

Collaborating for better value capital projects

Today more than ever we need to consider the value of our capital projects and the use of resources.

In the 1990's Australian governments developed processes for achieving better value and more predictable outcomes for capital projects.

Although good processes were designed problems seem to prevail.

What are some of the impediments?

Impediments:

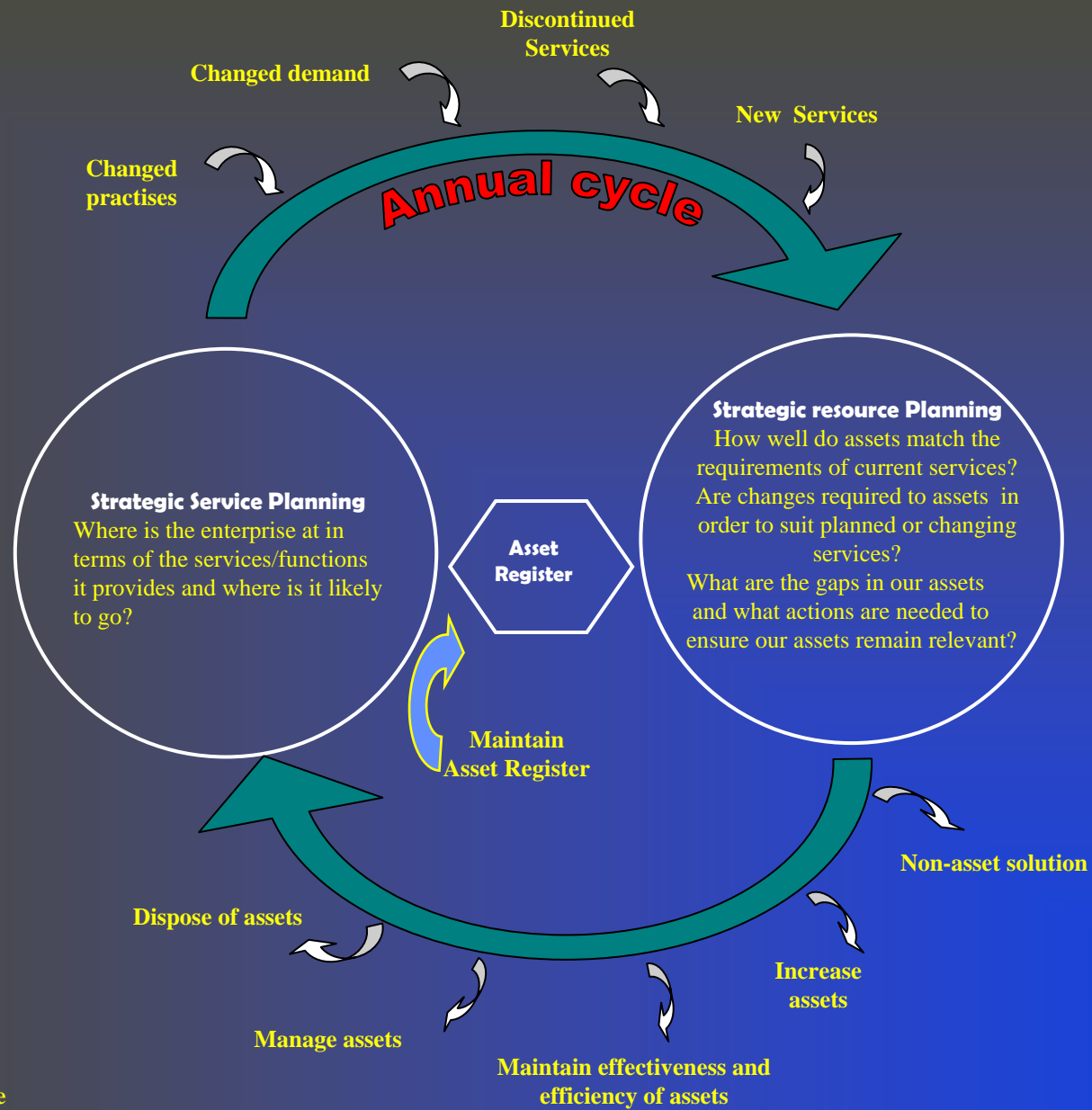
- Political promises and effects;
 - Poor communication and duplication of authority;
 - Unrealistic early project estimates and aspirations;
 - Loss of corporate memory through staff churn;
 - Loss of senior management commitment;
 - No real “*control*” center in government;
 - Empire building
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- Is VM being overlooked?

Why is VM important?

- Proven over more than 60 years;
- Promotes common sense through group process;
- Promotes consensus on “success” criteria;
- Promotes ownership of issues and outcomes;
- Promotes maximum functionality at minimum cost;
- Tests cost and worth of functions;
- Promotes innovation;
- Assists the asset planning process; and
- Assists in the delivery of assets.

On what basis should the need for an asset arise?

The Periodic Cycle of Strategic Planning that links Resources with Services



How and when in the process of creating an asset can VM be used to promote value and to ensure risks are identified, assessed and managed as appropriate?

Value and risk opportunities in the creation of an asset

PIP Phase	VM	VE	RR
Pre-PIP Strategic service and resource planning	To assist stakeholders to make best value strategic business and resource decisions.		(RID) focuses on risks to political/business/service outcomes (see list above).
<i>Concept</i>	To assist stakeholders to develop innovative, best value options to meet a resource need and establish an evaluation brief.		(RID) focuses on identifying high-level risks to the funder, stakeholders and services
<i>Evaluation</i>	To assist stakeholders to evaluate and choose a best value option that will deliver required outcomes.		(RID) still focuses on high-level risk but risks associated with design and delivery emerge.
<i>Definition</i>	To assist stakeholders to develop a delivery brief based on agreed functional requirements.	To assist stakeholders to look for innovative ways to add value to designs and ensure all functional needs have been met.	(RID)/(RM) reviews and updates project risk identification and management.
<i>Delivery</i>	To assist stakeholders to choose best value procurement methods, develop contracts and deliver partnering agreements.	To assist stakeholders develop innovative, value adding ways of achieving construction programs and project outcomes.	(RM) reviews and updates project risk identification and management for the project and its operation.
<i>Review</i>	To assist stakeholders to learn functional and contracting lessons from post occupancy and post construction studies.		(RID) reviews and compiles risks encountered in project delivery and operation.

VM – Value Management VE – Value Engineering RR – Risk Resolution RID – Risk Identification and assessment RM – Risk management



What can be improved to overcome impediments and deliver better value, more predictable capital projects?

- Develop and maintain effective procedures;
- Mandate procedures across the enterprise;
- Involve political powers in the process and seek commitment;
- Familiarise staff with process and value methods;
- Find a “champion” give it control and keep it up to date;
- Provide independent peer review; and
- Maintain control of value adding processes.

Thank you 谢谢

