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# The Value Times

Newsletter of the Institute of Value Management, Australia Inc

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## “PRESIDENT’S PAD”

A TV camera panning on an important looking group of suited individuals at the National Healthcare Alliance workshop in Canberra in June 2003 heralded the first public activity of the new national lobby group. Unfortunately for the reporter, the august group of gent’s that they singled out were IVMA facilitators and not the powerbrokers of the Alliance’s deliberations on the National Medicines Policy.

As indicated in the Expression of Interest circulated to IVMA’s Registered Facilitators in March 2003, the IVMA was keen to be involved in such a high profile workshop as it provided a means of showcasing Value Management to a potentially large group of organisations in a business sector where the IVMA has had minimal contact.

Feedback from the participants and the Alliance Executive was very positive, as indicated by the following extract from a message to the Secretary from Dr Michael Tatchell, who is a key leader in the Alliance: *“Thanks again for the thoroughly professional job you and your team did for us at the NHA Symposium. The feedback to date has been extremely positive and the whole process has given the Alliance considerable forward momentum for the months ahead.”* We expect future opportunities for extending knowledge of Value Management will evolve from the exercise.

On behalf of myself and IVMA’s executive team I would like to thank all members who offered their services for this project and also to the finally selected team of Roy Barton, Colin Davies, John Bushell and Declan Tierney, who provided a considerable amount of time in pre – planning and facilitating the workshop. All were splendid ambassadors for our membership as a whole.

I would also like to thank John Fullagar for his tireless efforts in providing planning and secretarial support for the workshop. Without John the the workshop would not have been the success that it was.

The next major initiative for which planning is well underway is the all important 2004 biennial conference. It is hoped that this conference will provide a focal point for a Victorian resurgence in the use of Value Management, particularly in manufacturing. We have chosen to hold the conference in the port city of Geelong, where there are prospects of strong support from the leading organisations such as Barwon Water, the City of Greater Geelong, and the Geelong Regional Development Committee. We have booked Deakin University’s Waterfront Campus in the City of Geelong as the preferred venue.

Timing of the conference has been set for Thursday 4<sup>th</sup> and Friday 5<sup>th</sup> of November 2004, immediately after the Melbourne Cup. It is expected that this date will assist us to attract both local and interstate interest as it provides the opportunity for conference attendees to couple the Melbourne Cup Carnival with the IVMA conference. In addition there are many options for touring the local attractions before or after the conference.

Suggestions include the Otways, the Great Ocean Road, Bell’s Beach, Queenscliff and even the jetty at Barwon Heads (location for the TV soapie series “Sea Change”). If you can spare the time, the return to Melbourne can be via Portarlington and the ferry to Sorrento.

I would urge all members to put the conference dates into their diaries and start planning their attendance, as we have a marvellous opportunity to put on a good show for Geelong where the organising committee (Peter Filby and myself) believe Value Management can provide a strong hand in supporting the local manufacturing and service industries.

A call for papers will be issued early in the New Year. Any ideas for an overseas speaker would be appreciated.

**Rod McGregor, President**

# Demonstration Project

As previously advised, the Institute was able to secure an exciting opportunity to run a high-profile demonstration VM project. It was conducted in June 2003 for the National Healthcare Alliance, which is a peak body comprising mostly professional associations whose members are working at the front line (the patient-provider interface) of health care in Australia.

The Alliance was formed in mid-2002 to develop constructive engagement with the Federal Government on health policy formulation and thereby improve health outcomes from our health care system.

The Alliance determined that it should commence with a project to demonstrate that Value Management, when properly conducted, is an open and objective methodology that does not threaten the interests of any stakeholder group but facilitates superior outcomes that are practical and have collective "ownership" and support. The Alliance decided that the demonstration project should consider our medicines system; specifically how medicines are prescribed, dispensed and used (including the attendant government roles of regulating and funding some aspects of the system under the Pharmaceutical Benefits Scheme.)

Forty stakeholder representatives (from key groups within and outside the Alliance) participated in a two-day VM workshop at ANU, Canberra and the Institute provided a team of four Registered VM Facilitators, who shared the facilitation responsibility, plus organisational support which also carried the main responsibility for report preparation. Participants were led through the structured VM process, which included receiving some brief background papers prior to identifying what is important in a medicines system (from the perspectives of stakeholder groups). They reviewed assumptions (to ascertain which are really warranted) and constraints that must be observed, as well as issues and concerns to be addressed and possible opportunities to be pursued. They reviewed and refined a "functional hierarchy" diagram that overviews the medicines system in functional terms. This groundwork was then used to develop and evaluate ideas of possible directions for the medicines system which the Alliance might subsequently consider for prioritisation and subsequent development of an action plan. Whilst these last steps (prioritisation and action planning) would normally be an integral part of a

VM workshop, the Alliance was mindful that its member organisations needed time to take the range of evaluated options (which the workshop had delivered) to their individual constituencies for digestion and consideration before the Alliance could comfortably move to collective prioritisation etc. The Institute accepted this advice, being especially mindful of the challenging and sensitive environment in which the demonstration project had been conducted.

The agreed objective for the VM workshop was "*to propose directions for the provision and use of medicines, taking into account a) the inter-relationships between processes for prescribing, dispensing and using medicines (including care for the users) and b) social and economic issues (such as equity and cost-effectiveness, affordability and funding, and the capacity of the user to take advantage of the health benefits available*". The Alliance was therefore delighted that the Workshop yielded over 30 potential directions that it might subsequently pursue with its member organisations.

It needs to be emphasised that the Institute's role was not to influence, endorse or become aligned with the views of Alliance members but, by providing professional facilitation and the structured VM process, to ensure that the workshop outcomes were genuinely reflective of the views of participating stakeholder groups. The Institute also relished the opportunity to demonstrate the power of the structured VM process in policy development - an area with substantial untapped potential for our profession, especially for VM service providers.

In his remarks to close the workshop, Alliance convenor Paul Martin noted that the workshop had almost completely achieved its goals, which he stated were as follows:

1. "We wanted to get a more constructive engagement of the front line people concerned with healthcare (the patients and the deliverers of service) in the creation of health strategy. A fundamental aim is to have strategy setting better informed by the sort of first-hand experience and knowledge that those on the front line have."
2. "Our second aim was to show that there are better, more open approaches to policy formulation. It's not enough for us to say to Government: 'you should have a more constructive process which is open and

better structured, and which uses what is known about group processes'. We felt we had to demonstrate a process and show that it can be done, that it doesn't descend into a bun fight, that you can actually have trust even when you've got different view points about particular issues."

3. "We also wanted to develop the Alliance agenda, to arm it with a set of tasks that were agreed by a substantial number of the stakeholders in healthcare. It is easy to be critical, but we wanted the Alliance to have a positive agenda in its dealing with government."

Mr Martin also identified one exception to this achievement: that the participation by federal agencies had been less than was hoped (a senior officer came and delivered a background paper but there was no subsequent agency participation in the workshop). Mr Martin said: "We successfully created the opportunity for the bureaucratic horse to come and drink but we haven't been able to get them to water - or we've got them here for a little while and they shied away." Those of us in the Institute must recognise that this situation at the federal level is clearly a challenge/opportunity for VM people.

In thanking the Institute for its contribution, Mr Martin noted another objective that was shared by the Alliance and the Institute: "to show that a properly-designed, properly-run transparent process really can help define consensus, create opportunities for creativity, really move towards a positive outcome" and he added: "and I think that's been demonstrated".

The Institute provided its services free for the demonstration workshop and the facilitation team was selected jointly by representatives of the Alliance and the Institute's Executive, following expressions of interest which all Registered VM Facilitators were invited to submit. The team comprised Roy Barton, John Bushell, Colin Davies and Declan Tierney. The lead facilitation role changed hands at appropriate points through the workshop, with each team member having two stints at the helm. Team review sessions were held regularly for fine tuning. President Rod McGregor attended to give the appropriate signals in introducing the team and contribute to the review sessions. These sessions were especially important in ensuring that our team's facilitation service was as seamless as possible for participants, despite the changes in lead facilitator, because this was recognised as an unusual but significant challenge. Organisational support for the workshop team was provided by Secretary John Fullagar, who also developed the

opportunity for the project and undertook the bulk of report preparation.

The Institute was fortunate to secure this high-profile opportunity to demonstrate the breadth of its members' professional VM expertise and has expressed thanks to the Alliance for its positive collaboration in making it happen. Following the final session, the team reviewed its experience and noted several matters that should be of benefit in reaching arrangements for further such demonstration projects, which the Institute hopes to secure, especially in any area of VM application where substantial untrapped potential can be identified. Institute members are invited to refer potential opportunities to the Executive, who will pursue them for the Institute.

**John Fullagar, Hon. Secretary and Treasurer**

## OCCASIONAL PAPERS

As advised last issue (Dec 02), we will occasionally include (as a "centrefold") a paper to promote discussion. This Issue includes another paper in the series.

These "Occasional Papers" are not "refereed" academically but they must meet normal editorial scrutiny to ensure that Value Times material is "helpful, interesting and edifying for the Institute and its members".

Each paper is prefaced by a small editorial note and the total must fit within four pages of normal Value Times format.

Offers of papers are welcome and must be sent by e-mail to the Hon. Editor or the Institute's Hon. Secretary/Treasurer.

# International Report

The SARS outbreak that hit China, Hong Kong and Singapore so severely last year had, in addition to terrible loss of life and hardship to so many people, major negative effects on economic activity and hence on Value Management activity. I had been travelling to Singapore on Value Management assignments regularly up until the SARS outbreak when all activity immediately stopped. Thankfully, the crisis is now over and things are normalising.

Also in addition to terrible loss of life and suffering, the Bali bombings brought economic activity to a virtual standstill as people stopped travelling and industries suffered the consequences.

I met with Michel Thiry (Belgium) recently and discussed the development of our revised standard and compared emerging trends in Europe, the USA and Australia. The recently issued European standards has moved away, to some extent from convention in a couple of areas in re-defining "value" for the purpose of Value Management and also describing "Value Management" as a "*management approach*" as distinct from conventional Value Analysis and Value Engineering. Our standards committee is taking these movements into account.

Through Michel, I learned of the following VM news from Europe.

- There is a preliminary agreement on reciprocity between SAVE and the European Governing Board concerning certification.
- The training and certification system is picking up and the trainees can be counted in hundreds in Europe. Over 1000 people attended 3-day foundation courses in the UK.
- VM is also picking up with the government in the UK and initiatives are being launched.
- The IVM(UK) and AFAV (France) regularly hold seminars on VM and the AFV holds its bi-annual conference in early December in Paris.

Dr Frederik Pretorius in Hong Kong provided the following information to me about HKIVM activity:

- The invited speaker lunch "program" continues to be very successful. In the past year, these meetings have heard

from invited speakers in the fields of legal, industrial, community development and dispute resolution

The institute has made a big effort in the last six months to settle on educational/training "standard" for listing as "VM Facilitator". IVMA, IVM (UK), and SAVE courses are accepted as qualifying, whilst others are considered on the merit of individual cases.

I have no further information to present, other than to remind people that one of our own members, Donald Hannon, serves as one of SAVE's Vice Presidents and I know that Don will be happy to provide information about his international activities and his dealings with other Value Management Societies.

With best wishes,

**Dr Roy Barton**  
**Chair, International**

## College of Fellows

The College of Fellows is the forum for bringing the most senior members of the Institute together. The Fellows represent an extraordinary depth of knowledge of Value Management and its application. A task identified for the College some time ago was the co-opting of its Fellows to draw upon that collective knowledge to author a supporting document to any revision of the Australian/New Zealand Standard on Value Management.

Standards Australia's Committee OB/6 was reformed earlier this year and the Standard review is now under way. Please see the separate article in this issue of Value Times on process to date.

The Institute's active comment/criticism/support of this process is encouraged. This is your opportunity to influence the direction of a new Standard and its support document.

**Brian Farmer**  
**Convenor**

## Education & Training Committee Report

The Education and Training Committee has been asked to develop modularised criteria for accreditation of VM courses as an update for those published in Value Times in June 1993, just prior to the adoption of the present VM Standard AS/NZS 4183:1994.

As the VM Standard is currently being revised, the E&T Committee clearly recognises the need for the new criteria to be consistent with and supportive of the revised Standard when it is adopted. Thus, the E&T Committee is looking forward to constructive engagement with the Standards Committee in the near future, when the first draft is released for comment.

Some of the Institute's members and office bearers, including the E&T chair, have now had two meetings this year with Michel Thiry, President of the European Governing Board (EGB) for VM Certification & Training. Early in the year, we received copious information from him on the current thinking in Europe. The EGB and SAVE International (previously Society of American Value Engineers) are working towards a reciprocity agreement, which will recognise their considerable commonality in training requirements and provide means whereby VM practitioners can qualify to work in other countries.

In addition to alignment of the modular criteria for VM courses with the revised Australian and New Zealand Standard, the E&T Committee plans to take these EGB/SAVE developments into consideration when there is final agreement (expected in December this year) to assess the extent to which our criteria for accreditation of VM courses might align with the provisions of the intended EGB/SAVE reciprocity agreement.

**John Bushell, Chair, Education and Training Committee**

## Membership Committee Report

I just wanted to write a few words to keep you informed of the activities undertaken by the Membership Committee since I have been in the Chair (after the last IVMA Conference in Hobart). My Committee consists of Denis Sullivan (NSW), Peter Davidson (Vic), Harry Gough (WA) and myself. The spread of our locations means that we never meet in the one location and most discussions are co-ordinated by me on the phone.

The Committee has mainly been kept busy with assessing renewal applications for Registered VM Facilitator. As you are aware registration requires renewal every three years. We have standardised the process for assessment.

For the record, the Committee has assessed 1 new membership application, 1 application for upgrade, 13 renewal applications for Registered VM Facilitator and 1 new application for Registered VM Facilitator. All applications are assessed by more than one Committee member and a joint recommendation made to the Executive on our findings.

**Ross Prestipino, Chair, Membership**

### ANNUAL GENERAL MEETING

The Annual General Meeting of the Institute of Value Management, Australia will be on Friday 21st November 2003, in the Boardroom of Capital Insight Pty Ltd, 123 Walker Street, North Sydney commencing at 4 pm .

There is no special business this year, so the AGM will deal only with formal requirements and should be over within 5 minutes. For this reason, it is envisaged that members will generally attend by proxy, rather than in person.

Institute members will find details set out as an insert in this issue of Value Times.

# The new Australian Value Management Standard

After many years of discussion and the normal 5 to 7 years sunset provision for existing Standards, Standards Australia earlier this year reconstituted its OB/6 committee to review AS/NZS4183:1994 Value Management

## OB/6 Committee Representation

Nominating Organisations and their representatives on the Committee are:

- Australian Health Industry Inc, Dr Raf Dua;
- Australian Institute of Project Management, Dr Neveen Mousa;
- Australian Institute of Quantity Surveyors, Trevor Main
- Institute of Value Management Australia, Brian Farmer;
- Institution of Engineers Australia, Lex Clark
- Royal Australian Institute of Architects, Ross Gardner and
- University of Canberra, Dr Roy Barton.

Roy Barton is Chairman of the Committee.

## Purpose of Revision

Standards Australia normally reviews existing Standards for relevancy, applicability and any need for updating to meet then best practice.

While AS/NZS 4183:1994 Value Management was one of the earliest Standards on Value Management in the world (the Germans were first), new Standards have since emerged (notably the British/Economic Union Standard) and Value Management practice (and the theory for that matter) has developed since our Standard was published.

Upon reflection and after review of other Standards, the OB/6 committee has identified that:

- AS/NZS4183:1994 Value Management does not need replacing as a Standard but rather an updating;
- the structure of the existing Standard will be followed where possible; and
- the updated version of AS/NZS4183 should reflect or improve on 'international best practice in Value Management'.

## The Committee's Approach to Date

Initial goals for revision of the Standard were identified as:

- it must make Value Management meaningful and beneficial to stakeholders and users;
- it must contain an auditable process;
- expand the concept and explanation of 'design to cost';
- build on the overseas experience within an

- Australian context;
- reflect current industry practice;
- establish relationship to the Quality and Risk Standards; and
- capture and articulate core principles of Value Management including the underpinning philosophy.

Accordingly the Committee drafts to date of the revised Standard have included:

- a new approach to defining 'value';
- a new section on Value Management Guiding Principles;
- a clearer approach to what goes on before, during and after a Value Management Study;
- a recording of material within the Standard; and
- an expanded section on roles and responsibilities.

The view has been that the Standard should define terms, establish the essential elements necessary to achieve effective Value Management and clarify roles and responsibilities but is not specifically intended to play the role of a handbook or training manual.

Your Institute has offered Standards Australia the collective expertise of its College of Fellows to author a companion application guide to the new Standard that might be published contemporaneously by Standards with the issue of AS4183:2004

The Institute's initial advice to Standards Australia was that the accompanying document to the new Standard might contain:

- 1 Value Management:
  - its purpose;
  - what it is/why use it;
  - benefits;
  - applications; and
  - client (e.g. Government) requirements.
- 2 Purpose of AS4183:2004 Value Management.
- 3 Core methodology.
- 4 Commitment of participants.
- 5 Management of Process.
- 6 Attributes of a successful Value Management Facilitator.
- 7 Attributes of a successful Value Management Workshop.
- 8 Outcomes of a successful Value Management Study.
- 9 Attributes of a proper Value Management process.
- 10 Training and education.
- 11 Role of Institute of Value Management

Australia:

- organisation;
- membership;
- Registered Value Management Facilitators; and
- continuing professional development.

12 Reference material:

- texts;
- web sites; and
- Standards and reference material.

As the work of the Committee continues, its views and those of the College will undoubtedly refine the content and format of the document.

### Likely Timeframes

A first working draft of the updated Standard has been produced and is currently being reviewed by the Committee. This process is likely to continue into early 2004.

First quarter 2004 is planned to see both informal and formal industry review of the document with formal consideration by nominating organisations likely in second quarter 2004. Publication of the 2004 edition of the Standard is therefore not likely before the third quarter 2004.

While I would like to see publication at an earlier point in time, the extensive Standards Australia consultation and consensus procedures will probably require the above timeframe.

In an ideal world, the Value Management Application Guide to be produced by the Institute's College of Fellows should also be published at the same time.

### Australian or Kiwi?

While AS/NZS4183:1994 was a joint Australian/New Zealand Standard, AS4183:2004 is likely to be an Australian Standard only. Only time will tell if New Zealand Standards will come on board.

### Documents Referenced

Documents considered by Committee OB/6 have included:

- Value Methodology Standard, SAVE, Dec 1997;
- Value Management Standard, BS EN 12973:2000;
- PD6663:2000 Guidelines to BS EN12973: Value Management – Practical guidance to its use and intent;
- Value Management, value analysis, functional analysis vocabulary BS EN 1325-1:1997
- Value Management Standard, AS/NZS4183:1994;
- Risk Management Standard, AS/NZS4360:1999;

- Value for Money in Construction Procurement, OGC Procurement Guidance No 2, July 2003;
- Value for Money Measurement, OGC Business Guidance, May 2003;
- Value Management Incentive Contracting, Department of Defence, 1994;
- The European Market for Value Analysis, 1992; and
- Value Analysis in the European Community, A Tool for Value Management, 1990.

### Any input or questions?

If you have any questions about the process or any suggested inputs either to the Standard or its companion application guide, please do not hesitate to give your feedback.

### Brian Farmer

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## The Tassie Report

The awareness of Value Management is certainly on the rise in Tasmania – thanks in part to the Conference held here last August – was that really over twelve months ago!!!

The raised awareness is demonstrated by the fact that in the last twelve months two Tasmanian state government employees have undertaken a full training schedule that will allow them to apply for accreditation as registered facilitators on completion of their workshop participation requirements and a further 16 state and private sector personnel have participated in a principles and practice module with a number of these participants indicating an interest in also completing the facilitation module of that course.

The challenge for the Value Management community is to promote the use of the Value Management Process – as Roy Barton would say “ a different way of thinking” – to all areas of the public and private sectors so that the community can share in the benefits of projects conceived and developed in a rational value adding way with people values firmly embedded in the project outcomes.

**John Lennon, RegVMFacil MIVMA**

## MEMBERSHIP NEWS

The Executive of the Institute's Board of Management extends a warm welcome to the following new members, who have joined since the last issue of Value Times:

### Associate Member

Azinal Abidin ALI  
Azura BUANG  
Saadin KADIR  
KHOR Kim Boon  
LOH Tsui Lan ("Cherine")  
Rozidah MOHD KAMARUDDIN  
Fathilah MUSTAFA  
Rosli NEKMAT  
Azlan OTHMAN  
Salwa SOFIAN  
Michael John SYMES  
TOH Joon Sim  
TUNG Say Lay  
Ahmad Faris YUSUF

### Member

Bernhard BRANDSTETTER

### Corporate Member

Gold Coast City Council

The Executive is also pleased to announce that the following members have been upgraded or judged eligible for an additional specialist credential:

### Upgrade: Associate member to Member

Grace CHEW Nyuk Hong

### Registered Value Management Facilitator

Davender Kumar JAIN, MIVMA

## The Apiarist's Column

As Standards Australia's Committee OB/6 grapples with the review of AS/NZS4183:1994, many philosophical issues bubble to the surface.

If Value Management is about 'managing value', then clearly we need to have a clear understanding of what 'value' is and how to define it.

We all talk about 'value for money' but how do we define it? If one option offers better 'value for money' than another, we had better have a clear understanding of how to measure it. [A Fellow of the Institute, Dr Roy Barton and Chairman of Committee OB/6 talks about some of these issues elsewhere in this issue of Value Times.]

What, if anything, differentiates structured interactive group decision making from the Value Management approach?

What is unique about Value Management?

Should Value Management be treated as being synonymous with Value Analysis and Value Engineering? (AS/NZS4183:1994 says they are!)

If **you** have any issues that you would like the Apiarist or others to comment on, or indeed, if you have any comment on issues raised by others, please drop a line to:

The Apiarist  
fax 61 2 9955 5574

*Institute of*   
**Value Management**  
 *Australia Inc.*

### Contacting the Institute

Please visit the Institute's web site  
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