



Message from the President

Tony Toy, President of HKIVM

Having literally “not had the heart” to attend the HKIVM’s first international conference, I am now left feeling that I had not only missed the most important event on our calendar, but from all accounts have also missed a great event and the opportunity to hear some very distinguished speakers.

The conference attracted more than 100 delegates and introduced speakers from Australia, Brazil, Canada, New Zealand, USA, UK and Hong Kong on the subject “Value Management in the Pacific Rim”. Extracts will be reproduced in this and future newsletter for those who were unable to attend. The secretary for Works Mr. H.S. Kwong, and the Chairman and Chief Executive of KCRC Mr. Kevin Hyde, also addressed this two-day conference.

According to the survey conducted by our conference consultants, BDG Communications Management Limited, the overall responses from attendants to the conference organisation were very positive; for example, their ratings towards “the choice of subjects and theme” and “depth and breath of conference coverage” are between very good and good. Over 75% of the attendants said they will attend (or probably attend) the next conference. Such high success must be attributed to the Conference Director, Mr. D. Wardale and his organising committee who had to work hard and long to make the conference a reality. I would therefore like to take this opportunity to thank them again on behalf of the HKIVM members; and in particular to thank Messrs. R. Grosvenor, A.R. Wilson and H.K. Li for their personal dedication in this venture as well as Mr. K.Y.S. Chan, Director of Architectural Services Department for co-sponsoring the event at such short notice. Building on this year’s success, the HKIVM is now starting preparations for the second international conference “Effective Management of Change through Value Management” to be organised around November next year. Volunteers are most welcome to contact any of the Executive Committee members.

As we are into summer, many of you may take a vacation to somewhere in the world. I would like to take this opportunity to wish you a safe, pleasant and value-added holiday and to be fully recharged for your return to participate in forthcoming HKIVM events.

EDITORIAL: As some of you already know, our President Mr Tony Toy has been sick for the last two months. I am pleased to inform you that he has recovered very well and resumed his duties from 1st August. In fact, one of his first tasks after resuming duties was to write the above message for our members through this issue of Value Manager. Within this issue, you will find Professor Roy Barton’s article on the role of VM in the strategic development and management of infrastructure interesting which was very well received during the HKIVM conference. You will also see some of the best shots taken at the conference and many forthcoming events.

Table of Contents

- ◆ President’s Message
- ◆ The Role of VM in the Strategic Development & Management of Infrastructure in Australasia & South East Asia
- ◆ Welcome New Members
- ◆ HKIVM News
- ◆ Forthcoming Events
- ◆ Call for Articles

EDITOR:

Dr Geoffrey Shen Qiping
Dept. of Building & Real Estate
Hong Kong Polytechnic University
Hung Hom, Kowloon, Hong Kong

Tel: 2766 5817, Fax: 2764 5131
E-mail: bsqpshen@polyu.edu.hk

THE ROLE OF VM IN THE STRATEGIC DEVELOPMENT AND MANAGEMENT OF INFRASTRUCTURE IN AUSTRALASIA & SOUTH EAST ASIA

Professor Roy Barton, Msc Dip Ed FIVMA MAIB MCIQB

*Director, National Centre for Value Management, University of Canberra, Australia
and, Administrative Services Department Adjunct Professor of Asset Management, Queensland University of
Technology, Australia*

John Knott, Bsc BE Dip Ed Grad Cert HRD

*Curriculum Consultant and Program Manager
National Centre for Value Management, University of Canberra, Australia*

ABSTRACT

This paper describes a model of VM specifically focusing on the development and management of infrastructure in Australasia and South East Asia. The model is presented within a context of strategic asset management.

The paper emphasises the need to develop clear, unambiguous service strategies prior to the commencement of asset planning and argues that VM has a vital role to play in both of these areas.

The application of VM to the development of infrastructure programmes in the public sector has been a gradual process. It has required a concerted effort to systematically promote VM within agencies, to demonstrate to senior management the need for VM and to familiarise the staff at large with the broad principles and practice of VM.

In addition it has been necessary to develop specific models for VM workshops that best meet the particular requirements for the study at different stages of project life cycles.

INTRODUCTION

The application of VM to the development of infrastructure programs in the public sector has been a gradual process. It has required a concerted effort to systematically promote VM within agencies, to demonstrate to senior management the need for VM and to familiarise the staff at large with the broad principles and practice of VM.

In addition it has been necessary to develop specific models for VM workshops that best meet the particular requirements for the study at different stages of project life cycles.

The National Centre for VM has been involved in the development of:

- VM Guidelines
- Policy for Government and large organisations
- VM Familiarisation Workshops
- The Graduate Certificate in Strategic Asset Management
- The establishment of the Institute of VM Australia
- The conduct of over 200 VM studies.

Through the integrated program of professional

and providing them at lowest total cost consistent with the stated levels of performance.

There is an emerging trend toward the integrated provision of public sector services eg University/TAFE/Senior Secondary School. The management of programs with such a diverse range of owners and stakeholders necessitates the utilisation of VM central to the overall management strategy.

VM FOR INFRASTRUCTURE PROJECTS

VM has application at all stages of project development and of continuing maintenance programs. From the strategic planning stage through to implementation and use, VM may be used as a powerful tool particularly when it is properly integrated with the project management plan.

Key Stages are:

- Strategic
- Concept Development & Evaluation
- Design Brief
- Design Review
- Project implementation
- Repair and Maintenance
- Re-furbishment
- Disposal

In many respects, the study will be different at the different stages of the project. The study objectives reflect stage of the project development. For example a study at the concept development stage will focus on the development of a range of options and the selection of one. The particular mix of stakeholders involved in the workshop will vary with the stage of development at which the study is conducted. For example, a study at the project implementation stage will involve contractors, project management, users, client representative and the focus would be on matters of construction, timing, cost, quality, risk etc. The format of the study will be different at the different stages. It is most common to have studies involving two-day workshops at the strategic level, and longer duration studies at the more detailed level.

It is important to recognise the differences in approach to studies conducted at these various stages. Whilst the methodology is common, seeking the right mix of participants, maintaining an appropriate focus on the tasks, identifying the correct objectives, analysing the functions at the appropriate hierarchical level, contribute to the overall effectiveness of the study and the impact on the project.

Public sector infrastructure projects, by their nature, often have a significant level of impact on the community. Increasingly, agencies are having to comply with more stringent environmental constraints, fiscal pressures, political imperatives and an increasingly vocal community. The proliferation, diversity and power of special interest groups represent another dimension to the task of the asset manager in coming up with the means to provide a particular service requirement

VM studies can help overcome problems such as community acceptance, environmental impact etc by involving community representatives in the decision-making process. By having representatives of regulating bodies, special interest groups and the community involved in a study enables them to assist in finding solutions in a way that would not otherwise be possible. It is the synergy of the group that helps overcome problems by seeking innovative solutions. The involvement and subsequent ownership by the participants is a major outcome of this approach.

THE STRATEGIC VM STUDY

It is, perhaps, a truism that the earlier in the project development life cycle that a study is conducted, the greater the opportunity for value improvement, therefore the greater the impact on the project overall. The Strategic VM Study is of particular importance to the work of the Strategic Service Planner whose task it is to identify the range, level and nature of the service required. It is also of significant relevance to the Strategic Asset Manager who seeks to determine the asset implication for the specified service requirement. As the title implies, the strategic study is conducted at the earliest possible time, as soon as a perceived need is recognised.

It involves a broad range of stakeholders, usually representing a high level in the client organisation, and includes representation from users, regulating bodies, planners, financiers, designers, asset managers etc. The group is generally large, up to thirty in number and the workshop is often of two days duration. The characteristics of the Strategic Study include:

- Wide range of stakeholder representation
- A two-day workshop format
- A systems approach focused on the service delivery requirements
- A focus on identifying needed functions
- Creative development of delivery options
- Assessment of total asset cost which includes life cycle costing
- Prioritisation of service delivery

The facilitation of strategic level studies, often involves a facilitation team (as opposed to a single facilitator) to work with the workshop group. As many as four people may be involved in this team whilst the workshop may involve 20-30 people.

In general, the VM study returns savings many times greater than the cost of conducting it. In addition, there is enhanced understanding of the project by the participants as well as improved communication and networking which indirectly lead to additional savings. It is not uncommon for a study at this stage to recommend that a proposed project not proceed.

VM IN THE PUBLIC SECTOR

It has been a slow process developing a sufficient level of awareness amongst managers and organisations at large to recognise the value of VM and to initiate studies in sufficient time to have maximum influence on the outcomes.

The factors that mitigate against the more widespread use of VM include:

- Perception that VM is already implicitly undertaken
- Lack of awareness of the potential benefits
- Difficulty in convincing management
- Apprehension about the costs of conducting a study
- Difficulty in assembling all key stakeholders at one time and place

Agencies who have implemented VM in a systematic way have done so through an integrated program of implementation, policy development, and education. In most cases this has involved an advocate at a senior level within the organisation actively supporting a long term program.

Some large public sector organisations conduct regular VM Familiarisation (VMF) workshops to educate their staff. The workshops are of one day's duration and introduce participants to the definition, the methodology, function analysis and to examples of decision-making processes. This increased level of understanding means that studies are conducted in a timely manner, in a format which is appropriate to the stage of the project development life cycle. VM becomes seamlessly integrated with the overall management strategy.

These organisations have sponsored staff to attend the Graduate Certificate Course and become VM Facilitators. This provides in-house capability to facilitate studies.

Another challenge is to assist managers and others who have responsibility to initiate a study in a timely manner. This involves making them aware of relevant agency or government policy, as well as the general criteria which may be used to justify the need for a study. They need also be aware of the costs of conducting a study, the means by which they can justify the cost, and the means by which a study is arranged and organised. This requires knowledge of the three stages of a study; the pre-workshop, the workshop and the post-workshop stages.

It is worth noting that managers are often unsure of the basis upon which they can justify calling for a study to be conducted. The following is a list of criteria which managers find useful in providing them with the necessary argument.

INITIATING A STUDY

VM studies may be initiated by:

- the client (who may be concerned with finding the best solution, developing a clear brief, minimising risk etc);
- the program director (who may be interested in better brief, involvement of stakeholders in planning process, time savings etc);
- the design consultant (who may be seeking stakeholder input in the design process, to explore alternative solutions etc);
- the development manager (who may be concerned with the identification of optimal solutions for delivery etc).

Initiation Criteria

The following study initiation criteria may be used by managers to provide the necessary justification:

Potential for Savings

On projects where it is suspected that there is a known potential for savings, or where a choice between alternatives each with advantages and disadvantages, must be made by the stakeholder group at large. For example the choice of route for a major highway.

Complex Projects

Projects which contain complex issues may require decisions be made using input from a wide range of key stakeholders. The complexity of a project increases with the number of disciplines involved in the design or with the number of stakeholders. There may be competing interests, or a need to establish priorities amongst a number of contentious items.

To be continued in the next issue.....

Welcome New Members

During the Executive Committee Meeting held on 31st July 1996, the following applicants have been approved by the Committee (in random order):

Members

Mr. Eric Meng	Meng, Washington 98121, USA
Mr. Yau Chi So	Yau Lee Construction Co. Ltd
Mr. Pak Keung Kenneth Wong	Estate Office, University of Hong Kong
Mr. Pui Suen Tam	Hong Kong Housing Department
Mr. Roger R. Land	Bechtel Asia Pacific, Inc.
Mr. Adrian John Smith	City University of Hong Kong
Ms. Man Fong Ho	Hong Kong Polytechnic University
Mr. Gordon Victor Robinson	Calibre Consulting Limited

Associate Members

Mr. Chi Shing Wan	Davis Langdon & Seah Hong Kong Limited
Mr. Tin Chu Leung	MDA Hong Kong Limited
Mr. Chi Wah Lam	Franklin & Andrews (HK) Limited

- Over 100 delegates attended the first International VM Conference in Hong Kong.

- Delegates are listening to interesting presentations delivered by top-notch speakers

- Vice President Mr. Malcolm Pearson address to delegates at the conference dinner.

HKIVM NEWS

- ♣ A lunch meeting was organised on 20 March 1996. The guest speaker was Mr. Neils Kraunsoe who spoke on the topic "VM - The Client's Prospective". During a 25-year international career in the Asia Pacific region, Mr. Kraunsoe has been responsible for numerous engineering and building development projects. He is currently Chief Executive of the Hong Kong Convention and Exhibition Centre. The dinner talk has been well received by some 30 HKIVM members from both the public and private sectors.

♣ During a recent HKIVM Executive Committee meeting, it was agreed that a practitioner's grade within the

CALL FOR ARTICLES

VALUE MANAGER intends to provide a lively forum and means of communications for HKIVM members and those who are interested in VM. To achieve this objective, we need your strong support. The following are some notes for contributors:

(1) Articles submitted to HKIVM should fall in one of the following categories: New VA/VE/VM techniques or methodologies, Review of conference VM papers, VM case studies, VM research trends and directions, Reports of innovative practice.

(2) Papers or letters should be submitted on a 3.5" or 5.25" disc for IBM PC and A4 hard copy. Discs will be returned to authors after editing. Figures, if any, should be sent separately, in their original and preferred sizes. The length of each paper should be around 1000-1500 words.

(3) Although the preferred software for processing your article is MS Word for Windows V6, the following word processing packages are also acceptable: Wordperfect 5.1, Standard ASCII Text file, and Wordstar 3.3 or over. If none of the above word processing packages is available, please find a computer with scanning capabilities, the typewritten copy can be transferred to a file as specified.

(4) All articles and correspondences should be sent directly to The Editor of HKIVM, Dr Geoffrey Shen, Department of Building and Real Estate, The Hong Kong Polytechnic University, Hung Hom, Kowloon. Tel: 2766 5817, Fax: 2764 5131.

Application for Membership of the Hong Kong Institute of Value Management

If you are interested in knowing or joining the HKIVM, please fill in the reply slip below and return it to the membership secretary of HKIVM, Mr Patrick Fong, c/o Department of Building and Real Estate, Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong. Fax: 2764 5131.

_____ Cut Here _____

Please send an application form for membership to the undersigned:

Full Name: _____

Company: _____

Address: _____

Position: _____

Tel: _____

Fax: _____

Signature: _____