The
VALUE TIMES

IVMA
INSTITUTE OF VALUE MANAGEMENT AUSTRALIA
Ensuring better value for money

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President's Message

Working alongside people to achieve best Value for Money even when 'locked down'

Most of the world is currently in some sort of 'lockdown' due to the coronavirus.

Huge numbers of people are working from home. Can we still help people seek best 'value for money' while so many are working from home? Absolutely, yes!

In recent years, through these Value Times articles and elsewhere, I've been strongly advocating a shift from conventional VM approaches to a series of short interventions, including interventions by video meetings.

This shift will require high level facilitation skills and lots of practice on the part of facilitators.

In last month's edition of Value Times, I commenced a two-part article about working alongside people to achieve best 'value for money'.

Much of what I wrote in the last edition can be achieved through video conferencing using commonly available software.

In that article, I worked through the following five steps and I focussed on Step 1 by saying that we are especially well-placed to help in building shared knowledge and understanding — amongst all the main stakeholders as well as project team members — about the context, needs and aspirations relating to the 'entity' being considered.

The five steps that I described are:

- Build a Value Statement within the context of the entity being considered
- Ask lots of '*can we*' questions without answering them
- Sieve the '*can we*' questions
- Produce 'value for money' proposals
- Make 'value for money' judgements

For the rest of this article, I'll focus on building shared knowledge and understanding of the context, needs and aspirations of stakeholders amongst the stakeholders and the project team.

Knowing that repetition is the essence of good teaching and learning, I'll again state just how important this notion of 'shared understanding' actually is.

This isn't something that the Value Management or Project Management literature seems to take much interest in, but I've noticed that there is substantial benefit to be gained from intentionally getting all key stakeholders to know and understand one another's requirements.

This is in clear distinction to a process where everyone submits their own requirements to a single source (for example, an architect or project manager) who then co-ordinates all the individual inputs into a project brief or model.

"Establishing the Primary Purpose is Step 1 in producing the Value Statement."

We have observed, time and time again, people changing their requirements *once they have understood others' requirements*.

Producing a Value Statement and describing its context (see below) provide an ideal situation for shared knowledge and understanding to be built. Again, much of this can be achieved through video conference sessions.

Once we have established a Value Statement, we need to work together to define 'givens' and 'assumptions'.

We have seen major change take place during this exercise as people realise that what they've taken as a 'given' is not a 'given' at all and what they've been assuming is, in fact, not appropriate and would most likely diminish 'value for money' outcomes.

When introducing this part of the exercise, I usually explain what we mean by 'givens' by referring to our experiences while doing Value Management work on the Olympic Games facilities and infrastructure for the Sydney 2000 games.

President's Message

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One of the things that was 'given' was the opening date of the games which was 15 September, 2000. Every VM exercise began with that date as 'given'. There were no questions such as "*can we shift the opening date?*" – it was 'given' and all projects worked to that date.

For many projects, however, a fixed opening date is not the case and substantial 'value for money' improvements can be found by shifting the opening date of a facility or project.

We establish a set of 'givens' for each situation with which we work. There are usually no more than half a dozen factors for each entity that are seriously 'given' in the Olympic Games sense.

We sometimes find that previous perceptions of what is and what is not 'given' changes during this exercise; creating opportunities to explore alternative options and improve 'value for money'.

We then come to the 'assumptions' exercise. We need to facilitate an exercise where all key players develop shared knowledge and understanding of the key assumptions being made.

We all make assumptions — they are a necessary part of planning, design and management of anything — but they need to be tested and brought into alignment.

'Value for money' enhancements are often identified while doing this.

We have seen major changes take place as a direct outcome of this exercise leading to enhanced 'value for money'.

On two major projects that I recall, we ran two-day workshops purely to identify, test and bring into alignment the assumptions that were made across multi-disciplinary teams working in various locations (internationally). This was all part of an overall Value Management program.

Even with short interventions, our usual practice is to include a Value Statement,

'givens' and 'assumptions' in one session but it could easily be broken up into shorter sessions, especially if using video conferencing.

In that case, I would still attempt to produce the complete Value Statement in one session and cover the 'givens' and 'assumptions' in another session.

I try to limit video sessions to one hour where possible, but I've done a few that have gone for about 90 minutes.

Once we have shared knowledge and understanding of the Value Statement, together with the associated 'givens' and 'assumptions', we are in a very strong position to start seeking the best 'value for money' solution for the entity that we're considering.

If we're at the very earliest stages of planning for a new entity, then we can proceed immediately to start asking 'can we' questions and proceed to follow the other steps that I've outlined above.

Again, this can be done through video conferencing, depending on how many people are involved.

For video conferencing workshops, I try to limit groups to about 10 people at a time. With face-to-face meetings — hopefully, we'll get back to holding some after this virus crisis is over — we can have very large numbers as long as such events are expertly facilitated.

The largest group I've worked with was in Singapore when my colleague, Mark Neasbey, and I led a Value Management workshop for a proposed new hospital in which 70 people participated.

The group included Professors of medicine, doctors, nurses, health planners, architects, engineers and administrators from the public service.

This exercise was undertaken in the very early planning stages and was the first time this whole group had gathered together.

We worked through all of the stages that I've described in these two articles and, in particular, focussed strongly on building shared knowledge and understanding across such a wide and diverse group.

We certainly could not have achieved this through a video conference. There are occasions when video conferencing is ideal and occasions when it is not.

So there we have it — a different approach from conventional Value Management practice but one that I'm certain will really help individuals and organisations achieve best 'value for money' in whatever they're doing.

I said in the last edition that sometimes the most helpful thing we can do is to get people to focus on the Primary Purpose of whatever it is they're working with.

I have seen so many times that defining the Primary Purpose (of anything – even a regular meeting) and seeking agreement to that Primary Purpose provides astonishing clarity to tasks.

If we can link everything that is done subsequently back to that Primary Purpose then we are well on our way to start framing options that will deliver best 'value for money'. Establishing the Primary Purpose is Step 1 in producing the Value Statement.

Many organisations have now resorted to video conferencing as a result of coronavirus restrictions on meetings. I have no doubt that even when the crisis is over, video conferencing will become a normal part of business activity (it already is for some organisations).

As I have pointed out in this article, there are many situations where video conferencing is ideal for short Value Management interventions and the current crisis provides the opportunity to try it out.

Dr Roy Barton
President, IVMA

Retired Members Forum – Video Meeting

In March, the IVMA convened its first video meeting to which all retired members were invited, together with IVMA board members.

Retired members from Tasmania, New South Wales and the ACT participated as well as several Board members.

Although numbers were small it was a great meeting and we've certainly set a precedent for further similar meetings.

It was intentionally informal, and much of the hour or so that we spent together was taken up with catching-up on personal news, including the news that David Cossart (ACT) has received an OAM for services to Scouts Australia. What a great honour! Congratulations, David.

We did get on to VM subjects, however, and we told the retired members of current VM directions being pursued by the IVMA, including the use of Value Statements and the Value Triangle.

This triggered an amusing memory from the time when John Cossart did his VM course that I led through the University of Canberra.

"Although numbers were small it was a great meeting and we've certainly set a precedent for further similar meetings."

The memory, of which I have vivid recollection, was to do with the last day of the first week of the two-week intensive course when, after lunch, all of the students suddenly appeared in white T-shirts with the words Function Man emblazoned on them!

I was then presented with one for myself (which I still have).

We had spent the whole week working with and analysing functions and the message had certainly got home! I explained that I almost never use the word 'function' these days, even though in the early days it was central to my teaching and practice.

Nowadays, as I've explained in several Value Times articles, I stick with the word 'purpose' and, in particular, 'Primary Purpose'.

One significant outcome of the meeting was how the retired members could

make use of Value Triangles and Value Statements in their work with community associations and groups.

David Baguley led the way by sharing how he'd recently worked with Rotary groups in Queensland helping them to really focus on best 'value for money' in their activities by getting the key players together and building a Value Statement. (See David's report on page 6 of this Value Times).

We greatly value the views of retired members and are always happy to be in contact. I think we should hold these meetings a couple of times a year from now on, so we will plan another one in September.

Dr Roy Barton
President, IVMA

Deep Listening

We all need to listen — both in our work lives and in life generally — but how well do we listen?

An interesting interview with executive coach, **Oscar Trimboli,** talks about 'deep listening' and says it involves not just listening to the content but also the meaning, context and most importantly, the unsaid. It can change your life and your career.

https://www.abc.net.au/radionational/programs/this-working-life/deep-listening/12136252

And after Covid-19?

"The economy is a wholly owned subsidiary of the environment, not the other way around." Gaylord Nelson, 2002

The impact of the most recent coronavirus to infect humanity and cause the disease Covid-19 in some people, is currently exercising the majority of human minds on planet Earth.

Initial efforts are focussed on reducing the spread of the virus to a level that will allow the nations' healthcare systems to deal with sufferers without overwhelming system capacity.

There are currently many unknowns regarding Covid-19 — from its likely course, to its suppression and eventual elimination. For example it is not know if 'herd immunity' might develop in the community or if a vaccine will be required to eradicate it — or even if a viable vaccine will actually be developed.

The timeframe for control of the disease is not known but from previous infections it is anticipated that the shortest duration to bring it under control will be at least 6 months and possibly as long as two years; the latter particularly applicable in developing nations.

In response to the economic slowdown, governments (that have the capacity) have engaged in significant borrowing of money that is then pumped into their respective economies.

This is having the effect of supporting many individuals and businesses but is unlikely to avoid most nations entering what is forecast to be the worst global recession since the Great Depression that commenced in August 1929 and ended in the late 1930s.

In Australia the mid-April government injection into the economy to combat the ravages of Covid-19 was $214 billion, which will push net government debt to over 30% of gross domestic product (GDP). Australia households have a far greater debt standing currently at 120% of GDP.

Many economists expect it will take about a decade to pay back this debt.

Low wage increases in recent years, coupled with the huge household debt, means households are unlikely to contribute much to reducing this debt — leaving the burden to be shouldered by the government and business sectors.

However there are some benefits to this coronavirus pandemic. Skies over many cities have become clearer as reduced economic activity resulting from 'lock downs' reduce greenhouse gas and particulate pollution. This produces

"Failure to dramatically reduce man-made, greenhouse gas emissions will result in catastrophic change in climate and a severely degraded and less habitable planet."

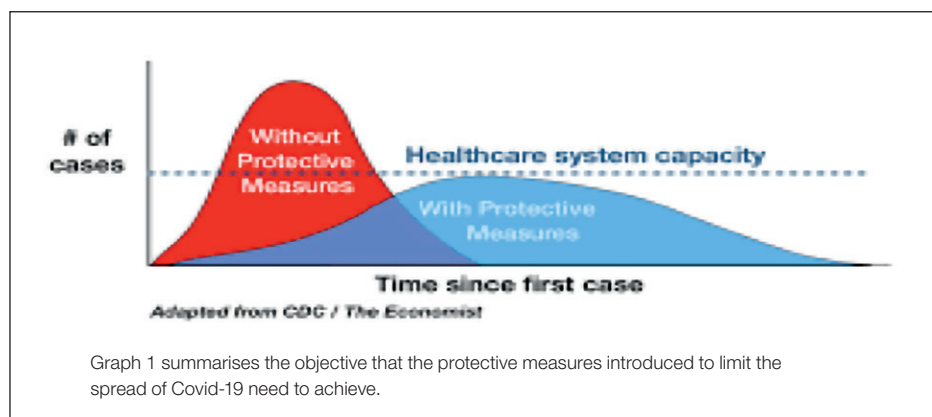a more pleasant city to live in and some small relief from the health effects of excessive air pollution.

On thing is, however, very clear: in the recovery from the Covid-19 'recession', it will be essential to ensure that resources are used for the greatest benefit of the global population, the global environment and that best 'value for money' is achieved overall.

In the scramble to take action to reduce infection rates and deaths resulting from the virus, the 'heard of elephants in the room' has been sidelined.

Global warming caused by mankind's extraction and combustion of fossils fuels has led to an increase in global near-surface temperatures of 1.1 degrees Celsius from the pre-industrial average – a rise of 8%.

This relatively modest rise has already resulted in melting glaciers, rising sea levels and extremes of precipitation and wind strength.

It is estimated that from the commencement of the reduction of

Graph 1 summarises the objective that the protective measures introduced to limit the spread of Covid-19 need to achieve.

greenhouse gas emissions, global temperatures will continue to rise for some 50 to 100 years as a consequence of increasing human population, sustained demand for increasing standards of living and climate 'feedback loops' and 'forcings'.

Carbon dioxide is the most prevalent of a cocktail of atmospheric warming greenhouse gases in our atmosphere.

Carbon dioxide concentration has increased from a pre-industrial average of 280 parts per million (ppm) in the atmosphere to 416 ppm — an increase of 48.5%. A maximum safe level is estimated to be 350 ppm.

Importantly, the timescale for the build-up and possible decline of carbon dioxide is many multiples of the Covid-19 trajectory being some 130 years build-up – and still rising (1890 to 2020) and 1000 years to reduce levels to 19% of the current levels (Graphs 2 and 3).
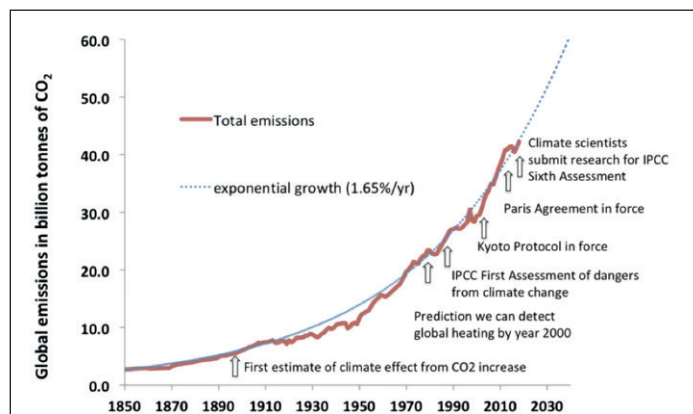
Graph 2: Manmade Carbon Dioxide Emissions
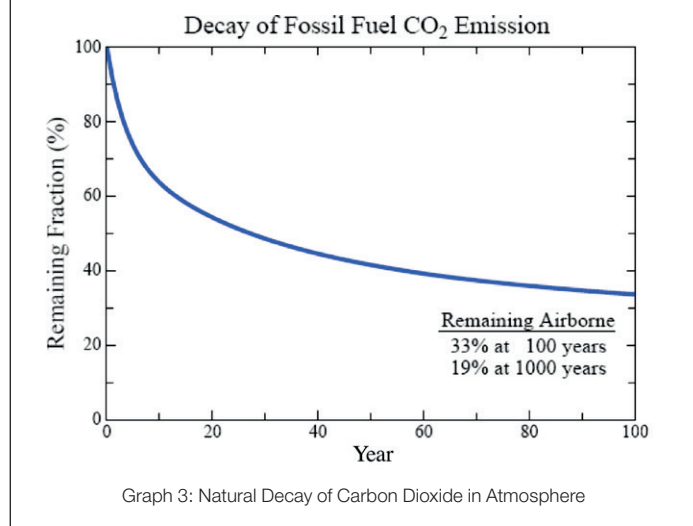
Graph 3: Natural Decay of Carbon Dioxide in Atmosphere

Failure to dramatically reduce man-made, greenhouse gas emissions will result in catastrophic change in climate and a severely degraded and less habitable planet.

The United Nations Secretary General, Antonio Guterres, stated in March 2020 that man-made greenhouse gas emissions must decrease by 7.6% each year for the next decade to meet the goal of keeping planetary warming to under 1.5 degrees Celsius.

The world's richest nations, the G20, collectively account for 78% of all emissions, but only five G20 members have committed to the necessary zero net emissions target by 2050.

As a consequence, we are on track for a near-surface temperature rise of 3.2 degrees (24%) above the pre-industrial average, resulting in catastrophic climate conditions and a death rate far exceeding that resulting from Covid-19.

Australia's typical annual emissions doubled in the last 12 months as a consequence of the extensive fires that the continent experienced.

So the short-lived Covid-19 pandemic will provide a small drop in man-made emissions that should be a catalyst for a concerted effort in the recovery phase to engineer a strong and sustained reduction in the next decade — it must not be seen as a distraction but as a spur to more *effective* action.

Economists have already warned against an austerity approach to debt, favouring further government borrowing to assist in kick-starting the economy when it is clear of coronavirus impacts.

How this money is spent will be critical to both the social and economic recovery but more importantly to the long-term repair of the environment — without which society and economy will be severely disrupted.

Business-as-usual is not an option as it would simply be a recipe for environmental and economic catastrophe. A clear social and economic course of action must be set for survival.

Threshold issues include the ending of fossil fuel subsidies, (currently some 6.3% of global GDP) and the introduction of a price

"Governments ... have engaged in significant borrowing of money that is then pumped into their respective economies."

And after Covid-19?

on carbon emissions to atmosphere. These will be necessary so that business investment is directed to productivity improvements and innovations that dramatically reduce emissions whilst providing employment and environment for a sustainable future.

A paper published in *Nature Communications* in April indicates that a 'self-preservation strategy' for rapid reduction of greenhouse gas emissions indicate that this strategy would deliver some 126 – 616 trillion US dollars in global benefits by 2100.

If nations continue to fail to meet their 'nationally determined contributions' under the 2015 Paris Agreement, the global costs will be in the order of 150 – 790 trillion US dollars over the same period.

Importantly, apart from preserving a habitable planet, the chief benefit of rapid reduction in greenhouse gas emissions would be a significant improvement in global population health. Isn't this what combatting coronavirus is all about?

In summary, combatting both the latest coronavirus and global warming will lead to an improvement in global health — specifically in the reduction of respiratory and lung infections.

The respective timescales for action are however poles apart: months versus centuries.

Failure to effectively address the coronavirus will be evident in a matter of weeks or months. Failure to effectively address global warming will be evident and irreversible in decades.

The Value Management methodology can be a significant contributor to the required revolution in the way we live our lives — provided it is given the opportunity.

**John Bushell,
Chair, Events and Publications
Committee, IVMA**

Delivering Membership Value – How does your Club rate?

Organisations across Australia, from sports clubs, service clubs and charitable organisations to volunteer groups and professional associations, are struggling to attract and retain members.

Now more than ever, volunteer organisations especially need to understand and improve the value they are offering to members.

Australia's Rotary Clubs are not immune to this decline in membership and Rotary International has initiated significant changes to provide clubs with the flexibility to make changes to club formats and the way they operate.

District 9640, which covers the area south of Brisbane as far as Grafton in Northern NSW and west to Glen Innes and Goondiwindi, has been a leader in implementing changes that have resulted in an overall increase in District membership.

However this increase has not occurred across all 54 clubs, with many clubs comfortable with traditional formats and reluctant to change.

The District Club Development team for 2020/21 will be focussing on helping clubs to firstly understand the value of the current membership they are offering and then develop and implement plans to enhance this offering.

A Rotary Club's public image may not be sufficient to attract new members, especially if all the public see is Rotarians sizzling sausages to raise money to help the community.

Clubs need to market the total value of membership that is often not understood until after joining.

The diagram on this page produced by Hornsby Kuring-gai Rotaract Club illustrates this perfectly.

For existing members, the perceived value of their membership influences whether they continue as members and we all know that retention is a major problem with many clubs.

Mark Huddleston ('Creatures of Habit') correctly states that a Rotary club's most valuable resource is *the time our members are prepared to give*.

To grow and survive, clubs need to *ensure their members get value for the time they are prepared to give*. But how can we measure the value of Rotary membership, especially when the perception of 'value' will vary from member to member?

Ultimately a club must deliver 'value for money' in comparison with other opportunities for their members' time and effort volunteered for Rotary.

The Institute of Value Management Australia has developed a model for determining the value of anything. This model applies to any entity — product, process, service, system or organisation. Firstly, an entity must have a useful purpose. This is the primary reason for existing.
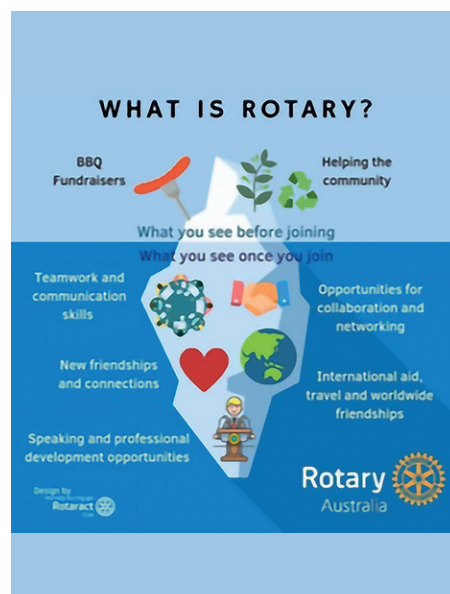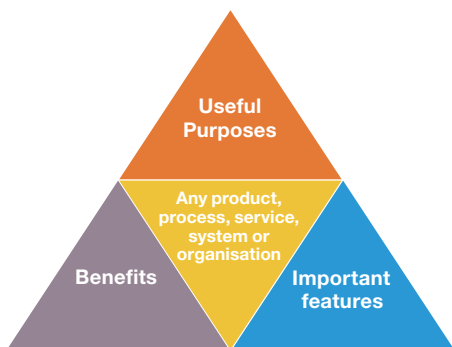
"Healthy clubs, offering 'value' to their members, will attract new members, retain existing members and enhance their public image."

Secondly it must deliver beneficial outcomes and, finally, it will have some important features and characteristics.

However if there are multiple stakeholders involved, there will be different perceptions of these 'value factors'. For example, a passenger will have completely different perceptions of the value offered by a train service from that of the train driver.

At a recent district training session, the District 9640 leadership team and Assistant Governors were asked to brainstorm the following:

1. What is the useful purpose of a Rotary club?

2. What are the beneficial outcomes of Rotary membership?

3. What are the important features and characteristics of a successful Rotary club?

Useful Purpose

The group summarised the Primary Purpose of a Rotary club was to '*do good in the world*'. Clubs needed to have a passion for service that would positively impact one or more of the following: the local community, international causes, youth programs, support for The Rotary Foundation or, increasingly, the environment.

Some clubs had service activities impacting all of these areas while others might focus on just one or two: it was the passion for 'service' that was important.

Membership Benefits

The answers to a prospective member's question "*what's in it for me*?" are the same benefits that retain members and are best described as opportunities to:

- Belong to a reputable, worldwide organisation with its associated esteem and to be associated with 'game changing' major projects such as the elimination of polio

- Gain a sense of achievement with appropriate recognition of contributions

- Provide a sense of belonging with associated fun and friendship

- Benefit from vocational acquaintance through a trusted business network with shared social and ethical values

- Develop personal and leadership skills through access to training programs, mentoring, attending conferences and hearing quality guest speakers.

Perhaps it is a co-incidence that the Rotary International theme for 2020/21 is:

Club Features and Characteristics

Apart from the focus on 'service' and benefits to individual members, successful Rotary clubs exhibit certain features and characteristics. These might include:

- A diverse membership that reflects the local community in numbers, gender mix, active business members compared to retired members, and ethnic mix

- Efficient use of members' time with appropriately organised meetings, projects and fund-raising, the number and quality of meetings and delegated responsibility

- Good internal communications and public image through social and other media, gaining community recognition via worthwhile local projects
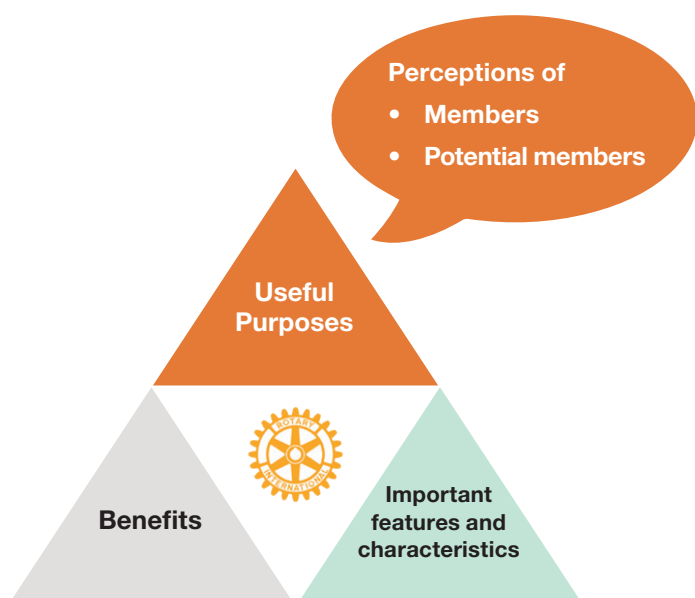
Delivering Membership Value – How does your Club rate?

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- Funding sustainability achieved by a secure fund-raising source, use of community partnerships and/or effective use of grants
- Shared responsibility indicated by a leadership succession plan, club strategic plan, engaged members – working effectively together and a delegated project structure

Flexibility to make process changes and a willingness to change or try new initiatives.

All clubs are different and in every District there are large and small clubs. There are progressive clubs and clubs that are 'set in their ways'; comfortable with the status quo but still able to deliver effective service.

These latter clubs often fail to recognise, or simply ignore, threats to their future survival.

The key question is: *"will they still be effective in 10 years' time if they do not have a plan to change?"*

> *"Clubs need to market the total value of membership that is often not understood until after joining."*

The traditional health check survey of members would probably show general satisfaction and not initiate change.

To assist clubs to recognise areas that might threaten their survival, the Value Statement comprising purpose, benefits and features/characteristics can be used as a checklist to focus clubs' attention on developing plans to mitigate weaknesses and threats and to build on their strengths. In 2020/21.

Assistant Governors will assist clubs to understand their 'value proposition' and then report progress on Club plans to enhance their 'value offering' using a simple, qualitative 'traffic lights' format.

Change will not happen overnight, so it is important for clubs to focus on areas of critical weakness but also on areas where it is easy to enhance their 'value proposition' in the short-term.

Healthy clubs, offering 'value' to their members, will attract new members, retain existing members and enhance their public image.

An organisation needs to understand the 'value' it is offering to members as this drives their marketing and recruitment campaigns and should prioritise their strategic planning actions to ensure their continued ability to grow and deliver their service outcomes.

David Baguley Chair, Appointments and Accreditations Committee, IVMA

GREEN [G] — Club doing well but needs to maintain standard

YELLOW [Y] — Area of concern to be worked on and improved

RED [R] — Critical weakness that needs immediate attention and an action plan to improve.