

**VALUE MANAGEMENT IN THE WESTERN THIRD
- BUILDING MANAGEMENT AUTHORITY EXPERIENCE**

**HARRY GOUGH MIE AUST, AFFILIATE MEMBER IVMA,
BUILDING MANAGEMENT AUTHORITY OF WESTERN AUSTRALIA**

INTRODUCTION

The purpose of my presentation today is to introduce the Building Management Authority of Western Australia (BMA) to those of you who don't know us and to provide an overview of our participation in Value Management.

I intend it to provide constructive feedback to VM practitioners who have worked for the BMA and, to those who have not, give an indication of BMA expectations.

My presence here today will I hope assure you that in the Western third of our continent the worth of Value Management has not been overlooked by the BMA and is being keenly established as part of the project procurement process.

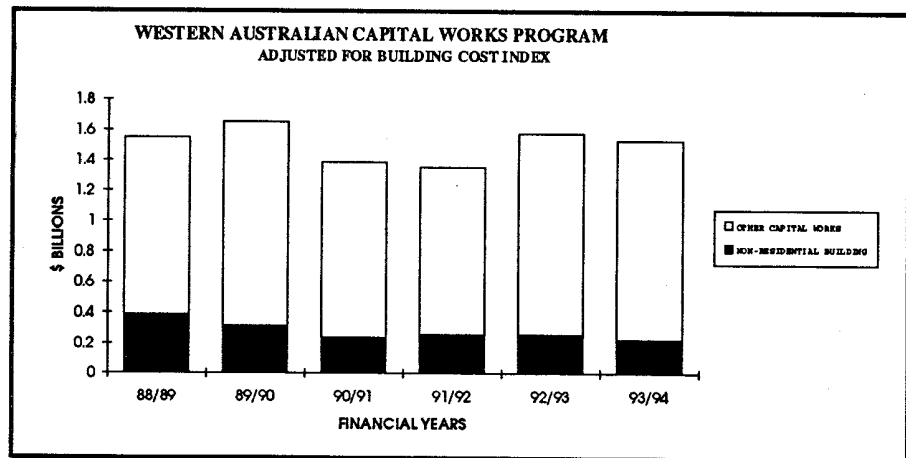
BACKGROUND

The BMA is a government department created out of the former Public Works Department.

It manages about \$250M of building design, construction and maintenance work in WA each year in addition to other services to government. The BMA also has a strong commitment to the training of building industry workers, especially apprentices.

During the past 10 years great improvements have been achieved in the BMA's service to client agencies, the government of the day and its competitiveness compared to private organisations doing similar work.

Working with the central agencies of the Western Australian Government the BMA provides Strategic Asset Management advice so that building infrastructure necessary for state and economic development is provided where necessary at the least long term cost.



Money for capital works has in real terms reduced over recent years, particularly for non-residential building, resulting in a reduction of available work for the design and construction branches of the BMA as well as for the private sector. It has also resulted in competition among agencies for the funds that are available.

The recently released Report of the Commission to Review Public Sector Finances (the McCarrey Report) in WA recommends an increased emphasis on better asset management.

Thus the emerging role for the BMA will have a strong focus on value based strategies for the management of government building assets.

Value Management is seen by the BMA to be an integral part of this process, particularly since McCarrey recommended that the evaluation of capital projects needs to be more rigorous.

VALUE MANAGEMENT IN THE BMA

The use of Value Management has been supported by the BMA since 1988 when it was recognised as a powerful method for achieving functional value for money on behalf of clients and government.

Unlike NSW, the Western Australian Government does not have mandatory requirements for Value Management studies to be carried out on projects. It does, however, require that projects valued in excess of \$5M be considered for both conceptual and design VMs.

Support for mandatory VM studies is a likely result of the increased Strategic Asset Management approach, suggesting Value Management will increasingly be included as part of the project initiation process.

For the BMA, Value Management was initially simply an additional service to clients. Proven facilitators were contracted to carry out Value Management studies and the learning experience began. As the benefits of VM became obvious and feedback from clients was positive, we saw the need to take a more prominent role in the development of VM in Western Australia.

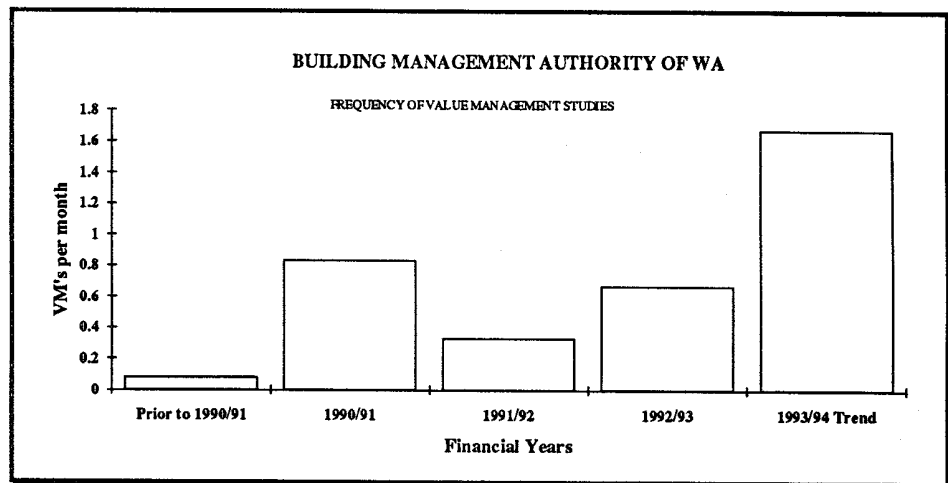
Because of the shortage of skilled and experienced facilitators in WA the BMA adopted policies that would encourage and develop VM skills in the private sector. A list of approved consultants was formed after advertising Australia wide.

With considerable assistance from the NSW Public Works Department the BMA produced a Value Management manual for Western Australia which has been widely distributed in both the public and private sectors.

An assessment questionnaire to allow for evaluation of the VM process and the facilitator's role has been in use for some time. This is used to improve service to clients and assist in the selection of consultants.

Recently the BMA became directly involved in Value Management by enrolling senior staff in the inaugural **Post Graduate Certificate in Human Resource Development at the University of Canberra**. This qualification has been recognised by the Institute of Value Management Australia for Value Management facilitation.

Skills gained in this course are being effectively used internally and it is expected that several course participants will soon be suitably experienced in order to facilitate studies on behalf of BMA client agencies.



In all, 28 studies have been sponsored by the BMA on behalf of clients. During the past 12 months recognition of the benefits of Value Management has resulted in an increased frequency of studies. This financial year has seen a big increase in the use of VM and the trend is expected to continue.

We at the BMA believe that Value Management is a logical and rewarding step in the project initiation process and that for significant projects both conceptual and project level VMs should be undertaken.

CHANGING ATTITUDES

For many professionals VM was seen as a threat to their design freedom. Many saw it as a cost cutting exercise which would result in creations that lacked imagination or interest.

The argument that VM should not be necessary since all professionals are ethically bound to give their clients the best value solution is giving way as two important benefits of VM are realised.

- Communication; and
- Brief formulation/clarification

If the timing of studies is correct then these benefits allow designers and organisations to **"get it right first time"** and outweigh any negative aspects for professionals, project managers, users and proprietors. Other benefits for professionals as a result of better communication include:

- reduction in abortive work (resulting in higher efficiency),
- improved morale,
- better team work,
- better service to clients,
- better value for all concerned.

When funding is scarce, Value Management studies that clearly demonstrate functional need and value may be the deciding factor in a project being funded, a clear benefit for agencies promoting a project.

Solutions are not always obvious. Often they are obscured by our training, habits and paradigms. In our opinion, the Value Management process utilises the principle that many minds are better than one in order to analyse function and evaluate best value solutions.

At several VMs that I have attended, often the most significant new ideas have come from the least likely source.

Our experience has shown that the more diverse and segregated the parties involved in a project are, the greater the benefits VM has to offer, particularly in terms of communication, understanding and consensus.

PROMOTION OF VM

As well as the training currently being undertaken by BMA staff, Value Management has been promoted by both in house and open seminars.

In October last year the BMA hosted a seminar on Value Management which was attended by several hundred delegates. Professor Roy Barton was the keynote speaker at this seminar which was well received in Perth. Other speakers represented key WA Government agencies which are benefiting from the VM process.

STRUCTURE

We believe one of the key factors in the effectiveness of VM is that it is a structured process but some facilitators leave participants to realise this as the study progresses.

The facilitator must inform participants how the process works - to explain that initially the presentation of information and questions will be of a divergent nature encouraging creative ideas and that in the latter part of the study the information and ideas thus compiled will be focussed towards solutions and development.

The facilitator should also be satisfied that among participants at the study are the significant decision makers for the project.

The mix of participants should vary according to the stage of the study, e.g. Strategic and Conceptual VMs must have senior decision makers and user representatives present with professional designers available for specialist advice.

Project or Design VMs should be strongly supported by professional designers and have high level cost management and finance advice available.

The facilitator must explain to participants that for the good of the study (and project), organisational hierarchies are best forgotten during the study. In practise this is difficult to achieve with some organisations such as police, military or the judiciary, since although the highest level officers may be prepared to accept a level playing field, often less senior people find it difficult.

The success of a study depends upon the facilitator being able to ensure that all participants have the opportunity to fully participate by asking questions and putting forward their ideas and suggestions.

SYSTEM THINKING

All projects are part of a larger system. The question of where a project fits and how it interacts within the system is invariably raised at VMs. In some cases consideration of the larger system can cause a shift of mind and offer significant improvement in functional value of the system.

The statement, "when each part of a system performs as well as it can, the system rarely does", seems to be true. It suggests that in order for a complete system to have the best functional value then smaller parts of the system may have to be compromised.

Value Management facilitators need to be aware of the larger system and be prepared to steer a study on a system course if it is warranted.

The BMA experience has pointed to three distinct levels of Value Management.

- **Strategic** - not applied to a project but to a system and its function, e.g. the education system.
- **Conceptual** - formulation or clarification of a project brief through function analysis.
- **Project** - concerned with functionality of the project as designed compared with function required by the project brief.

CASE STUDIES ILLUSTRATING STRATEGIC, CONCEPT AND PROJECT VMS

1. STRATEGIC VM STUDY OF CROWN LAW ACCOMMODATION REQUIREMENTS

Problem situation:

- Long court lists
- No facilities for new judges
- History of proposals that were not funded.

What must the courts do?

- Appropriate symbolism
- Flexibility
- Location to suit community
- Meet court user needs
- Integrate Court facilities
- Integrate Court jurisdiction
- Court co-operation

Major findings

- Current organisational arrangements are historical not functional
- Functional requirements for civil and criminal trials are different.
- Grouping criminal and civil functions would allow organisational change to occur.

Outcome:

By considering the system view a 20 year program of works costing \$100M was endorsed in preference to proposals which were being considered costing \$250M over the same period.

2. ALBANY REGIONAL CENTRE - WA DEPARTMENT OF AGRICULTURE - CONCEPT VM

What the project must do:

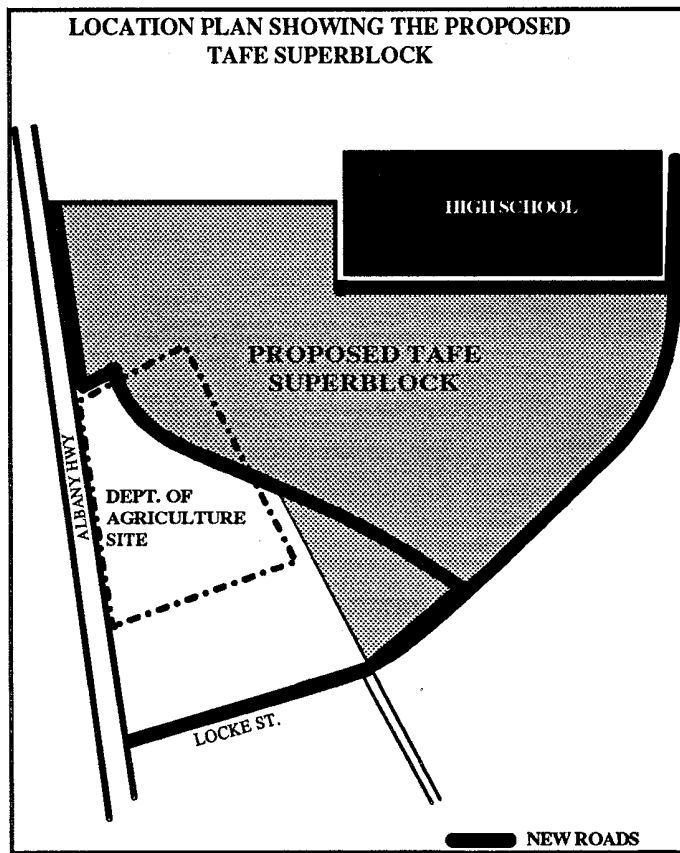
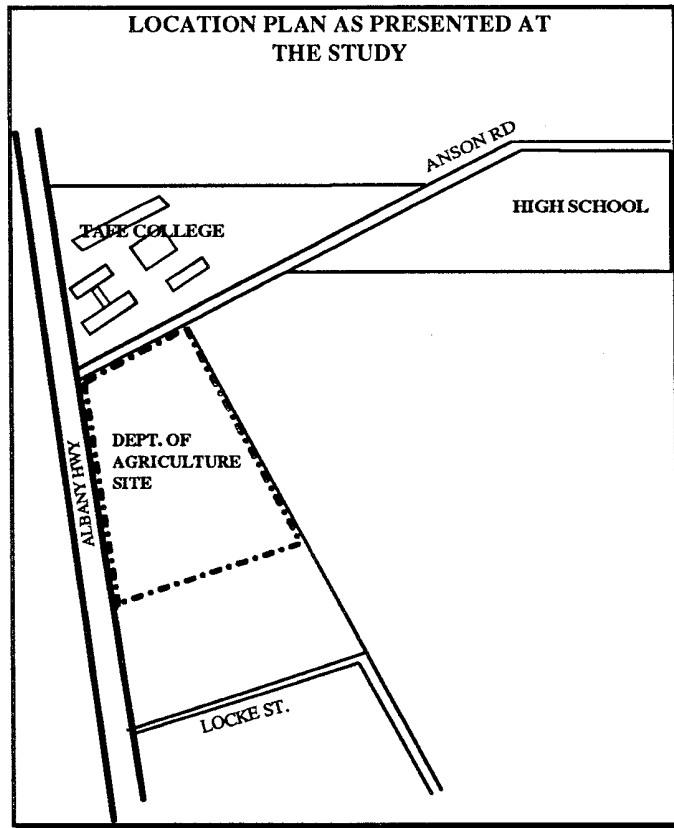
- Replace unsatisfactory facilities
- Consolidate facilities on one site
- Maintain visibility
- Present a unified organisation
- Improve client access
- Provide for program delivery
- Provide for further regionalisation
- Provide for integration of education

Major outcomes:

- Clarification of function requirements of briefed areas.

During the information phase, a proposal was presented for a TAFE "super block" development immediately adjacent to the project site. This information changed the focus of the study because joint use of land and facilities would result in very significant savings to both agencies and the government.

- Action plan focussing on joint development of both TAFE and Department of Agriculture sites.



3. PROJECT VM STUDY OF EAST PERTH COLLEGE OF TAFE - STAGE 1, PHASE 2.

What must the building do?

- Respond to change
- Comfortable accommodation
- Recurrent cost effectiveness
- Accessible
- Integrated with campus
- Satisfy industry needs
- Attractive to industry
- Enhance TAFE's image
- Be functional
- Motivate students
- Assist curriculum objectiveness

Major cost influences

Capital

- Air-conditioning
- Facade
- Laboratories
- Site establishment
- Built-in fitments
- Level of curriculum
- Structural System (25%)
- Location
- Security
- Electro/Mechanical Systems

Recurrent

- Energy
- Staff
- Maintenance
- Unused flexibility
- Cleaning
- Equipment
- Furniture

Outcome:

A total of \$218,000 was identified as saving mainly in building structure and mechanical plant.

An additional amount of \$25,000 was identified for an improved building management system.

CRITICAL FACTORS GOVERNING THE SUCCESS OF VALUE MANAGEMENT STUDIES

The three factors recognised as being critical to the success of VM studies are:

- **Methodology**
- **Attitudes**
- **Management (facilitation)**

We believe these factors are within the control of the facilitator. It has been our experience that should one be missing the study will fail in some way to meet its objectives and result in participants leaving the study without being convinced of its usefulness.

Methodology - (The Value Management 5 Stage Job Plan.) Sticking to the job plan allows the facilitator to control the pace of the study and ensure that objectives are met. A job plan well executed impresses participants and thus promotes VM and its benefits. The Major intellectual contribution from the facilitator is in the function analysis stage. Good facilitators seem to be able to second guess participant response in order to clarify issues.

Attitudes - The skill of the facilitator is paramount in ensuring that a co-operative open environment prevails at the study. Agendas other than those agreed to be the study objectives must be dealt with otherwise the study may be a waste of time and money.

I have attended studies where individual or group prejudice has severely restricted the effectiveness of a study because the facilitator has not been able to deal with it. On the other hand I have seen skilled facilitators turn around hostile personalities or groups resulting in very effective outcomes and accolades for the VM process.

VM practitioners need to be aware that they are not just facilitating VM studies but also promoting an attitude about value responsibilities to all of the organisations represented at the study.

Management - Value Management practitioners are paid to manage studies. I believe this includes pre-study intelligence gathering (for the facilitator), setting the agenda, driving the open, lateral, divergent thinking process, controlling the pace and then guiding the convergence of ideas to a clear outcome and action plan. I also feel that the facilitator should follow up the study actions to help organisations realise the benefits of VM.

It is the facilitator's role to ensure that a co-operative environment is maintained at the study and that no impression of a "witch hunt" or cost cutting exercise is projected.

He or she must also lead questioning which defines, clarifies and prioritises issues and initiatives.

Finally, in terms of management, the facilitator must ensure the study focus is on function analysis, since, if I may quote Professor. Roy Barton, **"If you are not doing function analysis it is not Value Management"**.

IN CONCLUSION

It is rare for a process to use simple concepts and yet offer great power in terms of its potential to solve problems and save resources - Value Management is such a process.

In hindsight it is easy to say "It was just common sense". Value Management gives us the tools and the structure to effectively use common sense and communication in a proactive way.

The key participant in the VM process is the facilitator. He or she is in control of the process and responsible for ensuring that **in terms of functional value**, the solutions and actions emerging from a study are right, first time.

