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President's Message

Engaging key stakeholders

There is a world of difference between 'facts' and 'assumptions'

Hello Everyone,

This time last year I wrote about the need to engage the key stakeholders in projects when seeking best 'value-for-money'. Not simply consulting them, or getting a list of requirements, but truly engaging them.

I specifically wrote about the critical matter of drawing out and testing key assumptions that are being made about the project in question.

This is something we've done since we started applying the VM process and it's just as important now as we move into a new era of running workshops online through value-for-money labs.

I'm raising the subject of 'assumptions' again because the more I go on, the more I realise the importance of doing this in our pursuit of best value-for-money.

The topic does not appear in standard texts about VM but it really is important and the VM session presents an ideal opportunity to capture and discuss the assumptions that are being made.

As we know, there is a world of difference between 'facts' and 'assumptions' and, as I have said, the assumptions need careful attention.

For the purposes of this article, I am going to again refer to the example of identifying assumptions in VM workshops that I used in the article in the Spring 2022 edition of Value Times.

For those of you who read the previous article, you will recall that we were looking at the design of a new bridge which was needed after flooding had washed away the old one.

We brought together the key stakeholders during the early phase of planning and design including two local farmers who had detailed knowledge of the area.

We considered them to be key stakeholders in the bridge design because their farms included the riverbanks that supported the bridge.

I recall coming to the part of the study where we considered assumptions. All I did was to introduce the topic and ask people to share with the group any assumptions that they were making about the project.

The design engineer explained to the group that he had assumed that the clear span of the new bridge would be the same as the one that was being replaced. We know that cost increases with span and so this was a critical assumption – and perfectly reasonable.

It was at this point that one of the farmers spoke up, providing some information that was previously unknown to the project team.

He told the group that there were three bridges in the area and that the other two bridges had clear spans, which were about two-thirds of the one that was being replaced.

This was important information because it was thought that the span was specified so as to allow passage of flood debris beneath the bridge.

This information was completely unknown to the design team.

It was therefore decided, after detailed discussion. that there was no reason for the clear span of the new bridge to match the one that was being replaced.

The agreed decision was to reduce the clear span of the bridge by approximately one-third resulting in considerable savings in cost and a vast improvement in value-for-money.

This design change came about as a direct result of engaging the key stakeholders. It's important to see that no-one had made a mistake here.

The design 'assumption', as presented, was perfectly reasonable. It's just that in light of further information, a different and

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less-costly solution was deemed appropriate and workable.

In some of the exercises that we have done, a specific workshop has been organised just to build 'shared knowledge' and understanding of assumptions.

In these sessions, which are part of the overall VM process, we carefully consider if, in the light of knowing all the assumptions, something needs to be changed.

Another example that immediately comes to mind is a plan for a new mine having a 100-year projected life.

This mine was in Argentina and engineers were working on the proposal in different parts of the world. The assumptions workshop brought all of these planners and designers together in Argentina for the first time.

We spent two days working together, building 'shared knowledge' and understanding of one another's assumptions and then testing the assumptions to determine if, in light of the whole project, the assumptions were appropriate.

I recall that there was a major change as a result of the exercise — remember that the mine had an estimated 100-year life so any change would have significant ramifications.

The change that I recall had to do with a critical question that was asked during the workshop: Do we treat the extracted ore at the mine or at the port? Following extensive discussion, they chose the port.

We have many other examples that I could share with you but that one really stands out in my mind.

The key is 'engaging' the key stakeholders and facilitating discussion that leads to best value-for-money. Highlighting the

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assumptions people are making or have made often leads to major changes.

This even extends to the purpose of the project itself. We have had occasions where the primary purpose of the project has been completely misunderstood.

This is really important because we design to our sense of purpose. This is why the very first thing we do in any Value Management Workshop is to produce a Value Statement, which, of course, includes a statement of Primary Purpose.

I recall a new hospital project where, during the Value Statement exercise, all manner of things were stated in relation to the Primary Purpose of the new hospital that turned out to be incorrect assumptions. This is not an uncommon experience.

This matter of engaging stakeholders about assumptions is critically important as you can see from the experiences I have quoted. It's quite amazing to think about the things we're assuming.

For the most part, such assumptions are okay, but from time-to-time something crops up that is definitely not okay. Or something that we just didn't realise!

Assumptions are part of our everyday life. Just recently, for example, I was reading an article about space exploration and was very surprised to read that there are actually two quite distinct types of science — Operational Science and Origins Science.

I'd never thought about that — I'd just assumed that 'science is science'.

I love Operational Science. It's the kind of science that's saved my life on at least a couple of occasions. I'm exceedingly thankful for the defibrillator that was used on me.

I'm also thankful for the fact that the defibrillator, in its development, was subjected to the laws of Operational Science that were testable and repeatable.

Origins Science, I read from the article, is completely different because it's all based on assumptions; the subject of this article.

No-one knows how old the earth actually is so assumptions are made. Origins Science does not require observations to be testable and repeatable.

So, as I was saying, this matter of assumptions is seriously a big deal. We're making hundreds of assumptions every day, most of which will prove to be okay — including that the bus will be on time!

But every now and then, something crops up that needs re-alignment — including the projects we are working on.

See you next time.

Dr Roy Barton
President IVMA

Factors Impacting on Successful Facilitation: Face-to-Face versus Online

Introduction

The move to online meetings existed pre-COVID and was being driven by factors such as travel costs and time considerations plus the availability of stakeholders.

That said, the restrictions imposed on the community and business as a result of COVID accelerated the move towards online meetings or using platforms such as Zoom, Microsoft Teams or Webex.

In the facilitation space, the move was also accompanied by the 'time poor' factor, that meant that the workshops that might have traditionally been programmed for half a day, were now expected to be completed in one to two hours.

Online Issues to Consider

The foregoing has caused people to question whether or not face-to-face meetings remain relevant.

Some of the factors that a facilitator must consider in managing the communication in an online forum as opposed to a face-to-face workshop include:

1. Non-verbal cues

Sometimes, the most important information is not necessarily openly communicated. A good facilitator is forever alert to indicators such as facial expressions and gestures that can help gauge how interested other people are in the discussion.

Importantly, it will indicate if someone is disengaging either through lack of interest or if they disagree with the views being put forward or the direction of the discussion.

From the participants' perspective, non-verbal cues enhance an understanding of the 'mood' within the workshop, including the need to further explain a point or ask questions. The expected outcome is less likelihood of misunderstandings.

Face-to-face facilitation

Online facilitation

Some of the factors that a facilitator must consider in managing the communication in an online forum

Online Considerations: To maximise the extent that non-verbal cues are identified, encourage/ensure that all participants participate with the cameras on, and that all participants have their screen view set so they can see all participants.

2. Communication Channels

In face-to-face meetings, communication is primarily verbal, although some 'under the table' mobile text messaging might occur.

Compare this to an online meeting, where participants can communicate between themselves via texts, emails or other forms.

The problem is that the facilitator, and for that matter other online participants, are not aware of those communications. In the more concerning circumstances, it might be a group within the workshop participants are seeking and/or lobbying to pursue their own agenda.

Online Considerations: As part of the workshop preparation, obtain everyone's agreement that the only communication channel that will be used is via the meeting platform, that provides for both the verbal and chat line facility that everyone can view.

3. Collaboration

Effective co-operation and collaboration needs people to share ideas and the face-to-face 'dynamic' best facilitates this outcome. The face-to-face dynamic is best described as when someone stops talking, others can join in adding in their own perspective to the idea and thereby facilitate further development of the idea.

Online Consideration: In the online forum, the facilitator has a more important role in maintaining the communication dynamic and keeping the workshop moving forward. That is, there is less opportunity to 'manage silence' online as participants are more likely to disengage because of other distractions.

4. Distractions

Online meetings are fraught with potential participant distractions, such as when one participant realised it had started raining and immediately left the meeting to bring the washing in!

Another example is the desire among some participants to keep an eye on their

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incoming emails, and then being sufficiently distracted to reply to the email.

It is easier for the facilitator to maintain participants' full attention when everyone is in the same place and there are limited 'outside' distractions.

Online Consideration: As part of the preparation for an online workshop, stress the importance of maintaining commitment for the duration of the workshop. It is also a key factor in limiting the duration of the workshop so that the stress of not being able to respond to the email in a timely fashion is limited.

5. Technology Issues

While it is something beyond the immediate control of a facilitator, technology issues have the potential to, at least in part, disrupt full participation in the workshop.

Online Consideration: As part of the preparation for an online workshop, encourage all participants to test their systems to ensure their cameras and audio are working and they understand how to use the system facilities such as screen sharing and breakout rooms where sub-groups can collaborate outside the full workshop meeting.

6. The 'Whiteboard' Factor

Face-to-face workshops also enable participants to visually illustrate their ideas on a whiteboard or even a piece of paper to make sure everyone understands their vision.

Online Consideration: This aspect of an online workshop requires much more planning than face-to-face meetings where the agenda can be ad-libbed to a degree. The workshop agenda may need to provide for breakout room sessions where a sub-group can brainstorm an idea and then present back (via share screen) the outcomes for further comment development by the whole group. The facilitator would need to monitor the subgroup activities as well as the parallel progress of the main group.

7. The Tea Break Small Talk

In online workshops, the Tea Break is usually when participants disengage (turning off the camera and audio) to take a break.

In a face-to-face situation, the 'break' is usually taken collectively with the associated 'small talk' while people have a coffee.

The benefits of the 'small talk' can include:

- People find common interests (asking how their day is going or what they have planned for the weekend). Discovering common interests tends to strengthen relationship, that even in a short workshop timeframe can enhance preparedness to compromise or a willingness to go the 'extra mile' in finding a solution.
- A minor comment offered as part of a small talk chat can unlock a problem that has been confronting the workshop.

Online Consideration: A facilitator can encourage the participants, once they have made their coffee or whatever, to return online for the social discussion. In this way the participants also stay more engaged in the workshop overall. That is, ongoing engagement means more assured participation.

8. Dealing with Sensitive Issues

Dealing with a key or sensitive issue in a face-to-face forum means that all the communication cues are available, and the problem can therefore be explained and then addressed with less likelihood of a misinterpretation.

The absence of some of the communication cues in an online forum heightens the risk of miscommunication and thereby places a greater onus on the facilitator to ensure that communication is clear.

Online Consideration: In the preparation of any workshop, it is important that the facilitator gain a good understanding of the key or sensitive issues that might arise, including understanding the sensitivities among the various stakeholders. For an online workshop this requirement is all the more important as the facilitator cannot be caught-out trying to understand the issue in real time.

What does this all mean? The online rules of engagement:

Online workshops are here to stay and have many advantages, including:

- Accessibility — the workshop is potentially accessible to a wider range of people than in face-to-face communication.
- Availability of people — people can better manage their schedule to attend an online workshop, particularly if it is only for a couple of hours. The latter point also makes it easier for senior key decision-makers to be available.
- Time and cost savings — people do not need to be in the same place which provides time, venue, and travel cost savings.
- The workshop outcomes can be recorded and shared — taken in conjunction with a report the follows from the workshop, there is less likelihood that the outcomes will be misunderstood.

Many of the foregoing online challenges can be overcome by proper planning and management by the facilitator

The key take-away is that online facilitation requires more rigorous upfront planning as reflected by the above 'Online Consideration' comments.

These Online Considerations should be considered the 'rules of engagement' necessary for effective online facilitation.

Ted Smithies
Director, IVMA

Defining value for money in the Private and Public Sectors

Both Private and Public Sectors recently had to widen the concept of 'value' away from the dollar spent to encompass environmental and social considerations.

This is one of the greatest challenges facing many organisations.

What outcomes should we achieve in the pursuit of sustainable value-for-money and what skills and capability do we need to achieve it?

Like beauty, the concept of 'value' is in the eye of the beholder: and what is considered to be beautiful has varied through time and amongst individuals.

Likewise, what is defined as 'value' has changed across time and also means different things to different groups; even within the one project or investment.

In both the Private and Public Sectors, the concept of value-for-money has traditionally focussed on a monetary perspective — either highest revenue or lowest cost.

Increasingly, and both in the Private and Public Sectors, the concept of 'value' has broadened to encompass new business drivers in areas such as environmental and social considerations.

'Triple Bottom-line', 'Governance', 'Sustainability' and 'Social Responsibility' are some of the terms coined to define the changing concept of 'value'.

Traditionally, say some 20 years ago, rating systems like Standard and Poors and Moody's focussed primarily on organisations' financial health.

Today, rating systems consideration of business sustainability includes environmental, social and governance, and they examine how the performance of companies influences the world in which we live.

Why the changing focus?

Today, society is increasingly aware of the impact we are having on our land, people and resources.

Like beauty, the concept of 'value' is in the eye of the beholder

This awareness is leading society's changing expectations of Private and Public organisations to deliver more environmental and social outcomes in their business activities.

While more and more organisations, across the sectors, are placing greater emphasis on meeting these changing expectations, it is a major challenge for any organisation to balance its activities and realise economic, environmental and social outcomes.

To illustrate, when a bank closes branches, is it looking after its shareholders or is it penalising its customers and the community by the loss of jobs, availability of and access to their services?

In a procurement context, the change in focus is most acutely represented by the changing concept of value-for-money.

In this regard, government procurement is an area where there are nearly always multiple objectives that are driving the procurement of the goods, projects or services that are being acquired.

That is, in government procurement, 'value for money' includes not only the cost of the goods and service, but also whole-of-life costs, innovation and value-adding components such as economic, social and environmental outcomes.

It would be so much easier if there were one, fixed formula that prescribes exactly what will comprise value-for-money and that specifies the outcomes — but there is none.

The achievement of value-for-money is often seen as a trade-off between the various components making-up the selection criteria.

However, rather than thinking in terms of a trade-off, each factor should be considered as a critical component of the value-for-money evaluation — it is not an add-on consideration! That is the challenge!

It is unusual for any organisation to be able to obtain a procurement outcome that achieves the lowest price, the best economic development benefits, the most environmental and socially responsible solution, each time it goes to the market.

The outcomes that an organisation should achieve in its pursuit of value-for-money are something that each organisation has to decide for itself.

It would very likely be based on what stakeholders expect from it and what can be achieved through the organisation's procurement activities.

The outcomes sought will vary from one organisation to another and from case to case. Whatever the organisation decides, it has to be sustainable.

It is no use being the most environmentally-friendly company around if it is pricing and costing itself out of business and shedding workers — its activities have to be sustainable.

While the example is now some 20 years old, the following is a great illustration of how the NSW Government has successfully applied the value-for-money concept.

The project related to the NSW Government's decision to relocate some 600 WorkCover (now SafeWork NSW) staff from their office Sydney central business district office to an office building in Gosford – about 75 minutes by train north of Sydney.

The Gosford office was to be a new

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five-storey building development costing approximately $30 million.

In arranging the lease for this building, there were a number of Sustainable Development outcomes sought in the planning, tender evaluation and contract management stages.

Private Sector developers were required to identify specific economic, environmental and social outcomes that could be achieved, as part of their Tender Bid.

All Tenders were required to include a Safety, Environmental, Employment and Regional Development Plan.

The developer and nominated construction company were required to comply with the NSW Government's then Code of Practice for the Construction Industry.

The Code specified the ethical principles and standards of behaviour that must be observed by contractor, subcontractors and suppliers as well as Government agencies as clients.

Developers had to demonstrate that they and their nominated construction company had a good, established track record in ethical business dealings, employment, Industrial Relations and Supply Chain Management practices.

The nominated construction company was also required to establish its credentials in Occupational Health and Safety Management and Environmental Management.

The project exceeded the 75% Regional Development target. For example:

- 100% of the supplies needed were obtained from businesses within the region
- 78% of the tender opportunities were let to local contractors and
- 84% of the dollar value spent on the project was expended in the region.

The relocation of WorkCover contributed to the revitalisation of Gosford's CBD and it has created sustainable business and employment opportunities for the region.

The development itself was also required to achieve minimum Australian Building Greenhouse Rating. For the base building that was 4½ stars and for the fitout it was 5 stars (out of 5).

The energy modelling identified that the built solution would generate $700,000 saving in energy costs over the 10-year life of the lease.

As well as minimising the costs of the facility's management, the procurement also sought to ensure the well-being of the building's occupants.

The building fit-out used renewable resources such as timbers and fabrics and most materials will be recyclable but most importantly, the materials were chosen to ensure a high indoor air quality.

You might ask, "Why is this important"? Well think about this: it has been estimated that in the 10 years of occupying a building, an employer's costs are split up something like 10% to 20% on the facilities (fuel, maintenance, rates, office equipment, fit-out, etc) and the rest is on the salaries of the people who work in that building.

So it makes pretty good sense to spend that 10% to 20% in a way to ensure that the remaining 80% of the investment is performing at peak efficiency.

So worrying about the indoor air quality of a building is not being soft hearted but really just protecting your investment in your staff.

So the value-for-money debate is not just about cost, it is also about the sustainable outcomes achieved for each dollar invested.

The challenge then is how to translate needs into realistic and achievable outcomes.

The skills and capability we need to achieve sustainable value

So what are the skills and capability needed to achieve sustainable 'value outcomes'?

From the WorkCover/SafeWork relocation, it was evident that accessing the necessary skills is not difficult.

What was required was leadership and commitment within the organisation and a capacity to genuinely engage with stakeholders to identify their concerns, priorities and expectations.

The challenge then is how to translate needs into realistic and achievable outcomes.

The challenge for most organisations is how to build a corporate culture where the sustainability factors, that are relevant to the organisation, are part of its 'value system' and is an integral part of both the management and staff's day-to-day work practices and decision-making and not treated just as an adjunct and periodic activity.

For this to happen, the commitment must come from the top. The CEO and Senior Management must champion those chosen sustainability values.

This means that those at the 'top' have to take a bold stand and even accept that the organisation may have to buy the outcomes: that is, we have to pay a little more for our procurement to achieve intergenerational value.

In summary, achieving sustainable value-for-money in procurement is achievable but the journey is long, the transition requires leadership, commitment and the education of stakeholders, employees and all parties of the supply chain.

It is also not static but requires periodic rethinking and adjustment of the improvement strategies.

Ted Smithies
Director, IVMA