



# THE VALUE MANAGER

The Hong Kong Institute of Value Management



Volume 4, Number 2, 1998

## MESSAGE FROM THE PRESIDENT

**Tony Toy, President of HKIVM**

An Irish priest offered a dollar to the boy who could tell him who was "the greatest man in history".

"Columbus," said one.

"George Washington," said another,

"St. Patrick," shouted a third.

"The dollar is yours. But as the only Jewish boy in the class, why did you choose St. Patrick?"

"Right down in my heart I knew it was Moses," he replied,

"but business is business."

I wish the HKIVM could define its business purpose, anticipate the client needs, address cultural paradigms, curb personal/emotional bias and deliver the solutions as objectively as that boy did. Although the HKIVM at present is still self-sustaining, its future is no more assured than the commitment of its members. In line with Institute's business objectives and its continued development, as indicated in our previous newsletters, the executive committee has now set out in this newsletter a number initiatives/proposals as a way forward. Namely; the creation a new membership status of Value Management Facilitators (VMF), provide more tangible services to the membership, and the possible postponement of the next Conference (the title will not be 'the appropriateness of VM during boom times' as was proposed for our first conference on 1996),

Six months on since our second conference and, economically, we are still awaiting the light at the end of the tunnel. Everyday, the precariousness of social, political and commercial values around this region is constantly highlighted in the media. As most organizations are continuously looking for sustainable competitive advantages, particularly during times of economic uncertainty, one would think that a rational and proven process like the value methodology would be a welcome elixir. Yet the anticipated growth in interest has not materialized. Why?

I am sure that the reasons are many and varied. One logistical factor is due to the lack of experienced practicing facilitators residing in HK. Many organizations, though interested, are still hesitant to initiate the process without first hand knowledge of the benefits, particularly when the only option is to commission an overseas facilitator at additional expense and inconvenience. Hence, there is an opportunity for the Institute to pro-actively promote the practice of VM by directly addressing this impediment. In parallel with the proposed new VMF status, I propose that the HKIVM initiate a program to promote and market the VM process to these organizations, and at the same time, directly assist the trained local facilitators to gain the necessary experience to qualified for the VMF status.

The proposal is to:

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- a) promote the VM process to public and private organizations
  - b) encouraging organizations to commission VM workshops by engaging HKIVM so as to minimizing their administrative work and ensuring basic standards of competency
  - c) matching experience, expertise with client needs by recommending a list of suitable facilitators
  - d) maintain a list of trained local facilitators willing to undertake facilitation of VM workshops

The idea is not to compete with the established facilitators but merely to provide a short-term window of opportunity for a locally based culture to develop. To this end it is proposed that:

- a) this service runs for a interim period only, say two years with a review for one extension only
- b) limit the number of workshops per client, say three
- c) limit the number of workshops per facilitator, say eight
- d) remuneration and administrative costs to be set by the HKIVM executive to reflect the local market rate,

As the proposal is only a HKIVM policy matter it is hoped that we can introduce this measure ASAP to promote the VM process more actively now during this economic downturn. I now seek your views on the proposal before presenting the proposal to the executive council for a decision in mid June. Fax, phone or e-mail me.

***EDITORIAL:** Inside this issue, you will be interested in reading our President's message and the article by Mr. Tony Wilson on the current application and practice of VM in the Architectural Services Department. You may also wish to know more about HKIVM's policy paper on VM facilitation from Ms. Lindsay Pickles's paper, and to share your views with our American friend Eric Meng on managing values in construction projects.*



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# THE DEVELOPMENT OF VALUE MANAGEMENT IN ARCHITECTURAL SERVICES DEPARTMENT

**A. R. Wilson, Chief Architect/Central Management Branch**

### ***Editor's Note:***

*This article provides up-to-date information about the use of VM in the ArchSD. It follows the article "Value Management -The Next Management Fad?" by the same author published in the last issue of The Value Manager.*

### **Introduction**

“Value Management, the next management fad” was the topic of a paper prepared for the Hong Kong Institute of Value Management Conference in November 1996. It summarised the initiatives taken

by Architectural Services Department since 1991 and positioned Value Management as a valuable tool to help strengthen the project procurement process.

At the time of writing, I had just completed the facilitator training course under Professor Roy Barton at the University of Canberra, Australia and therefore was very enthusiastic about how Value Management (VM) could help us in future. I also wondered why it was not more widely used.

It is now 18 later and an update on progress with observations to date is appropriate.

### Architectural Services Department (ArchSD)

Since 1996, Our staff resources have remained similar in number, the number of projects listed is also similar, but the estimated value of the works has more than doubled. Our 1993 business objectives, including information technology strategy, and ISO9001 Quality Management System, have served us well in providing a robust framework which has accommodated change considerable restructuring, and increased demands from clients and the public.

### Value Management Awareness & Training

ArchSD has introduced Value Management at a basic level, to the professional levels of our multi disciplinary staff, through conducting workshops, arranging seminars and sponsoring attendance at the Hong Kong Institute of Value Management International Conferences.

In March this year our staff have observed two very interesting presentations. Peter and Sandy Yeomans from Perth, Australia (*E-mail address : yoyo@inet.net.au*) gave a presentation and short practical demonstration to around forty of our professional staff which was well received. We followed this with a strategic planning presentation from Dr. David Stevens (*E-mail address : vmi@ozemail.com.au*) to thirty of our Directorate and Senior staff. This presentation was particularly useful as Dr. Stevens positioned Strategic Planning, Value Management, Risk Management, Value Engineering and Partnering, as he saw them occurring in sequence in the project procurement process. We have also offered advice to two students and others interested in learning and promoting Value Management.

### General Observations on VM Studies

We have now completed 15 studies on various projects and programmes of work. All were two day studies with external facilitators, and all met the desired workshop objectives.

It has been difficult to properly arrange the studies. Why should this be the case when the outcomes of the studies range from meeting objectives to being highly successful and exceeding expectations? Is it because there is sufficient project funding and budgets are not being squeezed. Are recurrent costs not important or being considered? It could be that individuals provide time input into a highly successful group process which only lasts for the time frame of the workshop and

action plan items, but afterwards go back to their old ways and try to solve problems by themselves.

There is also the concept, "Why do we need a workshop? We do it anyway". The time input required to set up and attend the workshops is perceived as too valuable to give up. Often overlooked, is that time will be saved later through avoiding crises meetings, requiring less coordination meetings and smoother project implementation. There are many ways to squash a good idea, and the excuses for not arranging workshops are varied. "We are not ready", "We are not prepared", "We are too busy" etc. The best champions of VM studies should be Clients and Project Managers, who recognising the need to balance efficiency and effectiveness, can arrange studies to ensure that they have all known risks and current problems of the project addressed and positioned. From our observations, workshops are often better when the client isn't ready. This is because a study can be tailored to assist the client work out the options and ultimately the best strategic approach to meet their needs.

Feedback from the workshops has generally been good. All those who attended who were interested and when involved, were very positive about the process. There were some attendees who had little professional input who participated less and whose views were less constructive. Some comments on the facilitators have been received such as "following the process and forcing the workshop, thus not allowing all views to be expressed". It can be seen how this can happen where some issues may not warrant further debate as the conclusions will probably be the same and they are not about the key issues. We believe an experienced facilitator will often push for decisions within a limited period from time to time.

One area for all to note, is that for every workshop it is necessary to have a facilitator who is responsible with compiling and finalising the report and action plan. The facilitator may use a co-facilitator or assistant, but must be the key person tasked with the report completion. The Project Manager, or designated Manager, must then drive the follow up actions for satisfactory results. It is also essential to have the right level of stakeholders/participants who can help to make decisions. This was another area where we had considerable difficulty in getting proper participation.

A very important point is that VM studies take into account all the issues and concerns raised at the time of the study. It is noticed that for some projects, subsequent events have influenced progress. In one

case it was a change of top level staff, and in another it was the introduction of a new process. When, these major changes occur, usually some time after action plans are complete, consideration should then be given to holding a follow up VM study to fully evaluate the consequences of the change and plan the best way forward. A quick follow up can keep the projects on schedule and assist with well thoughtout decision making. Project Managers and Clients please note.

### Conclusions

Addressing the apparent reluctance of having Clients and Project Managers use Value Management more, there are several areas to focus on such as :- continuing awareness training, promoting Value Management, seeking culture change etc. ArchSD has amended our recommending policy to add flexibility :-

- To undertake a VM study on selected projects prior to the completion of Public Works Programme (PWP) PPFS reports.
- To undertake a VM study on a large scale PWP projects, (say over \$250M) before scheme design stage.
- To identify from VM studies carried out, further areas for study where added value could be found within PWP projects.

This prompts thought about if there should be a future SAR Government mandatory policy similar to Australia and USA. In these countries it has been mandatory due to limited capital for projects and concerns about recurrent costs. It is required that VM must be undertaken for projects over certain fixed values. As both recommending type policies and mandatory policies have their advantages and disadvantages, members may wish to pass on their

views on this subject as it well later become an issue in Hong Kong.

Within ArchSD, in addition to our studies, we have observed more informal use of Value Management techniques i.e. using Information, Analysis, Creativity, Judgment and Development, within planning and design contexts, which is encouraging.

Coming back to the original topic, “Is Value Management a passing management fad?” We do not think so. Value Management is a well established, powerful and complex tool which needs to be used properly. This complexity can partly explain the reluctance to use VM more, however the benefits which are usually obtained from studies should not be ignored and are reinforced again :-

- Simplification of methods and procedures resulting in less recurrent costs and a more efficient process.
- Savings in time, costs and energy.
- Expedited decision making.
- Risks can be better forecast and understood by all.
- Resources time wastage can be minimised.
- Savings can be redirected into adding value.
- Programmes can be staged or phases, allowing progress.
- Better communication and understanding of all in the project objectives.

Value Management can be applied to all problem areas and these are all very important benefits for Managers of all types. ArchSD will continue to train our staff and where appropriate, use Value Management techniques for all problem solving issues, whilst we continue to produce our projects under our quality management approach including ISO14001 for Environmental Management Systems.

### **The Development of Value Management in ArchSD**

#### 1994

- Tony Toy completed the University of Canberra training programme. Apr. 1994
- Prison project workshop. July 1994
- One day VM seminar for clients hosted by ArchSD. July 1994

#### 1996

- ArchSD members joined the Hong Kong Institute of Value Management (HKIVM) as founding members. Feb. 1996

- W. K. Fung and A. R. Wilson completed the University of Canberra training programme. Apr. 1996
- A. R. Wilson prepared paper for HKIVM International Conference 1996. Apr. 1996
- ArchSD arranged workshops for 6 projects. May 1996
- ArchSD co-sponsored as a 10th Anniversary event, the first HKIVM International Value Management Conference. May 1996
- ArchSD set up a VM working group. June 1996
- ArchSD initiated policy for Value Management implementation. Oct. 1996
- ArchSD arranged workshops for 2 projects. Nov. 1996
- W. Lee and H. K. Li completed the CITA training course held in Hong Kong. Dec. 1996

### 1997

- W. K. Fung gave a VM seminar (in Chinese) to Construction Managers from PRC who were on the CITA Training Scheme. Jan. 1997
- H. Wong completed the CITA training course held in Hong Kong. Apr. 1997
- ArchSD arranged workshops for 6 projects. Nov. 1997
- ArchSD supported the second HKIVM International Conference by sending delegates to increase staff awareness in VM. Nov. 1997
- ArchSD suggested to Planning Department to include VM in a planning study. Nov. 1997
- ArchSD assisted HKIVM in a presentation of VM to the private sector. Nov. 1997

### 1998

- Mr. Peter Yeomans provided a half day VM awareness presentation to 40 professional staff. Mar. 98
- Dr. David Stevens gave a strategic thinking seminar to 30 Directorate staff. Mar. 98
- ArchSD introduced VM into a consultant brief for the first time. May 1998

## **HKIVM'S PAPER ON CERTIFICATION OF VM FACILITATION**

**Lindsay Pickles, Technical Director, HKIVM**

### **1. PURPOSE**

The purpose of this paper is to propose a policy and approach for establishing a facilitator status within HKIVM. It sets out the criteria against which the potential Value Management Facilitator (VMF) would be measured for certification by HKIVM. HKIVM members are invited to comment upon this proposal.

### **2. VISION**

HKIVM wishes to further the application of value management in Hong Kong, within its status of a learned society. HKIVM recognizes that, in the short term, the practice of value management needs to be

promoted, and that potential users need to be informed of how to contact facilitators that are properly qualified and experienced. HKIVM also seeks to develop local expertise in facilitating workshops and wishes to assure the quality of this expertise for the benefit of community and industry. HKIVM now proposes to establish a class of membership entitled Value Management Facilitator. Members with this classification would be certified by HKIVM to facilitate workshops. HKIVM also aims that this class of members will have reciprocal recognition with other international institutes such as SAVE, in America, IVM (Aust) Inc, in Australia and with the proposed European body.

In summary, HKIVM seek:

- To define the qualifications and experience needed to facilitate workshops against a framework of criteria and best practice taken from existing VM Institutes.
- To maintain a list of members with the necessary qualifications who are working towards VMF status and are seeking opportunities to obtain the necessary experience to be awarded VMF status.
- To award VMF status to those members with the necessary qualifications and experience, and maintain a list of these members.

### 3. BACKGROUND

HKIVM has developed a set of attributes needed to ensure a member's effectiveness in facilitating by considering the qualifications and experience required to achieve specialist status by other related organizations:

SAVE - Certified Value Specialist (CVS)  
IVM (Aust) Inc - Practitioner Status  
Europe - Professional in Value Management (PVM)

Some of these organizations do not have a class of membership recognizing their facilitators. To achieve IVM (Aust) Inc practitioner status, an applicant needs to provide evidence of successful facilitation of a number of VM studies. SAVE International has the CVS status for individuals who use the value methodology in their principal career and who have met the approved education and experience standards. In October 1994, the European Commission awarded

IVM (UK) a contract to develop a system of certification for VM. The criteria set out by IVM (UK) reflect the findings of research with a focus on training and teaching qualities. With its goal of reciprocal recognition, HKIVM has considered those attributes required by each of the three organizations.

HKIVM has been developed its list of attributes within the following framework:-

#### Qualifications:

1. Theory (Methodology, Techniques etc)
2. Examinations/Assignments
3. Practice

#### Experience:

1. Workshop Facilitation
2. VM Industry Involvement
3. Continuing Education/VM Promotion

#### Standards:

1. Conduct
2. Methodology, Techniques

HKIVM has summarised the requirements of SAVE, VM (Aust) Inc. and Europe within this framework. These are attached. As requirements were sometimes quite specific, HKIVM has noted its perception of the purpose or objective justifying the requirements in the Remarks Column.

To facilitate the granting of reciprocal status, HKIVM has taken the most stringent requirements as the criteria for VMF status. The proposed requirements are summarised in Table 1 below.

**Table 1 - PROPOSED REQUIREMENTS FOR VMF STATUS - HKIVM**

<u>Attributes</u>	<u>HKIVM Criteria</u>
<b>Qualifications</b>	
1. Academic	- Two weeks attendance in a HKIVM approved academic training programme
2. Practice	-

<u>Attributes</u>	<u>HKIVM Criteria</u>
3. Continued Education/VM Interests	workshops over the last two years
4. Annual Report	- One hundred hours per year in continuous education/VM interests or as per SAVE format - An annual report listing the workshops in which they were the lead facilitator, the workshops which they were involved, formal learning courses attended/ completed, courses taught, materials written, and participation in HKIVM or other value oriented institutions or societies
<b>Standards</b>	
1. Conduct	As SAVE or similar
2. Methodology	The VM job plan to be followed
<b>Membership</b>	Membership of HKIVM required

#### 4. PROGRAMME FOR IMPLEMENTATION

June 1998	Comments from members sought Proposal posted for wider comment through VEAMAC
Sept 1998	Proposal finalised
Nov 1998	Proposal presented for ratification at AGM

## THE HOUSING AUTHORITY - MANAGING A VISION - HKIVM luncheon 26 March 1998 - Management of Values Series

**Raymond Bates, Business Director of Commercial Services, Housing Authority**

My first instinct was to title the talk "the Management of a Nightmare" but I thought that the Housing Department spin-doctors would freak out. Instead I would like to focus on the cultural change programme that is taking place within the Housing Department. It is known as the Management Enhancement Programme, M.E.P for short and is aimed at changing the mindset of some 15,000 civil servants.

Let me start with a pen-picture of what we do, and our vision.

We house half the population of Hong Kong in some 860,000 rental and home ownership flats. We have in addition shopping centers, car parks, schools, welfare buildings and even factories. At any one time there are over 150,000 flats under construction. For the next three years this will rise to 200,000 flats under construction. The Housing Authorities budget represents 2% of Hong Kong's GDP.

Our vision is " to be the community's pride as a professional team striving for continuous improvement in the provision of public housing and related

services."

Our values are simple and are called the three C's Caring, Customer-focused, Committed.

Our targets are clear. The Chief Executive wants us to build an average of 50,000 public housing flats a year for the next ten years. He wants 70 % of homes to be owned within a decade.

I have to admit from the outset that the Housing Department does not use Value Management in the formal sense. It does, however, use many of the techniques that form the basis of value management.

On the 15 July 1994, Tony Toy dragged me along to a Value Management and Value Analysis seminar conducted by Roy Barton and Alan Butler. What struck me most was the similarity in methodology with a technique we were using called "Reliability Centered Maintenance". Introduced into the Housing Department in 1990 the origins of RCM were rooted in the airline industry, and in the operational research techniques



developed during World War II.

Reliability Centered Maintenance started with a clear understanding of the purpose of a service or a component, such as a water pump. The modes of failure and the consequences of failure were identified. Of particular relevance was the importance of bringing together of client, designer, user and maintainer through a trained facilitator. In 1990 and 1991 we trained a number of facilitators to implement our RCM programme.

Value management starts with a change of attitude, you have to listen to people. In the Housing Department that starts every day at 8.30 am with morning prayers. Senior staff are told what has been said about housing in the newspapers and media . I can assure you that during elections that is alot of newsprint and TV coverage. Today I follow this luncheon by spending the afternoon listening to the Provisional Legislative Council opinions. It is an essential part of public accountability.

Value Management focuses on the client needs, and the ability to meet those needs in a cost-effective way. It starts with the premise that you know who the client is, and that both you and they know what they want. In the case of the Housing Authority it acts as the client and supplier of services and it can be difficult to be sure when it is acting as client, and when it is providing services.

In 1989 the Housing Authority took the decision that by 1993 its construction arm, and the contractors working for it would need to be certified to the ISO 9000 standard. For the first time a clear understanding of client requirements was required. The standard also required a design review process. I note that in the case of the Architectural Services Department, this provided the catalyst for the introduction of Value Management.

On the back of ISO the Housing Department started to commission buildability studies, and seek independent reviews of its Harmony Block designs. Contractor consultation increased. The Concorde Block development provided for much broader public consultation on the designs. With the introduction of the Chief Executive housing targets in 1997 HOUSECOM was set up. The committee chaired by the Financial Secretary sets clear priorities. It resolves the varying government needs and conflicts. All of these examples are not Value Management in the formal sense, but they are a step in the right direction.

The Management Enhancement programme is a move towards TQM. In a nutshell the Management

Enhancement Programme has four components

- Corporate Planning and Strategy
- Service Standards and Delivery
- Culture Change & Human Resource Management;
- Internal and External Communications

Why this initiative? The District Board and Legislative Council elections in 1995 had placed the Housing Authority under considerable pressure. Land supply problems in the 1980's was causing housing production to fall. Building defects, the standard of maintenance services and the attitude of Housing Department staff were all valid targets. The persistent battering ram of political pressure caused moral in the Housing Department to plummet. This was to result in a raft of changes that were to form the stepping stones that culminated in the Management Enhancement Programme.

The second factor was the Government's 'Serving the Community Initiative. A series of building blocks were proposed for Government Departments-

Being Accountable  
Living within our means  
Managing for performance  
Developing our culture of service

Departments were pushed to change. Visions, Missions, business planning, performance pledges and core competencies are examples of where change was either required or encouraged.

A third factor was the movement of key personal within the Department. Although the development of new management systems was already taking place, the change in senior management provided a different chemistry that opened-up opportunities for synergy of effort.

In 1995 and 1996, a study was undertaken to map out a strategic framework, to instill a customer orientated culture, improve service delivery and enhance communications. It started with an extensive survey that included:

Tenants and owners (2227 people)  
Contractors employees (517 people)  
Housing Department (10714 staff, 81%)  
Media and Politicians

The findings came as no real surprise, but reinforced the need for change. All parties in the housing delivery management and maintenance process did not regard

tenants and owners as the key customer.

This brings me back to my starting point; cultural change is the key to Value Management. In 1990 I was bold enough to forecast that we would achieve quality assurance within three years, and that we would

achieve a cultural change within ten years. I was right about the three years. I was wrong about the cultural change within ten years. We will be doing well to achieve it within fifteen years. Value Management encourages teamwork, innovation and compromise. It is a vehicle to achieve cultural change in an organisation.

## MANAGING VALUE IN GC/CM PROJECTS

**Eric Meng, AIA, CVS, President of MENG, USA**

I just heard yet another presentation on a university construction project using the GC/CM (General Contractor / Construction Management) delivery method. This presentation noted that the partnering activities, the claims avoidance panels, and the candid cooperative problem solving are highlights in the project. The presenters proudly passed out a list of "Value engineering cuts" that the team had implemented, but they lamented the inability to meet budget or schedule within the current booming construction environment. From this presentation and many similar reviews of the newer project delivery approaches, I maintain that the solutions for cost and quality control will not be solved merely by changing and sharing roles and responsibilities, but also by changing and sharing the tools used for the management processes. These tools, covering design, cost planning, scheduling, and construction management require more rigorous and more creative application.

This discussion touches on some of these tools and their changing roles in alternative public works processes. In particular it focuses on formal value management as an example of one tool that can have the greatest positive impact through these alternative construction methods. Over the past 5 or 6 years, the major state agencies in Oregon, Washington and California have looked at alternative project delivery processes for public projects. Design / build, GC/CM, and various combinations of these have all been introduced in pilot programs, and many have been endorsed with permanent legislation. These alternative approaches have been tried in order to reduce cost and schedule risks and to reduce claims and litigation.

Enough university, corrections, transportation, health care and technology, social services, and even k-12 education projects have been completed with alternative contracting to draw some conclusions about their effectiveness compared to traditional low bid projects.

The results so far are showing mixed results. The general consensus is that working relationships are easier through the design and construction phases but that costs and claims have not been reduced. More recently in fact costs have risen at the same or greater alarming rates as they have in traditional low bid projects.

Perhaps the greatest benefits from these pilot programs is the willingness to introduce and use many additional tools that have seen only token use in the past and for the design and construction industries to share some of the tools that they in the past have kept to themselves. For example the construction side has as a matter of course and necessity relied on good CPM (critical path methodology) scheduling for complex projects, and with formal CM now at the design phase, design teams are learning better formal scheduling methods. In the other direction, "systems" cost estimating methods such as UNIFORMAT and LCCA (Life cycle cost analysis), long used by designers to shape and control major system selection during the early design process are augmenting contractor's "construction trades" breakdowns because contractors are being asked to take responsibility for some design and performance decisions.

With the selection process increasingly based on performance and service, contractors are learning tools such as risk analysis, code mitigation, quality benchmarking, partnering, and commissioning and using them as promotional features.

An interesting aspect of this cross-fertilization between design and construction tools is the impact on the tools themselves. Each "side" has for years used terms for some of these tools, (again often in a promotional sense) that rather loosely define processes used more rigorously by the other industry.

One process that has suffered the greatest misdefinition, particularly in the GC/GM environment is Value engineering. Although some designers share culpability, contractors for years have loosely used the term “value engineering” for a process that generates random lists of cost cutting ideas, usually in an attempt to negotiate a project back within an awardable budget after a “bid bust.” The result is usually quick off-the-cuff listing based on individual experience. The lists generated in this fashion usually address procurement or specification options and can whittle away at cost. Very few in the construction industry understand the creative formal value engineering process (also called value analysis or value management) that most designers are exposed to during the schematic or design development stages of a project. This process, when applied properly seeks creative breakthrough alternatives that maintain or even increase functionality and quality while reducing costs. Using interdisciplinary teams, the process defines projects in terms of prioritized functions, and then methodically analyzes multiple alternatives for both higher order and supporting functions. The analysis considers costs as well as owner’s prioritized criteria. The process can be applied to entire projects or to specific components. It thus is valid as a creative problem solving tools throughout a project.

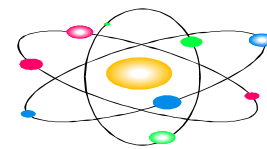
Throughout the Pacific Northwest, many formerly strong mandated value engineering programs are being eroded because owners are being told that the early contractor involvement in the design/ build or GC/GM process substitutes for formal value engineering. This may be true for constructability, but with most contractor’s lack of exposure and training in value engineering, the owners are giving up the largest opportunities for true **value** -based cost planning and

are receiving projects whose specifications and components are downgraded during the cost cutting exercises. Most owners think they are getting more value engineering, but with stronger contracted CM services, many owners are even farther removed from daily project management, and are not part of the implementation or decision making phase of the value engineering. Formal value engineering includes in the workplan an implementation phase in which concepts can be objectively presented to appropriate owner decision-makers.

With the inflationary pressures in our current West Coast boom economy, especially within the GM/GC environment, owners should be increasing the use of formal value management. Multiple phase studies using both independent and trained in-house teams, all using rigorous function analysis will prove to be the greatest tool in the owners’ and managers’ toolbox for delivering quality within reasonable budgets. The process will provide some of the third party checks and balances formerly offered by the independent contractual relationship the owners maintained between designer and contractor. At the same time, it will build consensus around breakthrough concepts with its interdisciplinary, non-judgmental approach.

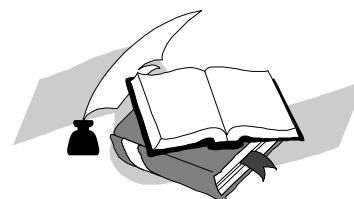
The future will include more design-build, GC/CM, CM/GC, and even other creative delivery methods. They all offer improved human relations and fewer surprises. But owners, taxpayers, and politicians will continue to demand fiscal responsibility. If alternative approaches do not deliver improved value, the cry for even more cutthroat low-bid contracting will increase. To preserve the benefits of these alternative methods, it will be necessary to increase the use of rigorous value management tools

## HKIVM NEWS



- ♣ On 26th March 1998, Mr. R.A. Bates, Business Director of Commercial Services, Housing Authority have been invited to give a talk entitled "**The Housing Authority - Managing a Vision**" at a Lunch Gathering organised by the HKIVM in Fraser Room, The Hong Kong Club. More than 20 members and distinguished guests have attended this very interesting and informative gathering.
- ♣ 30th April 1998, Mr. J.T. Rowse, JP, Director of Business & Services Promotion Unit, Financial Secretary's Office gave a talk on "**Management of Values from the Business & Services Promotion Unit**" at a Lunch Gathering organised by the HKIVM in Harcourt Room, The Hong Kong Club. Around 25 members and distinguished guests have attended this very interesting and informative gathering.

## FORTHCOMING EVENTS



- ◆ Starting from September 1998, HKIVM will organise a series of lunch meetings for the rest of the year. Details of the meetings will be released in due course.
- ◆ As the summer is approaching, a large number of HKIVM members will be on holiday and some will be away from Hong Kong. Your Executive Committee wishes you a **happy and relaxing summer holiday!**

### HKIVM 3rd International Conference Update

It was previously announced that we intended to hold our next Conference in November 1998. Subsequent events, which include an economic downturn in the Asian Region, has prompted a review on the Conference timing. We have also taken into consideration feedback from last year's attendees and speakers.

We are urgently looking for key sponsors. We need about eight joint sponsors of \$25,000HK each to cover our costs. Contacts are being made to extend the scope of the Conference to cover other professions and industries, therefore if you know of anyone who could sponsor or may be interested in participating please let me have details soonest. We would like to try to build in their topics to papers and perhaps arrange a discussion session to suit their needs.

We are looking at alternative venues and other ways to achieve the same results as before but with less financial outlay, recognising that the past Conferences have served those who attended well, as a vital hub for VM discussion.

There was 18 months between Conferences 1 and 2, therefore, subject to the Committees approval, our revised 3rd Conference target dates are between 3rd to 7th of May 1999. The views and assistance with sponsors of all members will be appreciated.



## CALL FOR ARTICLES

THE 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) The preferred software for processing your article is MS Word for Windows V6, other packages such as Wordperfect 5.1 are also acceptable. 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: \_\_\_\_\_

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Position: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Signature: \_\_\_\_\_