

Annual General Meeting

Thursday, 12th October 2017

PRESIDENT'S REPORT

VISION-CASTING

I'm going to take a few moments to share my thoughts on future directions for the IVMA and for Value Management as a process.

The emphasis of my own work in recent years has shifted from VM as a process – a set of prescribed steps with which we are all familiar – to the organisational *cultures* in which those processes are used. I'm well aware of the results and benefits of applying the VM process, yet I have come to know that even more benefits are realisable by getting above those processes and promoting approaches that *develop a culture of thinking* about value for money and applying those thoughts to every single procurement activity. If, for example, we could get every person involved in procurement, whether a chief executive or a purchasing officer, to simply ask the question “what is the purpose of this?” as a matter of habit – part of organisational culture – enormous value for money benefits would result.

It was Peter Drucker who stated that “culture eats strategy for breakfast!” This was a marvellous insight into management behaviour, yet even today, it is clear that far more effort is usually placed on developing and implementing strategies, than concentrating on culture. That's not to put down strategies or strategic thinking, both are important, but culture eats them both – for breakfast!

This principle applies just as much to Value Management which is itself a process which may form part of a strategy. It, too, will be eaten for breakfast by culture. So, in casting a vision for the future, working on organisational cultures is a core part of that vision,

In my most recent Value Times article entitled "Nothing New under the Sun", I wrote, in part, about the fact that so much corporate memory about Value Management has been lost over recent years, as “champions” of the discipline have long since retired and the corporate knowledge of those initiatives has gone with them, meaning that the people who replaced those former champions start all over again – the same problems exist. This has profound effects upon achieving best value for money in government and private sector procurement.

I went on to say that whilst we may lament this passing of this knowledge and experience, there is a bright side to it. We may be encouraged that there is a new generation of procurement professionals who will face the same challenges as their predecessors, who are seeking help in getting best value for money from all procurement activity.

I wrote, also, about the highly enthusiastic responses that I have received from audiences at conferences (and smaller presentations at individual organisations) when speaking about achieving best value for money in procurement - it was as if I was presenting something new. Yet there was nothing new about what I was saying. Far from it. Regular readers of Value Times will know that I often refer to the great philosopher and mathematician Daniel Bernoulli and one of his quotations "the value of an item must not be based upon its price but upon the utility that yields". Two and a half centuries later, the language might have changed a bit, but the concept certainly has not. Bernoulli was dead right – price and value are not the same thing. There is nothing new under the sun. This is why we must continue to emphasise “value for money”, recognising that “value” and “money” are not the same thing. The good news is that seemingly everyone likes to achieve best value for money. This is our focus into the future.

In the same article, I referred to the younger audiences – millennials who are procurement professionals - who are hearing about these value for money approaches for the first time. There is a new generation of procurement professionals who face the same challenges as their predecessors, who are seeking help in getting best value for money from all procurement activity.

Even though they face the same challenges, they are not seeking the same approaches as in the past, and rightfully so. The world has changed and is changing even as we think about all this. We can track most of Australia’s VM work to the late 1980s/early 1990s. It’s not just the technology that’s changed in that time - and continues to do so day by day. Culture has changed. Policy has changed. Practices have changed. The nature of government has changed. Industry has changed. Millennials are now moving into senior and influential positions.

So how do we respond to the Millennials and those who maybe just a little bit older? It was such a group who made up the bulk of the audiences that I have spoken to recently. I’m so encouraged by their response - absolutely on board with the Value Triangle, differentiation of value and money and recognition of the broader context that helps to achieve best value for money. It’s not just about process or a series of steps. It’s as much about “thinking” and organisational culture.

The big questions are about how we go about it and it is here that I think we’re ready for some changes that will require lots of effort. The millennials are very IT savvy, they like collaboration, they like networking, they like to use IT, they like “bite-size” learning and so on – here is our future market.

I believe that as we go forward, we should hold on to principles of achieving best value for money, but we let go of processes and methods where necessary.

For example, whereas our conventional workshops have run over two consecutive days with quite large groups of people, I see plenty of opportunity for short, sharp “bite sized” sessions over a period of time (depending upon circumstances). This might, for example, include several short workshops that produce, sequentially, a value statement, a set of ideas, worked up proposals, and then a decision.

It is significant that this AGM is being conducted via videoconference. I've been working on videoconferencing for a couple of years and progressively doing more and more work this way. I'm highly confident that we will soon be doing some VM work through videoconference.

We're using much more IT in VM workshops now including rapid file sharing through to the facilitator's computer and presentation on screens, voice recognition to capture structured inputs from participants, phone cameras to capture and instantly display images produced in the workshop. These things, taken together, lead to major change and only come with intentional effort. This is all part of working with the millennials – keeping the same principles but using different approaches.

These are my personal thoughts, and not necessarily the thoughts of other Board members. The good news is that the current Australian Standard on Value Management which was published in 2007, allows for the kinds of changes that I've just highlighted, as well as others that we might not even have thought about yet.

I encourage members to talk to any of the Board members about any ideas and suggestions that you might have as to future directions.

REGULAR BOARD MEETINGS

The Board meets regularly (usually monthly, unless there are circumstances which make that impractical) via videoconference. The main topics that we've been dealing with over the year during these meetings are:

- University of Melbourne / IVMA Collaboration Research
- Guidelines for Corporate Membership
- Value Times
- IVMA Marketing Plan
- Standards Australia
- VM Standards International Comparison
- IVMA Members available to deliver 'value for money' papers at functions, conferences,
- Australian Government Procurement Conference
- Governance Committee
- Publications and Events Committee
- Appointments and Accreditation Committee
- Education Committee

COLLABORATION WITH THE UNIVERSITY OF MELBOURNE

The draft MOU between the IVMA and the University of Melbourne to which I referred in last year's AGM report has been accepted by both parties and is now in place.

We have made progress (albeit slowly) in the following areas during the year:

- We have submitted a joint paper to the Project Management arena about achieving best value for money from projects. I am the lead author, working with my UoM colleague, Ajibade Ayodeji Aibinu, together with a PhD candidate whom we are supervising.
- We have made progress towards producing a book about value for money.
- Through the MOU, we are named as part of a team in a collaborative research proposal that will examine the maintenance costs of green infrastructure and, in particular, value for money from green infrastructure. This is a competitive bid for research funding. I'm pleased to report that the proposal has passed through stage 1 of the funding process and is now awaiting stage 2 competitive assessment.

VALUE TIMES

Once again, John Bushell has continued to publish the Value Times throughout the year on a quarterly basis. John's efforts are much appreciated. It has been a significant achievement for us to regularly produce this high-quality newsletter. Several members have written articles for the newsletter, for which we are thankful. We encourage everyone to be either writing articles or even simply letting John know about a newspaper article that has to do with value for money in some way.

STANDARDS AUSTRALIA

I reported last year that the Board was considering an approach to Standards Australia in light of the fact that AS 4183 – 2007, Value Management is now ten years old and hence due for a review. Institute members have played a major role in writing the Standards (1994 and 2007 versions). Alan Butler has taken on the task of liaising with Standards Australia during the year and has engaged in highly positive discussions. These discussions are still in progress. The IVMA has proposed that the standard continues in its current form.

CONFERENCES

I represented the IVMA whilst speaking at two conferences this year. They were both Government Procurement events. The first was in Darwin in May for the NT Government and the second in Sydney in July which attracted people from Federal, State and Territory governments around Australia. The theme in both conferences was "Pursuing Best Practice Procurement in Government". In each case, my presentations were received with great enthusiasm and applause. I did not speak about traditional processes of Value Management, but about achieving best value for money by creating a "value culture" in organisations, and applying the Value Triangle to all procurement activities.

FINANCES

The Treasurer, Alan Butler, will report separately at this meeting, but, as last year, I'm glad to say that we are still in a healthy financial situation and have sufficient resources to continue operating at the current rate of income and expenditure for the foreseeable future. We all owe a special debt of gratitude to Alan who again has put in a huge effort in managing the Institute's finances and administration.

Dr Roy Barton
President
12 October 2017