



The Importance of VFM at “The Sharp End”

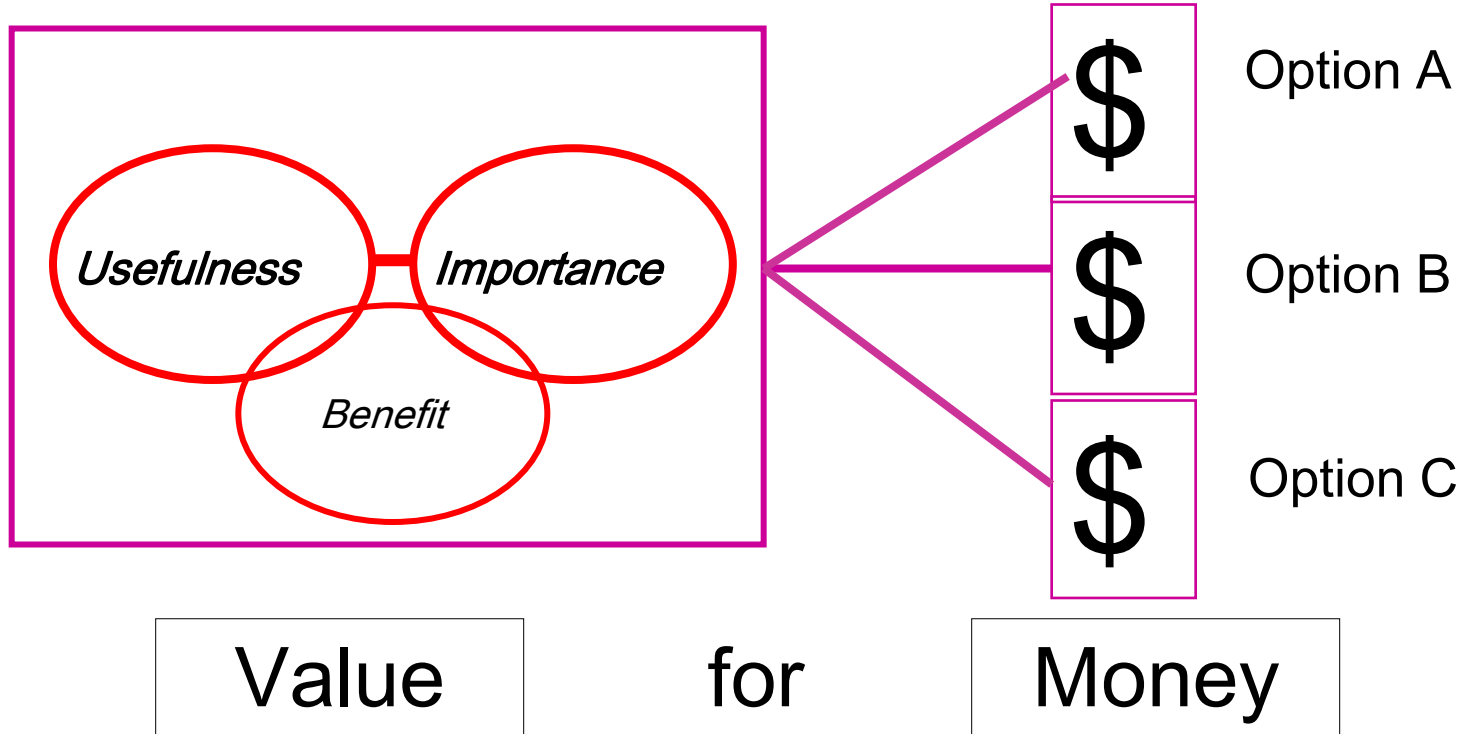
Case Studies over 25 years

What is it?



- Bernoulli - 1783
 - *“The value of an item must not be based on its price but on the utility which it yields.”*
- AS4183 -2007 Value Management Standard
 - *“An attribute of an entity determined by the entity’s perceived usefulness, benefits and importance”*

The Concept of “Value for Money”





Value for Money defined *

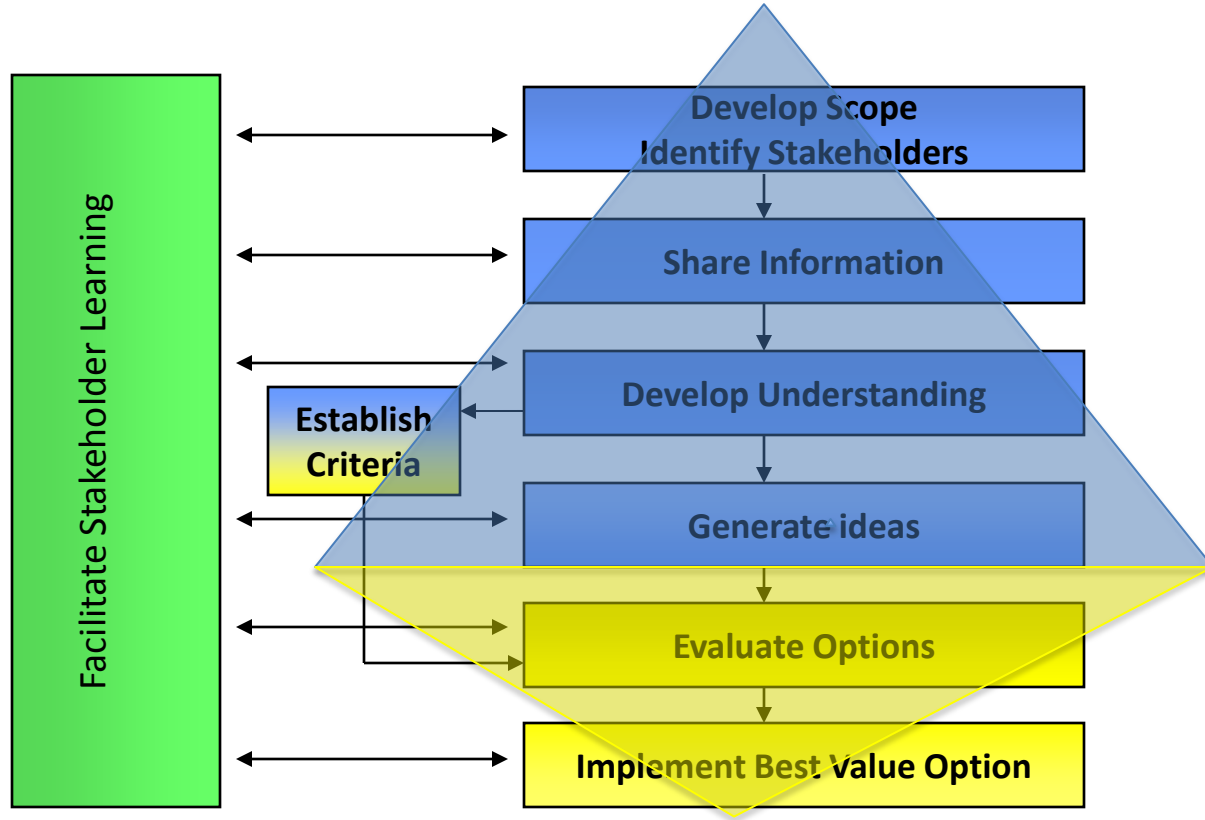
- The working definition of value for money adopted in this guide* calls for the client and end users to receive from their investment **the levels of performance and quality required, at lowest total optimum whole-of-life cost.** Value for money is not and should not be seen as, a prescription for lowest cost of design and construction alone.
- Determining value for money requires a **systematic evaluation of required standards of performance and quality, consideration of all options available to achieve those standards, ranking of competing solutions by their capacity to deliver those standards, and their cost.**

* 'A Guide to Project Initiation for Project Sponsors, Clients and Owners' developed by the Australasian Procurement and Construction Council

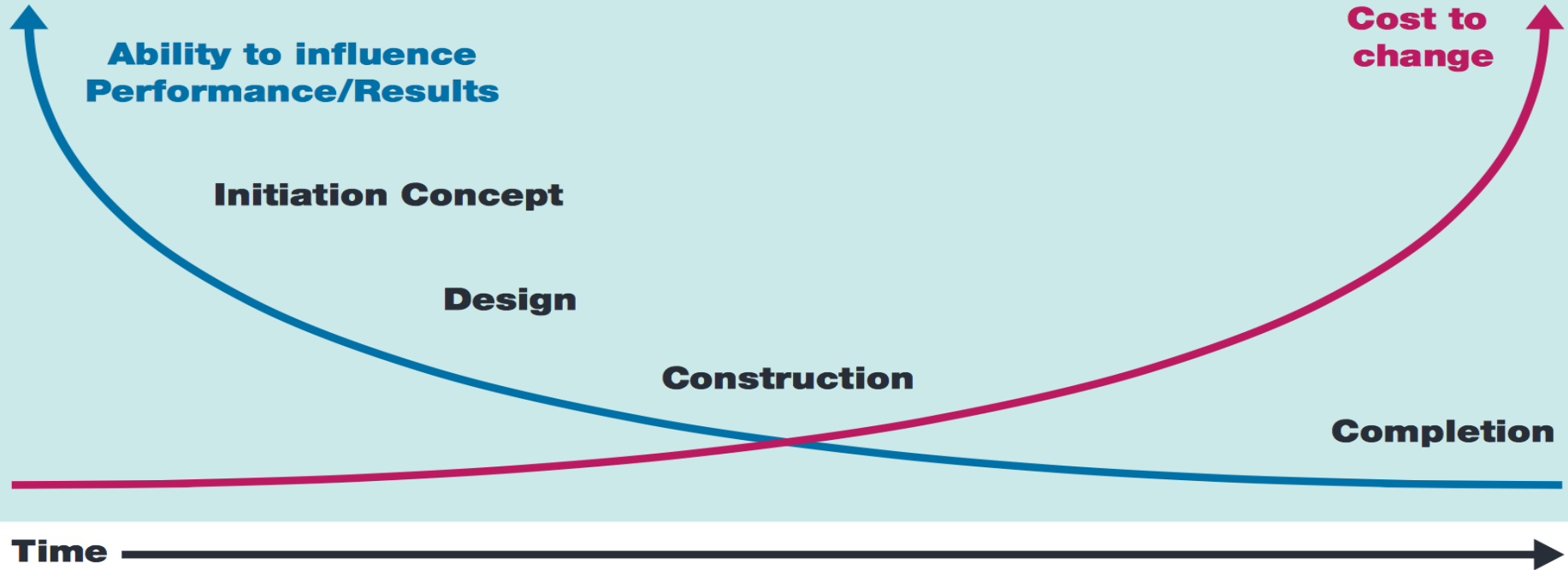
Stakeholders have different values and expectations to be managed

- **Clients**
 - Investment assurance, Predictability of outcomes, Value for Money and Participation in the overall planning and procurement process.
- **End Users**
 - Fit for purpose, Ease of operation and maintenance and More consultation during planning phase.
- **Community groups**
 - Due consideration of their concerns through more Consultation and Participation especially in public sector infrastructure projects.
- **Design and Construction professionals**
 - A clear brief and a Process to minimise or eliminate rework
- **Global community**
 - Ecological sustainability to become a primary consideration

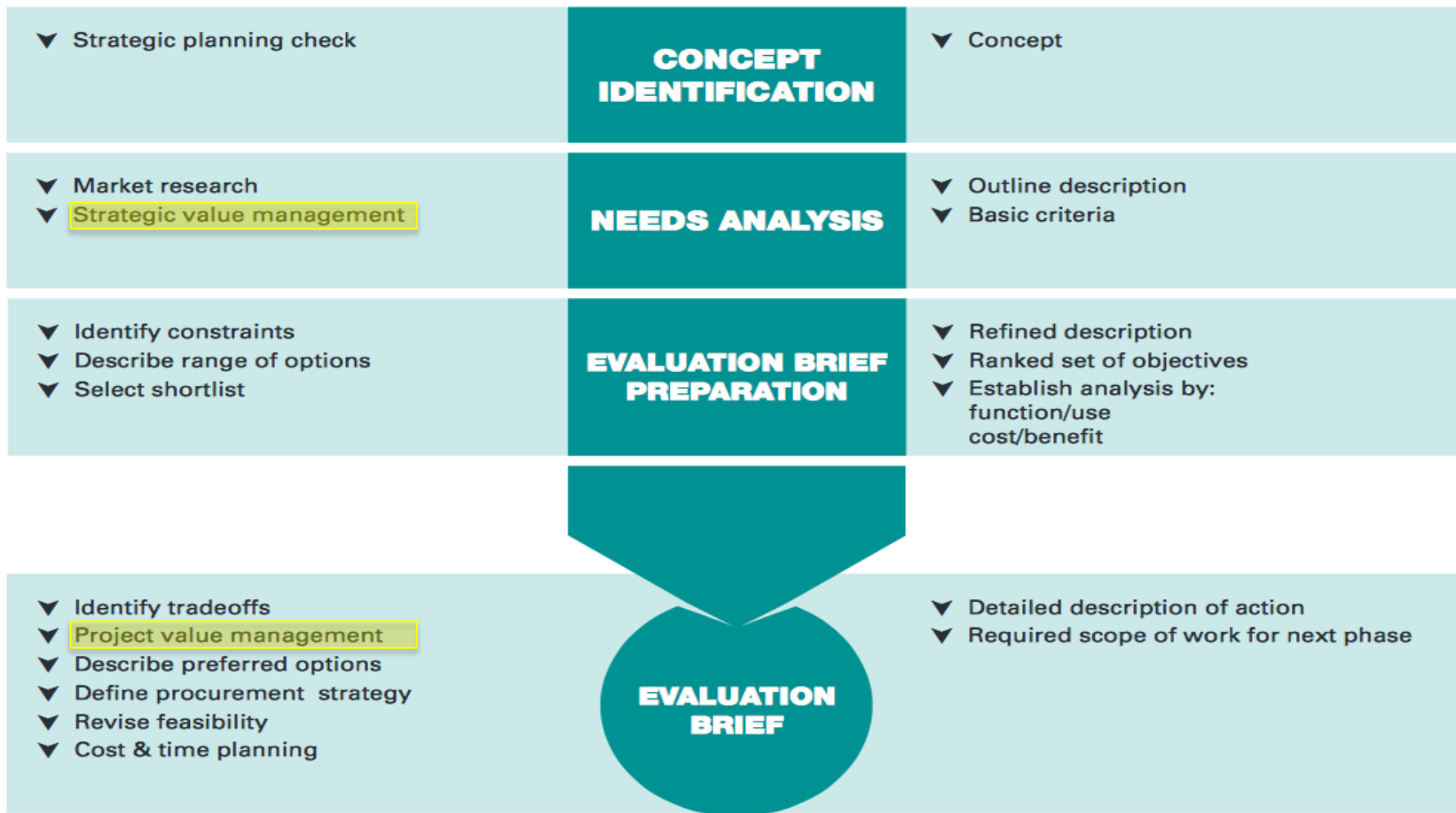
The AS4183:2007 Framework



When is best time?



CONCEPT DEVELOPMENT - FIGURE 3



'A Guide to Project Initiation for Project Sponsors, Clients and Owners'
developed by the Australasian Procurement and Construction Council

Challenge Assumptions



Understand Functionality then Innovate



CAPEX

VS

OPEX?



Not In
My
Back
Yard

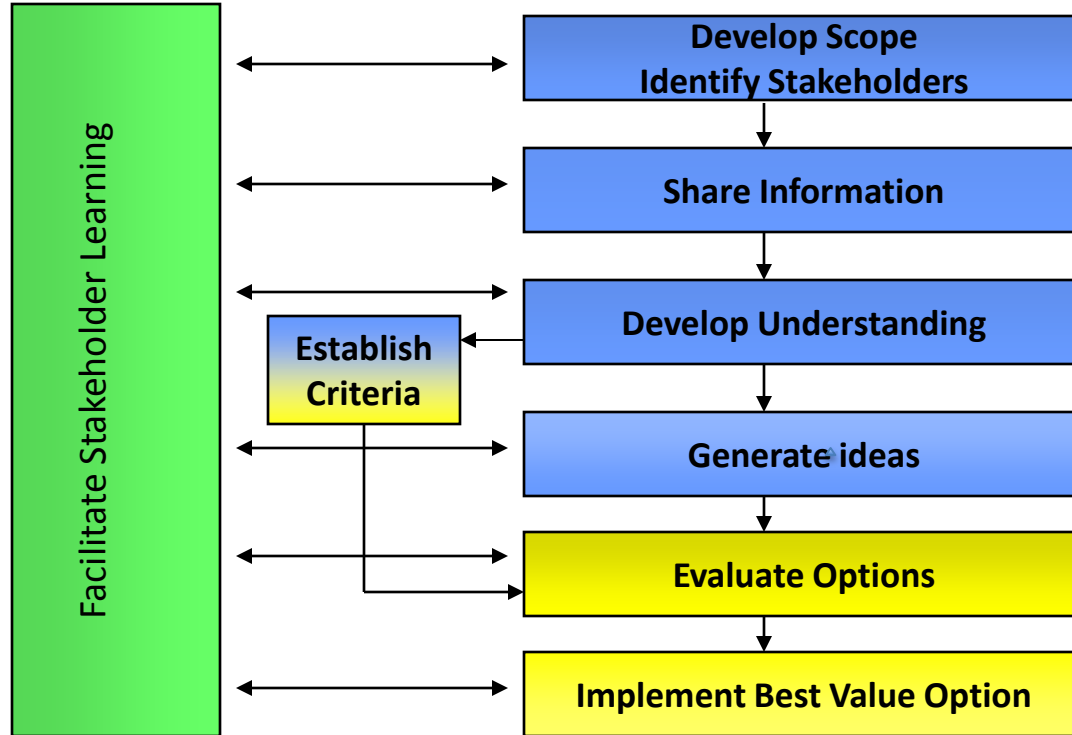



Save Time and \$\$\$ when
Engaging Consultants

Ideally, all project initiation should include:

- recognition of the **idea or opportunity**;
- **effective client sponsorship** of the methods and outcomes to achieve efficient project implementation;
- use of **good team processes** to ensure **clear and shared objectives** are achieved;
- maintaining continuity in the key elements of the team;
- formulation of service and **functional needs and objectives**;
- project **option evaluation** to identify a robust concept;
- proper **definition of the concept**;
- effective **construction planning** during design; and
- identification of a clear **project implementation and procurement plan** including clear project stages with defined outcomes.

The Value Management Framework



A photograph of a weathered wooden sign mounted on a dark wooden structure. The sign is light-colored and features a quote in bold, black, sans-serif capital letters. The background is dark, with some structural elements and a glimpse of an outdoor scene with trees visible through an opening on the right.

THE BITTERNESS OF POOR QUALITY
REMAINS LONG AFTER THE SWEETNESS
OF LOW PRICE IS FORGOTTEN.

Ignoring 'Value for Money' is not an option!