ENTITIES, ATTRIBUTES AND VALUE

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This article deals with the definition of value in the Australian Standard on Value Management and the reasoning that led up to the redefinition of value and value for money in the current version of the Australian Standard. Emphasis is placed on the importance of separating value and money so that it is clear why something has value and then – and only then – determine solution represents best value for money.

Value is defined as *an attribute of an entity determined by the entity's perceived usefulness, benefits and importance*.

Entity
An entity is defined (for the purposes of the Standard) as *any product, process, service, system or organisation (or part thereof)*. In any individual value management study (when the actual subject will be known) the word *entity* will be replaced by the actual subject or descriptor e.g. ABC Hospital, XYZ IT integration system.

Attribute
In making a clear distinction between value and value for money, we sought a definition of value that made no reference to costs or money but simply focused on what it is that gives an entity value. We settled on the word attribute and hence the phrase attribute of an entity. We considered other words such as property, quality, characteristic and facet and saw that most would suffice but agreed that it was the word attribute that was best suited. This is consistent with modern dictionary definitions in common use.

The point is that it is attributes that give an entity value. But what are these attributes and how do we capture and measure them? Attributes can be identified under three headings: useful purpose, benefits and other factors of importance i.e. matters of importance about the entity that were not drawn out under the other two headings. It is on this basis that we constructed the definition of value and the first stage of the value management work plan. Just as there was an array of words at our disposal when we chose the term attribute, so there was such an array when defining the attributes themselves. We agreed on these three (usefulness, benefits and importance) as being the most meaningful. Individual practitioners might choose to use other words that they prefer which is quite okay as long as the intent is maintained. No situation has been found where these three words did not work well.

Usefulness or useful purpose
In making this the first attribute of the value definition, we continue the conventional value analysis/value engineering approach of recognising the central role that use or function plays in the definition of value. In the definition of value we have simply used the word usefulness but later in the document, for example, in the work plan, we specifically refer to useful purpose . I much prefer the term purpose to function because purpose captures the notion of intentionality whereas the term function does not necessarily do so, and it is the intended use that we are usually trying to get at in determining value.

And so, the notion of useful purpose or function is still seen to be at the heart of the matter, even though we have radically departed from convention in many ways. If something, whatever that thing happens to be, has no useful purpose, it is highly unlikely to have any value at all. But to give a clear picture of value, we need to explore further than simply the notion of function. In practice, we need a structured approach to enable the group with whom we happen to be working to construct a statement of purpose or intended use. Here, the conventional verb-noun approach is very appropriate, possibly with the addition of one or two adjectives. The exercise normally establishes three or four dot-points and within those three or four points, there may be more than one level of abstraction. This short statement can be used later in the workshop as the starting point for a purpose-means diagram, function-hierarchy, or FAST diagram.

By way of example, consider for a moment a normal passenger train. We can capture its useful purpose (from the point of view of customers) in the conventional verb-noun format by saying that it is to *convey passengers*. We can add a few extra words to that statement, for example, *from A to B*. Then, if the train doesn't fulfil that useful purpose, from the point of view of the customer, it will probably have no value at all. But let's assume that it does satisfactorily fulfil that useful purpose, we can immediately see that other attributes come into play that will add to the value of the train as seen by the customers. We capture these attributes beneath the headings benefits and importance.

Benefits
Under the heading of benefits, we want to capture the perceived advantages (or enhanced wellbeing) gained from the entity. These benefits are part of what gives an entity value.

In conventional value analysis/value engineering, the phrase higher-order function is sometimes used and such items fit easily with the benefits heading. In my early days in teaching and practising value management, I followed convention in using the phrase higher-order function but found that without exception it needed detailed explanation to convey meaning of the phrase itself (let alone the subject being considered) and was quite out of place in most cases. By contrast, no one in a workshop has ever asked me to explain the term benefits.

There are usually several benefits gained from an entity. In the case of the passenger train mentioned above, benefits might include being able to visit one's relatives or saving time, amongst others. Again, a short dot-point list will do the job. From time to time, practitioners might find it helpful to combine useful purpose and benefits into one set of information, classified by levels of abstraction. I have found that in the majority of cases it is more helpful to keep them separate.

So now we have facilitated the process of helping a group identify useful purpose of the entity and benefits that are expected from it. We're well on the way now to defining the value of the entity but there's still more to do. Next, we must identify other characteristics of the entity that are seen to be of particular significance or consequence that have not been captured under the previous two headings.

Importance
To complete the value picture, we need to find out if there are any other attributes of the entity that are seen to be of particular significance or consequence that have not been captured beneath the previous two headings. We can expect quite a long list of these things, typically between 25 and 35 dot points.

Using our train as an example, comfortable seating may be of particular significance to someone – and hence the value of the train will increase or reduce depending upon how comfortable the seats are – yet note that this has nothing at all to do with the primary purpose. We have now completed the task of capturing the attributes that give the entity value. In practice, I refer to this as a value statement (this is not a term that we have used in the Australian Standard, but is useful in practice).

Once we have established this, we can go on to develop options that will deliver best value for money, keeping in mind the important aspect of the Standard that we distinguish between value and value for money. It recommends that these attributes are established early in the workshop. We have deliberately named the first part or stage of the workshop "Building Knowledge and Understanding". This is intentionally distinct from the conventional terminology "Information Phase". We have done this in order to recognize that we are not just collecting information during this time. This is a time of learning – individually and organisationally – hence the choice of the words "Building Knowledge and Understanding". It is extremely important that practitioners recognise this.

It is also extremely important to see the construction of a value statement itself as a group-learning exercise. Frequently, we see in the value management literature and most project specifications references to value and value for money as if they we were static notions that can be calculated by some formula at a point in time. In putting together the Standard, we recognised that the whole notion of value is not static and will change from person to person, organisation to organisation, place to place, and time to time. It is entirely a matter of individual perspective and choices. This is why we need structures and processes that will enable groups to work together – listening to and learning about one another's points of view – and, based upon the group learning that takes place, to construct value statements that appropriately reflect those perspectives and choices in terms of useful purposes, benefits and other matters of importance.

This group learning process requires expert facilitation, ensuring that each person has an opportunity to express his or her needs (in relation to the entity) and that these needs are appropriately captured and considered in producing value statements