

President's Message

More On Value For Money 'Labs'

Hello Everyone and welcome to this Summer edition of Value Times.

In recent Value Times articles, I've written about organisational culture and the effect that this culture has on achieving best 'value for money'.

It seems that it's actually quite a popular subject as you can see by simply googling the topic and viewing the myriad of articles that pop-up.

As I've browsed these articles, I've been amazed as I've looked at some of the images. These include, for example, images of how things were in office environments many years ago.

The images reminded me of the years that I spent as a trainee Quantity Surveyor.

In those days, the idea was to fit a lot of people into the allocated workspaces.

The changes that have taken place in workplace design and practice over the last 30 or 40 years have been nothing short of astonishing.

It's instructive to look at some of these images of workplaces and workplace practices and to compare them with what happens now.

Any kind of 'welcoming', for instance, was done in the reception area but

once you stepped behind those areas, any sense of 'welcoming spaces' seemingly evaporated.

If you wanted to connect with someone or a group, you'd book a meeting room to do so. The way people now connect and work collaboratively has been transformed.

Just before Covid struck, I was privileged to work in some of the BHP Centres around the world in which new buildings have completely transformed the old-style type of workplaces into welcoming, collaborative spaces.

One of the standout features that struck me is the open staircases between floors – not out in some isolated stairwell, but intentionally located inside the workspace, making it easy for people to connect from one floor to another.

Connectivity seems to be the standout feature of the new way of doing things.

The Woods Bagot (Architects) commentary on the new BHP Adelaide building, for example, describes the vision for the new building as "welcoming and connecting" and they've certainly achieved that.

We connect at work in so many ways that were unimaginable a few years ago. In older buildings, there were individual offices – myriads of them – especially the corner office which had special status.

"The way people now connect and work collaboratively has been transformed"

Or, maybe, people just worked at their own desks – usually, each person was allocated one and 'owned' it.

How things have changed!

Many of the Google articles to which I referred explain how the Internet has changed everything.

We know how much organisational culture is developed and sustained through habits – both good and bad – and certainly, the use of the Internet is a key part of those habits – individually and organisationally.

If one adds the now-ubiquitous use of the Internet to the new concepts in the design of workspaces, a totally transformed image of modern-day practice emerges.

These changes, which become inherent in an organisation's culture, have a profound effect on all of the organisation's practices including its approaches to

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seeking best 'value for money'.

If we take all of these changes together, including the shift to collaborative, welcoming workspaces, we see a very different picture indeed from the ones that faced the pioneers of Value Management over 50 years ago.

Organisational cultures, as I say, have been transformed since those days, together with work practices.

Team meetings via video conferencing using Zoom, Microsoft Teams or other Internet forums are now standard practice and suit the modern preference for short, sharp group sessions.

The Value for Money Labs that I have described in previous articles are designed to suit this modern work environment.

They capture all of the principles that underpin the way in which we achieve best 'value for money' but work via a series of short, purposeful, collaborative group sessions, rather than convening long workshops.

Flexibility is inherent in the Labs approach, such that sessions can be held via video conferencing or they can be held in-situ at the workplace or even at a conference centre. There is complete flexibility.

Holding at least some sessions through video conferencing provides distinct advantages of being able to secure the participation of people who might

“The intention always is to help achieve best ‘value for money’, no matter what the endeavour”

be unavailable for face-to-face meetings, either through time differences or distance.

This approach is new, but the IVMA Board has already received news of several projects that are currently in progress through the Labs approach, all using video conferencing.

All of these 'value for money' exercises are progressing well and, if approval can be gained from clients, articles will be included in future editions of the Value Times.

The ones that have started so far have all focussed on the Value Statements of the respective projects, meaning that groups have come to a consensus on the Primary Purpose(s) of the entities being considered, the beneficial outcomes that are sought by fulfilling those Primary Purpose(s), and the important features of those entities.

These Value Statements provide the primary reference point against which all 'value for money' decisions are made. They are fundamental in separating

'value' from 'money' (as described in previous articles).

Once we have the Value Statement constructed and agreed to (which typically takes from one to two hours), we can proceed with the next step which is to establish contextual information about the entity such as 'givens' and 'assumptions'.

We expect this to be done in Lab no. 2 but could, in some instances, be included in Lab 1 depending upon the time available. Flexibility of approach is key.

So there we have it! We're up and running with the Value for Money Labs which respond to fundamental changes in work practices, organisational culture and stakeholder expectations.

The intention always is to help achieve best 'value for money', no matter what the endeavour.

Dr Roy Barton
President, IVMA

Sydney 2000 Olympics – a Value for Money Retrospective – Part 4

Criteria for the Sydney Olympic Games Bid

The NSW State Government and the Olympic Co-Ordination Authority (OCA) developed key principles that guided development and operation of the facilities before, during and after the Olympic Games.

These are included in the first article in this series in The Value Times of Autumn 2021.

Particularly important was that the community of New South Wales obtained ‘value for money’ from the Games in the short and long-term including the beneficial use of Olympic facilities by the community in the long-term.

The contribution of Value Management (VM) was therefore critical to the procurement process.

The Contribution of Value Management to the Games

VM was applied to the Sydney Olympic Games at the bid, strategic, facilities procurement and operational phases of the Games. The benefits delivered to the Games, which are generic to a great variety of projects and programs, include the following.

Focus on ‘value for money’

This is the key point of difference from other techniques. VM’s most significant use is ideally right at the very beginning.

The ideal time to involve key stakeholders to frame the Value Statement is when concepts for an investment are first mooted as it guides and informs all of the subsequent project work: keeping a focus on ‘value’ and ‘value for money’.

Engendering Knowledge & Understanding

VM offers the most effective means to build shared-knowledge and

understanding amongst all key stakeholders and the project team (those responsible for designing, procuring and delivering project outcomes).

This includes, in this instance, the post-Olympics mode of the facilities and their long-term community operation and use.

Achieving Alignment & Collaboration

Stakeholders and the project team are aligned in their understanding of the value that the investment is going to deliver.

They are better able to openly and more rapidly identify and challenge ‘givens’, ‘constraints’ and ‘assumptions’ that inform and guide the team’s work on options identification, analysis and development.

This commences when the project starts — avoiding rework and its inevitable delays and any out-of-sequence working for whichever sport and the context in which the facilities and sporting activities were to be undertaken.

Delivering Informed Judgement

Stakeholders and the project team are able to avoid ‘group think’ and work

together through complexity — aligning their analyses, ideas and solutions to make better judgments about ‘value’ and ‘value for money’ – on agreed solutions that deliver the value, and which they have participated in defining.

Bringing clarity to Olympic mode requirements and optimising the facility elements that could be removed post-Olympics for community use.

Flexibility of Application

VM can be applied at all phases leading up to the tender phase of a project. Its core methodologies can be applied at any time to issues or new information and challenges as they emerge.

It can manage the dynamics of small and large stakeholder groups and variable intervention timings to support overall program performance.

Achieving Transparency of Process

Projects and programs are becoming increasingly large and complex due to a variety of factors.

It is therefore becoming increasingly



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important that the decision-making process is planned and executed to include all relevant stakeholders and that the process is traceable so that the value required by the stakeholders can be seen to be delivered.

Other Key Lessons learnt about VM from the Sydney Olympics: When facing a program of works of this nature — multiple projects, multiple facilities types and infrastructure, multiple and diverse locations, and multiple impacts on community activities such as transport, security, tourism, events scheduling and ticket sales, etcetera — a massive coordination effort is required to result in an integrated event.

These activities are normally parcelled out into multiple contracts, engaging multiple contractors and myriads of supporting service providers who would normally (and as rightly expected) engage with and focus on the needs of their stakeholders to the exclusion of other considerations.

This presents a risk of losing cohesiveness and effective integration and delivery to the overall schedule.

There needs to be a unifying thread to work efforts, controlled and directed by a central 'client' which, in Sydney's case, was the Olympic Co-ordination Authority (OCA).

The OCA established contractual obligations for adherence to the application of VM to test concepts and schematic designs and delivery schedules across all projects. But it also, and importantly, created the collaborative culture with all of the contractors and their sub-contractor teams that fostered optimising VM principles and practices.

The Green Olympics

Few people remember that one of the criteria for the Sydney Olympics was that it was to reduce its environmental impact.

Included in the initiatives to achieve this

was that the Olympic Village that housed the athletes was, when it was built, the world's largest solar-powered suburb.

The University of New South Wales provided the technological 'know-how' and BP Solar made the solar panels in a factory located in Homebush near the Village itself.

This factory produced panels until 2009 when it closed, as China became the major panel supplier to the world.

Financial Outcomes of the Sydney Olympics

According to the NSW Auditor General, the total capital works cost for the Olympic Games amounted to \$3.025 billion, the operating cost was \$3.459 billion giving a total of \$6.484 billion.

One month prior to the Opening Ceremony, more than two million tickets remained unsold.

Overall Financial Costs – The Venues and Infrastructure

The NSW Auditor-General's Report in April 2002 (Volume 2) to the NSW Parliament advised that the costs of construction of the Olympic venues and infrastructure were as follows.

	\$M	\$M
GOVERNMENT EXPENDITURE		
Venues		
Stadium Australia	131.6	
SuperDome	142.4	
State Hockey Centre	16.0	
Dunc Gray Velodrome	42.1	
Sydney International Equestrian Centre	44.3	
Sydney International Shooting Centre	29.9	
Athletes Village – Newington	127.9	
Newington (Village) site – acquisition and redemption	81.3	
Media and technical officials' villages	129.1	
Olympic Softball Centre – Blacktown facilities	31.4	
Sydney International Regatta Centre	36.0	
Sydney Aquatic and Athletic Centres	218.8	
Other Olympic and Paralympic facilities and venues including public domain at Homebush Bay	215.1	
Total Venues		1,245.9
Infrastructure		
Transport infrastructure including roads, bridges, parking, ferry wharf and pedestrian access	312.1	
Homebush Bay rail line and Olympic Park Station	97.5	
Infrastructure services including electrical, water and gas	90.4	
Remediation works	58.5	
Infrastructure works including site co-ordination, siteworks, landscaping, planning and design and estate assets	113.8	
Total Infrastructure		672.3
TOTAL GOVERNMENT EXPENDITURE		1,918.2
PRIVATE SECTOR EXPENDITURE (ESTIMATE)		
Athletes Village	378.0	
Stadium Australia	584.0	
Other	145.0	
TOTAL PRIVATE SECTOR EXPENDITURE		1,107.0
TOTAL COST OF VENUES AND FACILITIES		3,025.2

However, people’s desire to take part in the “greatest show on earth”, led to a boom in tickets sales in the final weeks leading up to the Opening Ceremony.

In the end, the Sydney Organising Committee for the Olympic Games (SOCOG) managed to sell 87.90 per cent of the tickets available to the public; the largest percentage of tickets ever sold in a modern Olympic Games.

The report extract provided below, whilst emphasising the costs to the NSW Government, also notes significant private sector investment as part of realising the Olympic Games facilities.

It also indicates those assets used for the Games that were transferred to the private sector, with the bulk of the facilities created becoming the responsibility of the local Councils.

Sydney Paralympic Organising Committee

The SPOC had similar responsibilities for the Paralympic Games as SOCOG had for the Olympic Games. SPOC’s total revenue was \$116.9 million, from similar sources as for SOCOG. Its total expenditure was \$155.6 million. The Government funded \$19.6 million of SPOC’s deficit, with the balance funded by the Commonwealth Government.

Funding by NSW Government Budget

The amount funded from the NSW Government budget of \$1,326.1 million, after receiving \$653.0 million of Games-induced additional tax revenue and \$58.0 million of foreign exchange gain.

OCA’s report acknowledges that there were extra costs related to the Games not included in its net cost calculations.

The two areas quantified by OCA were the cost of existing staff working on Games’ events, and the ongoing commitments to maintain venues.

Future Maintenance Costs

Permanent Games venues were constructed to satisfy the dual requirements of facilitating the Olympic and Paralympic Games and providing legacy assets for New South Wales.

Responsibility for the future operation and maintenance of many of the venues within Sydney Olympic Park lies with third parties including the NSW Government, Sydney Olympic Park Authority, the private sector and local councils

So was it all worth it?

From an economic perspective the Auditor General declined to comment on whether the Sydney Olympic Games were economically beneficial on the grounds that it was difficult to define what would

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Overall Financial Costs – Event-related Costs

Event-related costs include Government funding of SOCOG and Sydney Paralympic Organising Committee (SPOC), the event-related costs of OCA and other costs incurred by agencies in providing services such as transport, security, health and medical, waterway and harbour management.

	\$M	\$M
SOCOG Major Operating Programs*		
Administration and Marketing	290.7	
Sport, Operations and Overlay	746.4	
Games Services	260.3	
Villages	191.8	
Communication, Broadcast and Press Operations	250.0	
Technology	406.5	
Other	118.3	
Total SOCOG Major Operating Programs		2264.0
* Excludes \$160.6 million contributed to other agencies for support services		
SOCOG LEGACY CONTRIBUTION SPOC Operations OCA – includes planning, co-ordination, operation of Sydney Olympic Park and Urban Domain	106.8 155.6 349.0	611.4
SUPPORT SERVICES – OTHER GOVERNMENT AGENCIES Transport, Security, Health and Medical, Waterways and Harbour Management, Other Government Agencies, Olympic related allowances		
TOTAL SUPPORT SERVICES – OTHER GOVERNMENT AGENCIES		583.6
TOTAL EVENT RELATED EXPENSES		3,459.0

SOCOG earned revenue of \$2,832.9 million, mainly from sponsorship, tickets, television rights and government funding, over its period of operation.

SOCOG’s expenditure for the period was \$2,892.7 million. The deficit of \$59.8 million was funded by the Government.

For the purpose of the OCA report, SOCOG’s revenues and expenses have been adjusted to include SOCOG’s expenditure of \$361.3 million on the venues, and to exclude Commonwealth funding and amounts paid by SOCOG to other agencies for support services to ensure that there was no double counting.

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have occurred in the NSW economy if the Olympics had not proceeded.

Of course, benefits of such worldwide events extend further than just economic; important as these are.

As earlier articles have pointed out, billions of people worldwide, as well as those at the events themselves, enjoyed the spectacle and results of the Games.

Sydney experienced unprecedented co-operation of the business community, the population generally and, of course, the community volunteers at the events themselves and at the various access points.

The arts were not forgotten in the four Olympic Arts Festivals leading up to the Games themselves. And who can forget the opening and closing ceremonies of the Games in which more than two thousand Indigenous performers were involved?

“Of course, benefits of such worldwide events extend further than just economic; important as these are.”

The icing on the cake was, perhaps, the performance of Cathy Freeman on the track and in her lighting of the Olympic cauldron.

Oh, and Sydney received some much needed improvements to transport infrastructure related to the Games particularly on the critical Main West rail line and a critical review and improvements to transport generally in the city.

If nothing else the Olympic and Paralympic Games gave three weeks of ‘feel-good’ to millions – and that can’t be a bad thing.

Mark Neasbey
Chair Education Committee,
IVMA

John Bushell
Chair Publications & Events
Committee, IVMA

Webinar: ‘Demonstrating ‘value for money’ and transparency of process’

Following the series of four articles, **Sydney 2000 Olympics – a Value for Money Retrospective** IVMA will hold a webinar hosted by Mark Neasbey, Chair Education Committee.

The webinar will be held from 4 to 5pm on Wednesday 16 February 2022.

We welcome participants who have an interest in this subject whether current, retired or former members of IVMA and any interested external parties. You can **register** for the webinar by contacting the IVMA Secretariat at:

info@theassociationspecialists.com.au using the subject: **‘IVMA February Transparency Webinar’** before **5pm on 15 February.**

We look forward to a stimulating discussion.

The Importance of Timing

A contractor had recently won a contract to construct a soft drink bottling plant and associated offices. The contractor was also conducting a one-week Value Management training session for 22 employees.

To run the training session a number of live projects were needed and the soft drink bottling plant was selected. The client agreed that its construction project could be studied and actively participated in supporting and advising the team who were allocated this project.

The team studied the available information on the facility, which comprised an office and bottling plant in a single building complete with loading and unloading docks and vehicular circulation for trucks and car parking.

An important component of the design was the provision of a reception area and first floor viewing gallery where visitors could be taken to see the plant and receive information about its operation.

The team was advised that the operation of the facility was directly related to demand for the product and at some times the plant would be operational 24-hours a day.

The critical operations of the plant were five bottle-filling and palletising lines plus the refrigerated storage and supply lines that stored and supplied the 'liquor' to the bottling lines.

To support the facility there was a substation, air-conditioning plant, refrigeration plant and maintenance area.

The Value Management team studied the drawings and specification and noticed a number of issues that it thought required further investigation which included:

- the planning resulted in long refrigerated supply lines between the liquor storage and the bottling lines,
- the location of the viewing gallery was strongly related to the office area and, whilst it overlooked the plant,

“The client viewed the three alternative layouts and had no hesitation in selecting one which was deemed superior to the original”

it presented a somewhat limited view of operations,

- the maintenance area was a separate building in the corner of the site which struck the team as unusual for a facility that necessitated continuous reliable operations.

Having regard to these observations, the team developed three alternative plant

and site layouts that they believed addressed the issues whilst maintaining safe vehicular circulation on the site.

It should be noted that the capital cost of these options would be similar to the original option.

The client viewed the three alternative layouts and had no hesitation in selecting

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The Importance of Timing

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one which was deemed superior to the original layout. This option included:

- relocation of all the 'moving parts' (substation, air-conditioning plant, refrigeration plant and maintenance area) to one side of a 'maintenance access corridor',
- the five bottling sections of the plant with their associated palletising machinery were located on the other side of this corridor,
- the first floor viewing corridor was relocated to run above the maintenance access corridor.

The advantages of this layout were:

- the lengths of the refrigerated liquor lines were significantly reduced and were consolidated into one area,
- the above change would save capital pumping and refrigeration costs in the critical area of the plant,
- all moving parts were consolidated into one area with the maintenance facility close to all of them,
- as most mechanical engineers know, you often realise there is a problem when the sound of a piece of equipment changes – this layout facilitated such discovery,
- the viewing windows from the viewing gallery were doubled so that all aspects of the plant could be displayed enabling visitors to view all the major equipment

“The obvious lesson here is to apply Value Management at the earliest opportunity on any project, program, product or process”

by walking down one side of the corridor and back up the other side.

There was however a significant disadvantage:

- some aspects of the detailed layout of some of the palletising lines would have to be changed to suit the now preferred layout.

So on the evening of the 4th day of the Value Management training workshop, the client made a phone call to the German machinery manufacturers. The answer: “If you want to make a change to the layout your order goes to the back of the queue”.

So the original plant design was built and the opportunity to lock in significant operational benefits was lost.

The obvious lesson here is to apply Value Management at the earliest opportunity on

any project, program, product or process.

Fortunately, the Value for Money Labs initiative that the last two President's Articles have introduced makes it even easier to:

- start the value-improving process at the initiation stage of any endeavour,
- secure the engagement of senior, experienced, stakeholders where it has most impact.

The tools to achieve better 'value for money' are now even easier to use. All we have to do is to use them – and implement the results!

John Bushell
Chair Publications & Events
Committee
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