

The Institute of Value Management

Developing competence and knowledge to deliver sustainable value



2010/11 CORPORATE BROCHURE



PROMOTING THE WIDESPREAD USE
OF VALUE MANAGEMENT ACROSS
ALL SECTORS OF THE UK ECONOMY

www.ivm.org.uk

The Institute of Value Management is a company limited by guarantee in England and Wales. Registered Office - Business Partnership, 27a Lubenham Hill, Market Harborough, LE16 9DG.

© 1st August 2010



How many times have you heard the words:

“Our objective is to deliver value for money”
or “Value for our customers” or just “add value”

Have you ever thought:

“What does this mean?” or “What is value?” or
“How can we create value for our customers?”

Implementing the
European
Certification and
Training System
within the UK

WHAT IS VALUE?

Value is created when a need has been satisfied through the use of an appropriate level of effort or resource.

Value Management reconciles all the differing needs of people involved in the delivery and use of a product or project to achieve the best balance between satisfied needs and resources



WHAT IS VALUE MANAGEMENT?

Value Management is concerned with improving and sustaining a desirable balance between the needs and wants of stakeholders and the resources needed to satisfy them. Stakeholder value judgements vary, and VM reconciles differing priorities to deliver best value for all stakeholders.

VM is based on principles of defining and adding measurable value, focusing on objectives before solutions, and concentrating on function to enhance innovation



The British Standard defines Value as:
Value α Satisfaction of need
Resources Used



WHAT'S IN IT FOR ME?

If you're a Senior Manager in design, manufacturing, public services, transport, commerce, or just about any other kind of organisation creating wealth through application of human talent and other resources to address ever changing, diverse challenges, Value Management will enable you to adopt a consistent approach towards decision making. Value management takes into account the needs of the business, the environment within which your business is operating, and the people involved.

CASE STUDY #1: The Partney by-pass (Source: OGC)

Lincolnshire County Council is working to deliver £23.6 million of coastal access improvement works. The first phase of the project was the Partney by-pass, which was completed in August 2005. saving about £260K. This was achieved despite encountering numerous issues with the geology, ecology and archaeology of the site.

Benefits: The highway works at Partney were delivered three months ahead of contract programme, This saved about £260K and more than 21,000 man-hours. The bypassed route was open and operational during the busy summer holiday period, helping to ease traffic flows and improve the quality and times of journeys Target cost and value management procedures were adopted throughout the project. The project is approximately £500K under budget with no loss of quality. A safety culture was embedded throughout.

Implementing the European Certification and Training System within the UK



TRAINING

The IVM implements the European Certification and Training System within the UK. Qualified professionals can train your staff to know and apply VM at various levels:

- >> **As a participant in workshops and studies - QVA**
- >> **As a study/workshop Facilitator - PVM**
- >> **As a Trainer - TVM**

VALUE MANAGEMENT VERSUS COST CUTTING

Many organisations use traditional cost cutting as the way to improve on the price or outturn value of a product or project. However, this can result in scope reduction which diminishes the functionality of the product and leaves the customer frustrated.

To really add value, resource reductions to the product creation process are needed whilst maintaining the functionality of the concept.

Much more value can be created at the strategy stage where alternative solutions to meet a demand or solve a problem can be derived with less effort.

Value management results in

- >> **Added value with no loss of service or product function**
- >> **The removal of unnecessary cost that adds nothing to what the customer or user wants**
- >> **Benefits worth at least ten times the cost of the review – much more so with capital projects**
- >> **Client and user involvement to ensure optimum value**
- >> **Long term security due to better products and services in this competitive age**

Traditional cost cutting results in

- >> **Less of the same instead of smarter products and services**
- >> **Removal of important elements to the annoyance of customers**
- >> **Lower staff morale due to yet another round of “cuts”**
- >> **Missed opportunities to work smarter instead of harder**
- >> **Built-in limitations to product and service life-cycle**

Case Study #2 Improving Services for Vulnerable People

Value management was used to improve services to vulnerable people provided by Surrey County Council and Islington Council social services departments. Between the two authorities these comprised children's services, adult services and refugee and asylum services. These complicated services must be delivered with sensitivity to growing numbers of people. Finding smarter ways of working was a key objective. A total of 36 workshops were held involving some 200 service managers

and staff who addressed better ways of delivering services within a complex legislative framework. The focus was on the needs of service user with particular emphasis on service planning, organisational development and business improvement. In each service area use was made of function analysis methods to ensure clarity of service objectives and to facilitate the creative generation of new ideas. By this means the services reviews were able to meet stakeholder expectations.

Advanced Frameworks for Protecting Vulnerable People (September 2006 - Delivering Value Today & Tomorrow, IVM conference paper)

Case Study #3 The Eden Project

“It is probably the most successful of all the millennium projects in the United Kingdom. It used value and risk management to great effect in overcoming seemingly impossible obstacles in fund raising, design and construction, to open ahead of schedule, within budget and exceeding expectations.”

Value and Risk management, Blackwell, 2006 (ISBN 1-4051-2069-X)

Implementing the European Certification and Training System within the UK





HOW CAN I ADOPT A VM APPROACH?

STEP 1: Complete the on-line assessment questionnaire on the IVM website to find out where the gaps to applying a systematic approach to value creation are in your organisation.

STEP 2: Think about what you want VM to achieve for your organisation. Do you need interventions at

- >> Strategic Level
- >> Programme level
- >> Project/product level

STEP 3: Do you need your organisational system to use the VM Methodology formally and systematically?

- >> Do you need to change your staff culture to a value focused one?
- >> Do you need VM Facilitators to lead studies and workshops?
- >> Do you need to have staff trained as PVMs?

STEP 4: Contact BRANCH LEADS to follow up your requirements and seek their advice on implementing solutions

STEP 5: Find out who could offer and engage specific support to facilitate the development of your organisational VM system

Implementing the European Certification and Training System within the UK



ORGANISATIONAL ADOPTION

VM is made pragmatic through applying:

- >> an integrated organisational framework
- >> a value focused management style
- >> a positive approach to individual and team motivation
- >> an awareness of the organisational environment
- >> and the effective use of proven methods and tools.



VM PRODUCTS

- >> Defining Customer Value
- >> Organisational Value Proposition
- >> Linking Marketing to Manufacturing
- >> Whole Life Costing/Value
- >> Business/Project Objective alignment
- >> Functionality Models

Implementing the European Certification and Training System within the UK

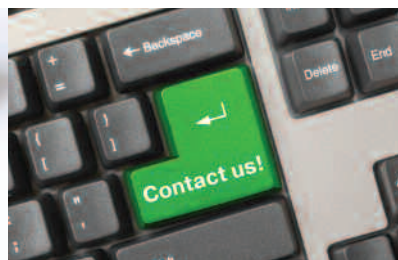
WHAT DOES A FACILITATOR DO?

Implementation of your organisational framework through the VM processes.

VM Facilitators will also lead workshops within the business at strategic, programme, project or product levels to integrate teams and follow the VM Job Plan for the specific application. Tools and techniques will be explained and applied, drawing out the rich thinking from the team.

VM PROCESSES

- >> Value Creation
- >> Value Culture
- >> Programme/Portfolio Value Management
- >> Managing by Values
- >> Creative Whole Life Value Choices
- >> Whole Life Benefits Management
- >> Bespoke VM Job Plans



IVM MEMBERSHIP

Want to find out more about Value Management? Become a member of the IVM by visiting our Website at www.ivm.org.uk/aboutivm.php for more information about the IVM and how to join.