



The Value Management Process

Your Problem is Our Challenge!!

INTRODUCTION

Value Management evolved in the United States in the post World War II era when supply shortages compelled the manufacturing industry to use alternatives or substitutes. In many cases it was noticed that the use of alternatives had both reduced costs and improved the performance of the product.

The Value Management approach is used around the world with Institutes of Value Management in Britain, France, Japan, the United States and Hong Kong to mention a few.



There Must Be a Better Way !!!!

The process has moved beyond manufacturing and engineering to the "soft" end of problem solving such as Strategic Planning, Concept Validation and Development, Project Evaluation and Development, Risk Management, Organisational Restructuring and Business Re-engineering.

Value Management is covered by the Australian Standard, AS 4183-2007.

The methodology may be applied to management decision making at any level of an organisation and is equally appropriate for public and private sector applications. It is also a powerful process that may be used to develop agreement, understanding and commitment when applied to the resolution or optimisation of particular issues.

OVERVIEW

What will it do for you

Value Management can solve problems creatively and economically by:

- Improving communications
- Resolving conflicts
- Challenging assumptions
- Identifying unnecessary expenditure
- Generating alternative ideas
- Promoting innovation
- Maximising resources
- Saving time, money and energy
- Simplifying methods and procedures
- Eliminating redundant items
- Updating standards, criteria and objectives

Value Management is not about seeking cheap solutions.

Value Management is about clarifying and satisfying customer needs; about creating ideas as to how a system can best "do its job" at appropriate levels of quality and performance.

Value Management and Continuous Improvement complement each other. One of the possible outcomes of a Value Management Study is the identification of areas where using the detail work place based approach of Continuous Improvement may result in significant gains.

Underlying the Value Management theory is the principle that there is always more than one way to achieve a function and that examination of the alternatives will produce the most acceptable conclusion.

Definition

Value Management is a *facilitated process* that is *structured, systematic and analytical* in which *decision makers, stakeholders, technical and professional specialists and others work collaboratively* to bring about *value based outcomes* in systems, processes, products and projects



THE VALUE METHODOLOGY

Value Management Studies are centred upon a participatory workshop involving a multi disciplinary, representative group of people working together, led by an independent facilitator, to seek the best value or value for money outcome for a particular situation.

Value Management is a participatory problem solving and planning process in which project teams and technical experts work with decision makers, community representatives and other stakeholders in a workshop format seeking to gain a common level of understanding of the facts and issues; identify what happens now and those functions that the scheme must perform; and subsequently developing value added strategies and solutions.

Considerable advantage is gained by capitalising on the synergy that is developed, and from the potential "constructive overlap" of expertise within the group.

A Value Management Study may span in excess of 3 months from the initial client meeting to the presentation of the Study report.

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Stages and Activities

Pre Workshop Planning

- Prepare and review the Value Management brief
- Select Study participants
- Organise a venue
- Gather and distribute relevant information
- Prepare the facilitation strategy and agenda
- Brief participants as required

The Workshop

- Confirm the Study scope and objectives
- Build knowledge and understanding of the project and its context
- Establish criteria for success
- Generate multiple ideas to improve value
- Evaluate ideas against criteria for success
- Develop options and action plans

Post Workshop

- Debrief with the client
- Prepare and deliver the Study report

Post Study

- Implement the Study recommendations.

Function Analysis

A key differentiator of Value Management from other problem solving processes is function analysis. This involves clearly identifying what things actually *do*, or more importantly, what they *must do* to achieve the project objectives. The functional analysis enables the exploration of the project and/or program brief and testing of the assumptions and needs perceived by the author(s) of the brief.

The Value Management process is function based not component based.

Functions can be divided into two main categories, Essential Functions and Supporting Functions.

Essential Functions identify the primary purpose of a product, service or process.

Supporting Functions can be grouped under four headings of Assure Convenience, Assure Dependability, Satisfy User (Customer) and Attract User (Customer).

Identifying functions provides a precise and concise understanding of the project, service or process under consideration and is a very effective tool in aiding communication.

The Workshop Process

The workshop consists of five major phases:

- Information,
- Analysis,
- Creativity,
- Evaluation and
- Development.

During the first day participants are in a divergent mode, gathering and analysing information and exploring ideas. On the second day they converge to solutions based on facts, not assumptions and opinions.

Information Phase

During this phase participants explore the current environment the project operates within; differentiate facts from opinions; identify what the project currently does, including wanted and unwanted functions; and identify issues associated with the project.

Analysis Phase

During this phase participants identify which are the key issues and what are the essential functions that the project must deliver. Key stakeholders may also be identified at this time.

The Information and Analysis phases of the workshop give participants an opportunity to share knowledge and build on their understanding of the project, the issues confronting the project and essential outcomes to ensure a successful outcome.

Creativity Phase

Individually participants generated ideas to eliminate unwanted functions, deliver essential functions and deal with the key issues that had been identified.

Evaluation Phase

In plenary, the workshop participants evaluated the ideas that have been generated subjectively on the basis of:

- Good idea – develop further at this workshop
- Good idea, but needs more work
- Note for reference as the project develops
- Outside the scope of the workshop
- Discard

Development Phase

Participants use the ideas generated in the creativity phase to develop strategies and action plans to enhance the

project. The sub-groups are encouraged to identify time lines, accountabilities and responsibilities as well as give consideration to policy, financial and sustainability implications.

The small group work is evaluated by all the workshop participants in plenary. The positive aspects of the proposals are noted, as are any concerns, dangers or potential pitfalls and any ideas that may offer improvement opportunities or address concerns.....◆

