

President's Message

Everyone has a role to play

Hello everyone, and welcome to the Summer issue of Value Times.

We've been working through the principles involved in getting best value for money and we'll continue that theme in this edition.

As I've said, the Institute is in the business of helping people and organisations achieve best 'value for money', regardless of the activity.

In the three most recent editions of Value Times, I've written about the principles in achieving best 'value for money'.

Remember Daniel Bernoulli's comment way back in 1738: "The value of an item must not be based on its price but rather on the utility which it yields". It's the separation of monetary value from the utility or usefulness that the item delivers — whether that item is a cog in a machine or a whole new hospital.

This is where the journey begins.

Last time, when I wrote about the need to keep the whole system in mind, I gave the example of a designed new hospital; when we explored the whole health system, we found that the hospital wasn't needed.

Today, I'll move on to the sixth principle, which is: *Recognise that everyone has a role to play in achieving best 'value for money'*.

The image to illustrate this core principle is one of an orchestra in full swing. It's a great example of everyone having a role to play in bringing about the desired result.

There are some things that everyone is doing, for example, listening carefully and

keeping their eyes on the conductor!

There are other things that just a few people do and, of course, there is a role that only one person plays, namely the conductor.

It's just like this in achieving best value for money in situations where there are many people involved.

Often it is left to someone in Cost Control or even a specific Value Management consultant to advise on where value for money can be improved.

These people have important roles to play but achieving best value for money is not exclusive to them.

Everyone needs to be playing their part and it's up to the 'conductor' to encourage them to do so. An example of this is to ask everyone to observe our third core principle — keep focused on Primary Purposes (once we've defined them).

An example that comes to my mind is a study conducted by my colleague Mark Neasbey and I into an environmental facility in Singapore.

There were about 25 people in room at the start of the workshop and we asked each of them to describe the situation from their own point of view.

When it was the turn of the Senior Executive of the Environmental Department to offer her perspective she said that — based on what she'd heard and learned from the group so far — this system would not require the standard and (usually

"... observe our third core principle — keep focused on Primary Purposes (once we've defined them)."

extended) environmental assessment her department had previously been insisting be conducted.

This meant that 12 months of design development and construction readiness could be saved with huge cost-reduction implications.

This position was only made possible by having the right, authoritative stakeholders in the room together, listening and questioning as the proposed design and delivery strategy was outlined.

Well, that's it! I have stepped-down as President of IVMA. My colleague, Ted Smithies, will take the reins from here.

I thank the Institute for its support over the last several years, and in particular, I thank the Board of the IVMA for their support and encouragement.

Dr Roy Barton
President, IVMA

Vale Michael Ord

11 May 1960 – 25 August 2024

It is with great sadness that the Board of the IVMA acknowledges the passing of Michael Ord.

Michael made significant contributions to our Institute, as a Member, Value Management Study Facilitator and Board Member.

Michael's early life was with his family on two farms in New South Wales. As the family included five sisters and no other brothers, Michael was his father's right-hand man.

The physical life on the farm was a major contributor to Michael's interest in a wide range of sports that included beach sprinting, bike riding, hurdling, rowing, running, rugby league, rugby union and surfing.

Michael's skill at sports resulted in him winning many awards for individual and team achievements including 'Head of the River' rowing and 'State Championship' running.

On 14 September last year Michael's road cycling mates, 'At Dawn We Ride', rode 'The Ordie 100(km)' in memory of his participation and contribution to the group.

Michael graduated in Civil Engineering from the University of Queensland and received a Graduate Certificate in Strategic Asset Management from the University of Canberra. He was also an accredited Value Management Study Facilitator with the IVMA.

He loved his 27 years working with WSP Australia Ltd making a significant

contribution to a great variety of civil engineering projects. These included the Wivenhoe Dam at Laidley, the RAAF Jindalee Operational Radar Network in WA and the Dubai Airports connecting tunnel.

In recent years Michael conducted the Risk and Value Management services for WSP, assisting the company and its clients to deliver complex projects with minimum risk whilst achieving the best 'value for money' project outcomes.

In the IVMA, Michael was a long-term Member as well as a Board Member. He provided significant intellectual input into the work of IVMA including preparing comprehensive guidelines for corporations to achieve best value for money using the Value For Money Labs approach that was developed during the COVID-19 pandemic.

The consolidation of these Value Management processes developed throughout the pandemic was critical in achieving effective study facilitation during and following this highly disruptive period.

Michael was an avid author and wrote many articles for News Weekly and was the Queensland President of the Australian Family Association. He was also a loyal parishioner at his local Catholic Church at Camp Hill.

Michael's achievements are all the more remarkable when we consider the significant health challenges he faced with courage. He had suffered with cancer since 2008 and Type 1 diabetes since 2014.



However, this did not stop him from riding in two 'Tours de Cure' in 2012 and 2019 to raise funds for Cancer Research. Nor did it slow his dedication to his clients with whom he was still in contact from his hospital bed in mid 2024.

Michael had an amazing mind and was a tremendous contributor to both the IVMA and the VM practitioner industry that aimed to improve 'value for money' for clients in a myriad of sectors and industries.

Michael left us with his wife Jodi, their four children and his parents at his bedside.

We are much lesser for his passing.

John Bushell

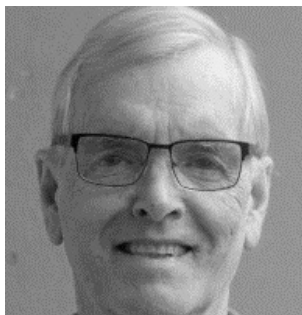
Chair Publications and Events
Committee
IVMA

‘Changing the Guard’ at IVMA

At the IVMA’s Board meeting on 26 November 2024, long-term President, Roy Barton, resigned and was immediately voted to be the organisation’s second Patron.

Roy joins our first Patron, DATO’ Sr Dr. Mohd Mazlan Che Mat, (Value Times, Summer 2023) and remains a Board member of IVMA.

The Board unanimously voted Board member Ted Smithies to the position of IVMA President.



Dr Roy Barton,
LFIVMA PhD Associate Professor (retired)
Retiring President IVMA

It is with huge appreciation and great affection that we, as an Institute, thank Roy for his leadership and professional guidance over all of the years that IVMA has been functioning.

Roy has been involved in studying and practicing “Value Engineering”, as it was called then, for nearly 45 years and is currently the only member of IVMA with a PhD in Value Management.

His work as an educator at the Canberra CAE and then the University of Canberra led to a broader awareness of the power and opportunities of effective application of facilitated Value Management (VM) across a multitude of industries.

Whilst there had been an earlier body of professionals (Australian Institute of Value Engineers, registered in ACT) with leading lights like Eric Adam, Lex Clark and Roger Dace pursuing change and improvements across industries like manufacturing and supply, the body had become inactive.

Roy, together with NSW Public Works and the Department of Defence, was instrumental in establishing IVMA. His achievement of firsts is extensive and includes:

- Lead facilitator of VM studies over two days, with larger groups than was previously the case (and with the study duration reduced from the former five-day period)
- Partnership with NSW Public Works Department in establishing

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Ted Smithies FIVMA,
President IVMA

The IVMA Board is pleased to announce that Ted Smithies, a long-term IVMA Member and Board member, was unanimously voted into the position of President, following Roy Barton’s decision to step down on 26 November 2024.

Ted has been active in IVMA since its formation arising from the dormant Institute of Value Engineering of the 1990s.

It is fair to say that at every step listed in Roy Barton’s achievements, Ted was working within the NSW Public Service and across Commonwealth representative bodies to guide and establish policy frameworks and approvals that allowed Value Management (VM) practice and professionalism to flourish.

Ted was co-manager of the Product Evaluation Unit (PEU) that seconded Roy Barton full-time from his University of Canberra commitments to enable focused efforts to grow the effective application of VM.

Before leaving Government to establish his own company, Value Network, in the late 1990s, Ted was Director of Policy for the Department of Public Works and Services and he helped write the NSW Capital Works Guidelines which made VM and Economic Appraisal compulsory steps in the major capital works application funding process.

Nowadays Ted’s business offers a broad range of services, including VM facilitation and his contribution to the IVMA Board

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‘Changing the Guard’ at IVMA – continued

Dr Roy Barton, LFIVMA PhD Associate Professor (retired) Retiring President IVMA

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the Product Evaluation Unit (PEU) to widen the application of VM across major capital projects and programs

- Development of the original and then the revised Australian Standard in Value Management, AS4183:2007
- Development of formal Professional Development programs in VM Principals and Practice, and VM Facilitation which were delivered under the auspices of the University of Canberra and which were accredited by IVMA
- Delivered the earliest VM Studies in New Zealand, Singapore, Hong Kong and Malaysia
- Helped and guided the establishment of Institutes of VM Practitioners in Hong Kong and Singapore
- Guided the restructure of IVMA to become a national entity under ASIC (IVMA Limited)
- Driven by the implications of COVID 19, helped pioneer the delivery of effective Value Management studies on-line and remotely using what became known as VM Labs – a series of short interventions over typically 1.5 hours over several days to cover the full VM Work Plan steps.

In acknowledgement of his lifetime contribution, and as a measure of their respect, the IVMA Board voted for Roy Barton to become the IVMA's second Patron.

This potted summary only touches the edges of Roy's innovative and critically important career. He has influenced thousands, helped to more effectively spend countless billions and changed the lives of all who have known and worked with him along his journey.

We wish him every success in his latest ‘hobby’ and that is looking after his own health as the priority beside his life partner and wife Carol.

Alan Butler
Hon Secretary, IVMA

Ted Smithies FIVMA, President IVMA

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and the industry has been consistent and extensive. Ted has Executive level experience in strategic and operational roles including:

- Business strategy
- Resource allocation and management
- Policy development
- Public / Private partnerships and alliances
- Project feasibility and initiation
- Risk and VM studies
- Probity and procurement services
- Contracting and Supply Chain solutions
- Client and stakeholder surveys and engagement strategies
- Adjudication and dispute resolution

We look forward to his leadership and he has openly made it clear that Roy's counsel and guidance will be sought on a regular basis.

Alan Butler
Hon Secretary, IVMA

IVMA 2024 Annual General Meeting

The 2024 AGM for IVMA was held on 29 October 2024. There was no change to the Directors. Copies of the formal reports are available to Members, on request.

Alan Butler
Hon Secretary, IVMA

Valuemanagers Summit, Graz, Austria, 16 & 17 October 2024

Introduction

In October 2024 I attended the Valuemanagers Summit in Graz, Austria, which was run by the Society of Valuemanagers (SOV), the Austrian National Value Association (<http://www.valuemanagers.org>).

This was the second time I had attended this event, having previously attended and participated in October 2023.

At the 2024 conference I had the privilege of presenting ‘Best Practice Value Management in Australia – Key Principles, Practices and Case Studies’ which I had prepared in conjunction with Dr Roy Barton and Mark Neasbey.

Presenters at the conference were from Australia, Austria, Germany, Hungary, the Netherlands, UK and USA plus video presentations from India, USA and Indonesia.

A total of 15 presentations were made over one-and-a-half days plus two optional half-day workshops that ran in parallel on the afternoon of the second day.

One of the highlights was the conference dinner at the Schlossberg Restaurant on the evening of the first day where fine food and drinks facilitated some interesting conversations and networking opportunities.

I found most of the presentations thought-provoking, with a broad range of topics relating to projects and product development, but also reflecting emerging practices where VM is combined with other philosophies, techniques or tools.

My key learnings from the conference were:

- Most of the case studies presented related to the elective (i.e. non-mandatory) use of Value Management (VM) / Value Engineering (VE) / Value Analysis (VA),

- Whilst VM has a structured methodology, customisation to support project and product development objectives is important, and
- Whilst VM has an outstanding track record over a long period of time and with many applications, its use is still relatively low in many countries and sectors.

Four Selected Presentations

To provide you with a taste of the conference, the following is a brief description of four of the presentations.

The VMO – Value Management Office and its Tools (Dr. Manfred Ninaus, VMN Valuemanager Ninaus GmbH)

Dr. Manfred Ninaus is the Chair of the Congress of Valuemanagers Summit, the

Cost reduction	Functional improvement	Organisational improvement
<ul style="list-style-type: none"> • Reduction of product/project costs by 15-30% • Reduction of overheads (up to 25% savings) • Optimisation of construction costs and investment costs by 20-40% • Reduction of complaint costs by 20-30% 	<ul style="list-style-type: none"> • Products according to customer requirements (no overengineering) & customised functional fulfilment • Quality improvement • benchmark of product features with the competition • Increased competitiveness on the market (sales increase by 100% and more) 	<ul style="list-style-type: none"> • Securing the supply chain through product customisation • Increasing resource efficiency – cross functional teams • process simplification (throughput times reduced by 10 - 30 %) • increased efficiency in order processing • Shorter time-to-market from the pre-project phase to delivery.

Head of National Certification Body Austria for Value Management according to EN12973 and was the President of Value for Europe from 2017 until 2023. He has been the Chief Executive officer of VMN Valuemanager Ninaus from 2008 until today. His company specialises in assisting clients to achieve the optimal outcomes on value engineering projects and projects requiring innovation.

In order to assist clients it is important to understand why projects are often not as successful as they could be and Dr Ninaus summarises this:

The “why”, the “where” the “how” isn’t clear to us

- “Why” shall we change and optimise the product / process?
- “Where” shall we go to?
- “How” shall we plan, organise, manage, do our job?

“We don’t know how to eat the elephant”

The Value Management (VM) process provides a transparent structure so that all project stakeholders can contribute on an equal footing towards optimising a project or program and take collective responsibility for its outcomes.

The three critical areas of benefit from VM were summarised as follows:

Dr. Ninaus stressed that “Organisational Improvement” is a prerequisite if “Cost Reduction” and “Functional Improvement” are to be achieved to the maximum.

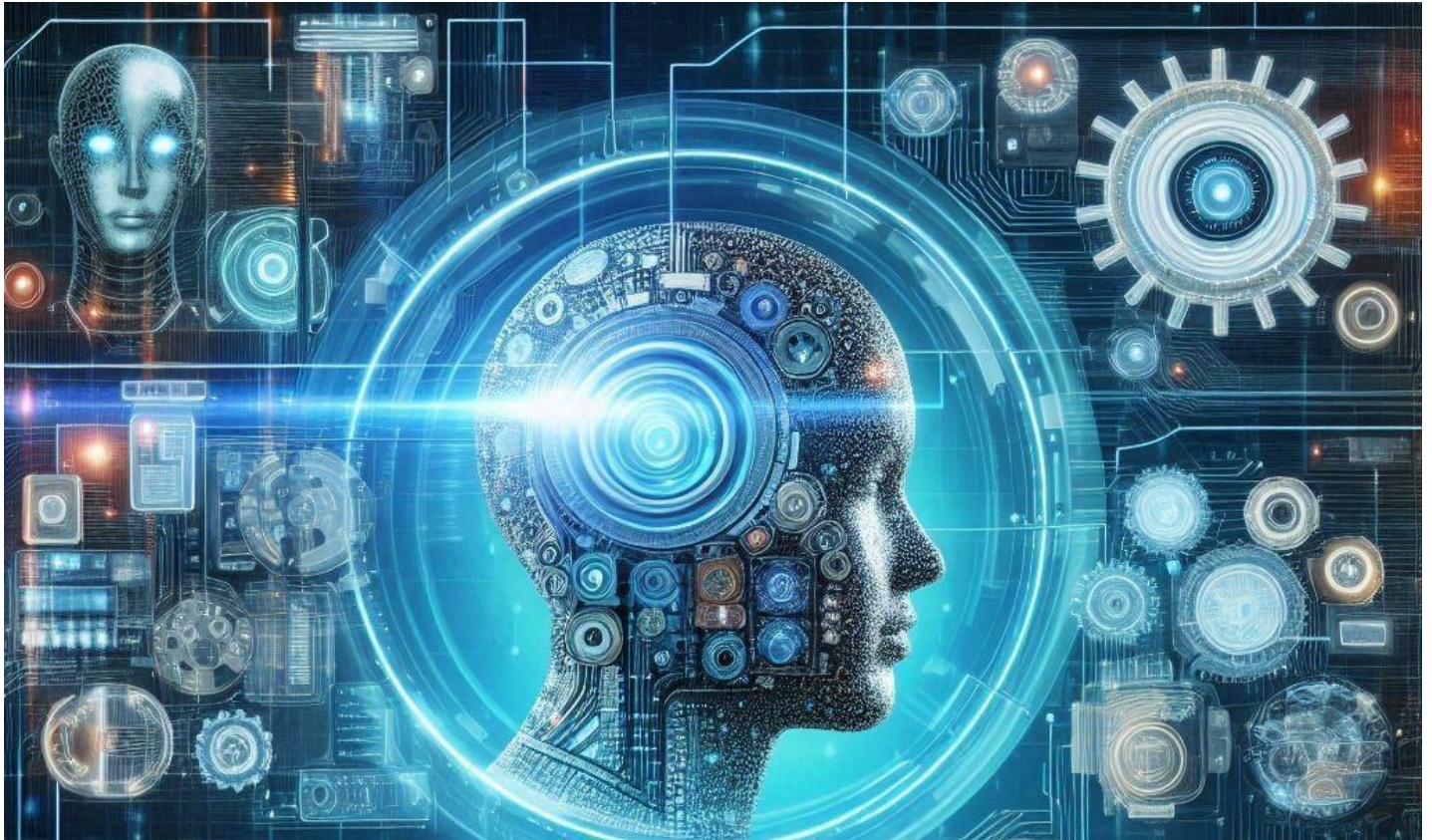
How then do you create a high-performance culture?

The culture of an organisation is a reflection of the **values and beliefs of the leaders** that determines the corporate culture.

“Cultural transformation begins with the personal transformation of the leaders:

Organisations don’t transform, people do.”

Valuemanagers Summit, Graz, Austria, 16 & 17 October 2024 – continued



AI and the Future of Value Engineering (Ramesh Ganesan, Germany)

Artificial intelligence (AI) is defined as a multidisciplinary field, or wide-ranging branch, of computer science that is concerned with the creation of systems, algorithms, and software capable of simulating human intelligence.

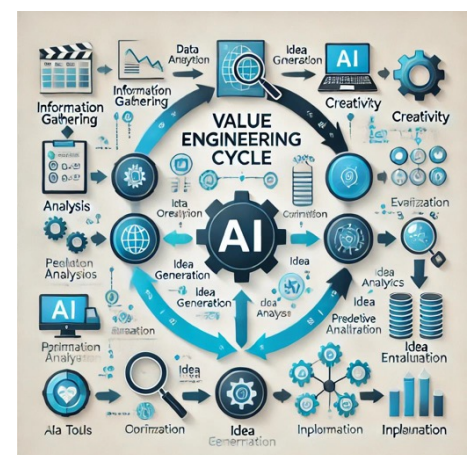
In engineering fields AI applications are transforming decision-making by analysing vast datasets.

The integration of AI into VE introduces advanced capabilities in data analysis, predictive modeling and automation.

AI and VE are synergistic, with AI providing:

- Efficiency gains (e.g. enhancing data analysis speed, identifying cost saving opportunities quicker than traditional methods)
- Innovation (e.g. AI insights can uncover innovative materials and designs)
- Precision (e.g. machine learning optimises resource allocation, predicting project outcomes while minimising waste).

AI in the Value Engineering Cycle



AI applications include predictive maintenance, supply chain optimisation and cost analysis/design optimisation. Benefits include faster decision-making, improved sustainability, cost savings and quality improvement.

Valuemanagers Summit, Graz, Austria, 16 & 17 October 2024 – continued

VE Application to a Major Grand Canyon Water Infrastructure Project (Steve Kirk. Kirk Value Planners, Kirk Associates, LLC, USA).

“Whiskey is for drinking and water is worth fighting for.”

Mark Twain

The Transcanyon Water Pipeline is critical to Grand Canyon National Park as it provides potable water supply for the Park’s four million annual visitors and 3,000 permanent residents.

However, the pipeline is 55-years old which makes it vulnerable to failure, placing public health and the safety of Park residents and visitors at risk.

A VE study was undertaken for the replacement of the ageing pipeline that traverses from one side of the canyon to the other.

The VE team agreed the following Project Goals:

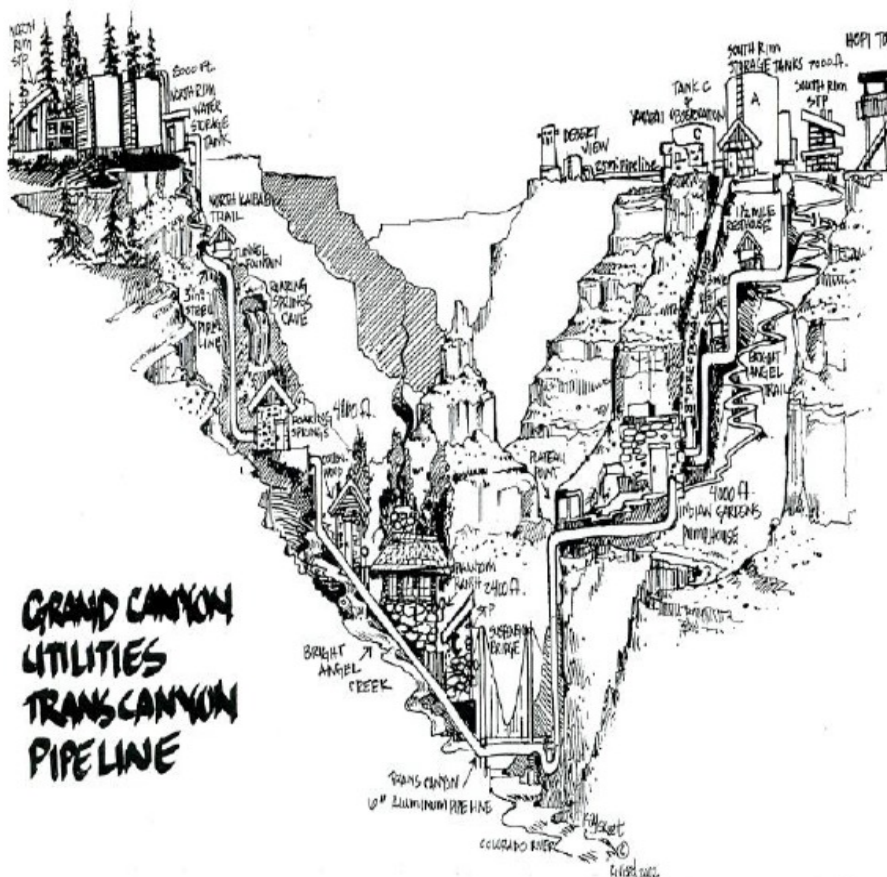
- Identification of preferred alternative that achieves a “continuous, reliable water supply”
- Meet environmental requirements
- Minimise life-cycle cost (total cost of ownership)
- Enhance sustainability
- Minimise routine maintenance

To help the 43 VE team members understand the functional requirements of the project, three ‘Function Tree Diagrams’ were constructed.

The ‘Goals’ of these diagrams were:

- Enhance Park Effectiveness,
- Protect Natural and Cultural Resources
- Improve Visitor Enjoyment.

The VE team developed three options to fulfill the project goals and evaluated the options including their comparative life-cycle costs.



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Valuemanagers Summit, Graz, Austria, 16 & 17 October 2024 – continued

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The third alternative emerged as the preferred option, in part because it included the use of a naturally flowing creek to take the water down into the Canyon and only piping water when required to raise it up.

The VE team summarised the benefits of this alternative over the other two options as:

- Much better visitor safety during construction
- Slightly better employee safety during operations
- Much better at limiting impacts to cultural resources
- Significantly better at limiting impacts to biological natural resources
- Much better at limiting impacts to water resources
- Much better at maintaining visitor experience during construction
- Moderately better at maintaining water availability for visitors and residents during construction
- Slightly better at maintaining visitor experience after construction
- Slightly better at meeting customer requests for additional demand points (flexibility to add service)
- Moderately more reliable
- Slightly less risk of failure
- Significantly better water quality
- Greater than six-month construction time savings
- Much better reduction in construction risks
- Much better phasing and funding opportunities
- Lowest initial cost
- Lowest life cycle-cost

In summary, the team identified 68 ideas for consideration (including 17 alternative water source options, 11 alignment options, 7 directional drilling options), leading to an estimated \$US34 million saving plus the non-monetary benefits.

Best Practice Value Management in Australia – Key Principles, Practices and Case Studies

(Dr Roy Barton, Mark Neasbey and Gerrard Young, Institute of Value Management Australia).

This presentation included key principles such as separating the ‘value’ from the ‘money’, and key practices such as the high benefits of collaboratively developing a collective definition of Value. Agreeing this definition includes reconciliation of diverse stakeholder needs and is best documented in an agreed ‘Value Statement’.

The presentation included case studies from the Health, Transport, Buildings, Energy and Water sectors.

An overview of Value for Money (VFM) Labs as currently practiced by Institute of

Value Management Australia study facilitators was included.

Conclusion

It was great to spend time with others with a passion for VM and the benefits it brings to the world, to challenge my established perspectives, extend my knowledge and establish/build relationships.

Gerrard Young,
MIVMA, Facilitator, Board Member,
IVMA

Overview of Value for Money Labs

VFM LABS	Example VFM Labs	KEY BENEFITS	
<ul style="list-style-type: none"> • 2021: IVMA Working Group developed • 2021: Endorsed by the IVMA Board • A mix of synchronous and asynchronous work, i.e., a series of short interventions (workshops) • Some work between short interventions can be required 	Pre-meet with Sponsor(s) <ul style="list-style-type: none"> • Scope of VMS • Value Definition (Value Statement) 	<ul style="list-style-type: none"> • Encourages attendance by Executives • Enables attendance by remote Subject Matter Experts without associated travel costs • Improved on-line engagement (short duration workshops) KEY DISBENEFITS <ul style="list-style-type: none"> • Notwithstanding the above, Facilitation is more difficult than face to face workshops • Don't harness full group talent for sub-team work outside workshop modules • Time for recaps & sub-team de-briefings 	
	VFM Lab		<ul style="list-style-type: none"> • Framing • Givens and Assumptions
	VFM Lab		<ul style="list-style-type: none"> • Priority Focus Areas
	VFM Lab		<ul style="list-style-type: none"> • Context – scope, design basis, procurement strategy, etc
	VFM Lab		<ul style="list-style-type: none"> • Function Analysis
	VFM Lab		<ul style="list-style-type: none"> • Ideation
	VFM Lab		<ul style="list-style-type: none"> • Exploration & Filtering
	VFM Lab		<ul style="list-style-type: none"> • Theming and/or • Develop alt. proposals
	VFM Lab		<ul style="list-style-type: none"> • Presentation and Assessment of proposals

SoV www.valuemanagers.org

SOV 2025 Value Managers Summit

The next Value Managers Summit will take place in Graz, Austria on 15-16 October 2025. A call for papers is out now, apply here: <http://valuemanagers.org/speaker/>

A summary of the topics sought for each summit, together with a list of the presentations for the 2024 summit can be found here:

<https://www.valuemanagers.org/valuemanagers-summit/>