

# Getting the best value for your investment?

Increasing global scarcity of critical resources, including oil and water, creates an imperative for all project developers to adopt a more sustainable approach. Further incentives for better resource use will be provided in 2010 when Australians will begin to pay – directly or indirectly – for the greenhouse gases they produce and/or consume through the new emissions trading scheme.

## Optimising Project Value

Optimising your project to meet these challenges and maximising its financial return is critical for the project, and your organisation's success. A holistic view of the project, with input from all the organisations and individuals who represent its clients and users, can add value throughout the project lifecycle.

Value Management (VM) provides this holistic view of a project. It is an essential tool in achieving optimum use of resources whilst meeting the increasingly stringent demands of users throughout the project life.

From its inception in the General Electric Corporation in the late 1940s to its continuing development today, VM is a proven technique to ensure that projects and programs not only meet your organisation's requirements and community needs, but also have the input and commitment of the key project stakeholders – from start to finish and beyond.

In NSW, VM has been a requirement of State Government since 1991 as part of its Total Asset Management Process. This has facilitated many more functional projects across the State and significant cost savings for re-investment in other projects.

## Easy to say; harder to do

At first glance, Value Management may seem like a simple and intuitive approach – perhaps just the application of good common sense. There is some truth, but not the whole truth, in this view.

VM is applied by means of a structured workshop, usually of one or two days' duration at which all the stakeholders in a project participate as equals. Workshop participants receive briefing documents and an agenda prior to the study. Questioning, analytical, creative and judgemental thinking is employed in the workshop process. Quality is assured

by following the structured VM process as mandated by Australian Standard 4183:2007.

At the core of the VM approach is the idea of true discovery: seeing the same thing through different eyes and revealing fresh possibilities. VM workshops utilise the skills and experience of project management leaders who have been around many projects, small and large, and have an intimate knowledge of the type of project or program under study. They also often include a "technical independent" in the VM study team; someone with relevant experience but who is not familiar with the project. These specialists add significant value by promoting alternative viewpoints of the project and by questioning from their related experience.

The early application of VM helps set the direction of the project whilst causing minimal change to work already completed. As with any project, the relative cost of change increases through the course of the project. However, even in the detailed implementation phase, when significant technical or stakeholder-related challenges may be encountered, VM can often help achieve a breakthrough in project value.

## Getting Best Value from Value Management

Thousands of commercial developments and infrastructure projects throughout Australia have benefited from a VM study, including a majority of venues, plus transport and logistics for the Sydney Olympics.

The majority of capital works projects will benefit significantly from the application of VM but the following criteria, proven by experience, are useful for selecting a project for its application:

- Capital works projects (new and refurbishment) with an estimated capital cost exceeding \$5 million;
- Innovative projects or the development of new processes;

## GENERAL ENQUIRIES

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The VM process and skilled facilitation result in excellent returns on investment. Over a number of projects clients can expect to achieve an average identifiable saving from the use of VM of 10%, based on the cost of the study and follow-up activities.

- Complex projects;
- Projects involving a large number disciplines in their design and operation;
- Projects where the brief or scope of work is unclear;
- Information technology projects;
- Service areas such as management systems, and facility operation and maintenance.

#### A little experience goes a long way

APP Corporation is a leading Australian-owned consulting business specialising in business consulting, project management, infrastructure and urban planning.

We combine innovation, knowledge and technology with the best people to deliver outstanding results for our clients.

In 2009 we will celebrate our 20th year of operation and our 4th year as a wholly-owned subsidiary of Transfield Services Limited (ASX code TSE; [www.transfield.com.au](http://www.transfield.com.au)), which is now an ASX 100 company with more than 29,000 employees and operations across the world.

APP has helped a wide range of leading Australian companies manage major property and infrastructure projects, incorporating the disciplines of value management along the way. Some of the landmark projects APP has project managed include:

- Westpac's new HQ in the Sydney CBD;
- National Australia Bank's campus at Docklands; and
- Stockland's new office complex for Optus at North Ryde.

APP recognises the benefits that flow from the thorough application of VM disciplines and is committed to following through the results of any VM study to ensure that its benefits are delivered in the project.

#### How APP Can Help

Based on our extensive experience on all kinds of projects, APP offers Value Management studies and workshops wherever we and our clients believe it will benefit the project at hand.

Selected APP Project Managers have significant experience in facilitating VM workshops in Australia and internationally, and are members of the Institute of Value Management Australia. APP can provide VM

services through our experienced Business Consulting Services team, or through our recommended third party providers, as required.

We ensure that the necessary preparation work including participant selection, venue arrangements, background information and agendas are distributed to VM study participants so that the workshop day(s) are highly productive. Outcomes from the VM study on your project can include:

#### Reduced:

- Capital, Operating & Maintenance costs
- Design and construction time

#### Increased:

- Return on investment
- Functional efficiency
- User acceptance
- Motivation and teamwork

#### Ensured:

- Agreement of project objectives
- Quality appropriate to function
- Fulfilment of users' real needs

#### Case Studies

APP has achieved outstanding results from VM studies that have been conducted on many of our major projects.

For example, on a major property development project, a VM workshop was conducted well into the implementation phase, in order to address an increasing flow of design change requests from multiple stakeholders across the project. Prior to the VM workshop, APP established a consolidated view of all the change requests in train and the associated design, cost and time impacts.

Through the VM workshop process, the best possible mix of design changes were agreed with all stakeholders, enabling design integrity to be maintained and the project to be completed within agreed cost and time constraints. Without this timely intervention, the project would likely have experienced a long, costly and frustrating flow of change requests being dealt with on a piecemeal basis, ultimately impacting adversely on project costs, quality and schedule.

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