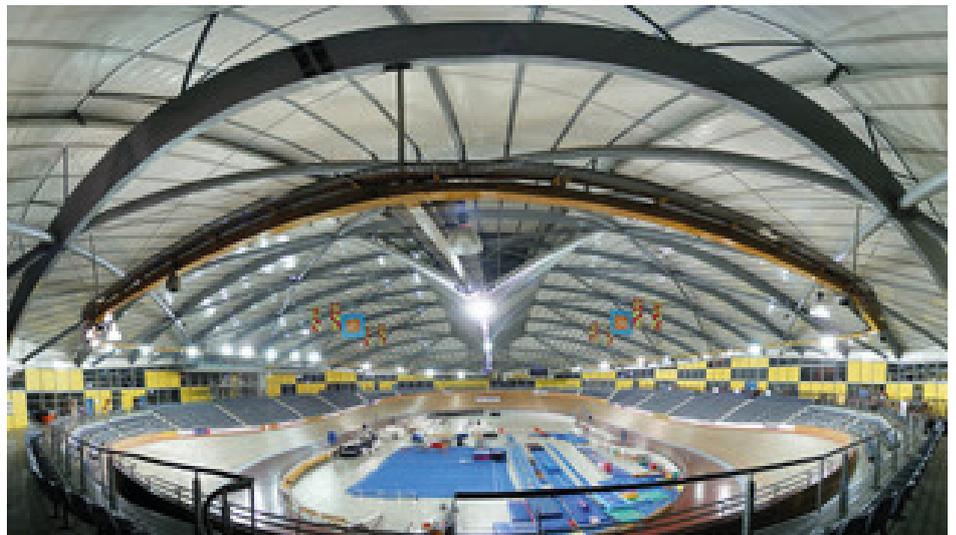
VM builds a more effective 'shared knowledge' and understanding, as well as alignment of focus, analysis

and efforts to optimise 'value'. Optimising 'value' can be achieved very effectively once this common understanding is reached and stakeholders become committed to achieving a common purpose.

The VM process fosters a creative environment for identifying and testing the validity of possible solutions. By having the mix of stakeholders with professional, technical, planning and design skills — there is a more rapid focus on and appreciation of the information and weightings necessary to make 'value for money' choices.

In the case of the Velodrome some key aspects emerged in relation to its operation in Olympics mode:

- A. The large numbers of bicycles that each of the riders needed to be handy for each event including those used for on-road and on-track training and comprising a primary bicycle and emergency back-up during actual events.



Interior of the Dunc Gray Velodrome at Bass Hill

- B. Where and how would the cyclists conduct their training regimens — on the stadium track, the Criterium track, on the roadways?
- C. Where would the bicycles be stored and maintained during the cycling events (which were spread over most of the Olympic program)? The answer was in containers placed around the outside of the Velodrome.
- D. The high number of nations competing in the track cycling events and hence how many containers would need to be positioned around the Velodrome during Olympic events? The workshop participants resolved that some 50 plus containers would be required.

The VM workshop then undertook a detailed review of the project brief (in Olympic and non-Olympic modes), critical design requirements, and special features of the Velodrome. The brief for the project in its two operational modes was resolved and a number of 'value' improvements were identified for the design team to incorporate into the facility.

A number of operational and maintenance initiatives including the 'bump-in/bump-out' of Olympic equipment were also included in the VM workshop recommendations.

Immediately following the VM, the NSW Government selected a site for the Velodrome and related 800m Criterium Track at Bass Hill some 10kms southwest of Sydney Olympic Park.

Construction of the Dunc Gray Velodrome commenced in May 1998 and was completed in November 1999 at a capital cost of \$42 million. The facility was opened on 26 January 2000.

The Velodrome had an expanded seating capacity during the Olympic Games of 5,821 seats and now has seating for 3,150 spectators.

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*“The stadium’s performance during the Olympics was, by all measures, fantastic.”*

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The stadium’s performance during the Olympics was, by all measures, fantastic.

In its Olympics afterlife it has been quietly and purposefully serving as a multi-purpose sport and recreational venue for the community of Sydney’s southwest.

**The Aquatic Centre**

The Value Management Review of the Aquatic Centre produced some interesting discussions. A critical issue was the method of disinfecting the pool water and hence the system to be used for this purpose.

Many of the stakeholders and technical team came to the workshop believing that the disinfection system would be by chlorination. Just as many arrived assuming it would be by using ultra-violet light treatment.

It was the VM workshop that brought these perspectives into focus in a way that helped all the participants appreciate the implications of the two approaches — both of which were excellent technical solutions. This was achieved in a learning environment allowing both perspectives to be presented and discussed in a non-confrontational forum.

Again, like so many other VM workshops, by referring back to the ‘Value Statement’ for the Games as a whole — which made an explicit goal for these Games to optimise environmental performance — it was resolved to use ultra-violet disinfection.

This choice had significant implications for the infrastructure requirements as well as the operational regime for its maintenance both during the Games and for ongoing use post-Games.

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Aquatic Centre at Olympic Park

## Sydney 2000 Olympics – a Value for Money Retrospective – Part 3

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A second key feature for the swimming was how to accommodate some 12,000 spectators without compromising the performance of the pools or imposing too high a cost for the building's structure.

The design, reviewed and endorsed by the VM Study, was for a temporary structure, including its roofing – allowing them to be easily removed after the games and for the facility to then be re-sealed – at a low cost. The steel materials, once removed were also recycled for use elsewhere.

A third feature, consistent with environmental sustainability goals, was to use natural ventilation in-lieu of air-conditioning so the long-term community use of the facility could be operated at a lower cost.

Overall, a hugely effective 'value for money' approach.

**Mark Neasbey**  
**Chair Education Committee,**  
**IVMA**

**John Bushell**  
**Chair Publications & Events Committee,**  
**IVMA**

## Edgar 'Dunc' Gray



Cycling enthusiasts will recall that Sydney's Olympic Velodrome was named after Edgar Laurence 'Dunc' Gray who won Australia's first cycling gold medal at the Los Angeles Summer Olympics in 1932 with a world record 1 minute 13 seconds ride in the 1000 metres Time Trial. He was inducted into the Sport Australia Hall of Fame in 1985 and the Cycling Australia Hall of Fame in 2015. Dunc died in 1996 at the age of 90.

## 2021 Annual General Meeting

The Institute of Value Management's (IVMA) Annual General Meeting (AGM) is required under the IVMA Constitution and the Corporations Act.

This year it will be held on Tuesday 19th October 2021 at 3.00pm AEST.

There are three options for your participation:

1. By Proxy:

A Proxy form will be issued with the notice of meeting on 22 September 2021 together with details of nominations for Member Director places.

The Proxy form must be signed and returned to the Hon Secretary by close-of-business on Thursday 14 October 2021.

2. In Person, if Covid health regulations permit, at the Hon Secretary's office, 93 Pittwater Road, Manly.

3. Via Video conference:

On-line using a free product by Zoom.

Download Zoom from their website at < <https://zoom.us/> >

Trial operation of this system beforehand with the Secretary IVMA.

Then, just before the 3pm commencement of the AGM open up the program and:

# go to "Join" and

# insert the Meeting ID: 129-995-226

The AGM business will include:

- Consideration of the 2020 AGM report
- Presentation of reports to 30 June 2021
- Consideration of nominations and election of up to 7 Member Directors

**Alan Butler**  
**Hon Secretary, IVMA**