



5 - 8 DECEMBER 2022
DUBAI WORLD TRADE CENTRE

DRIVING VALUE MANAGEMENT

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PM/07-DEC-22/VALUE MANAGEMENT



VALUE MANAGEMENT

Introduction



Ratio between Benefit (outputs) and the Cost or Effort (inputs) required to achieve it

$$\text{Value} = \frac{\text{Function} + \text{Quality}}{\text{Cost} + \text{Time}}$$

Larry Miles (1961 , cited Michel 2001)

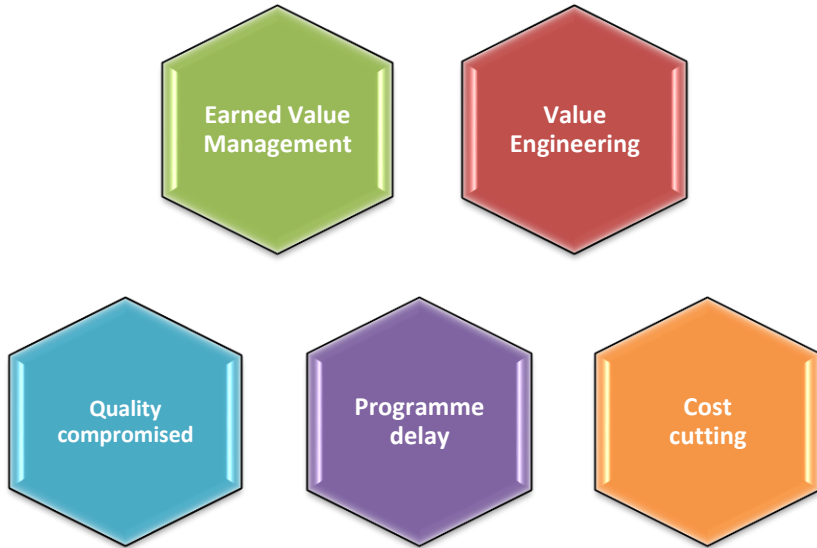
“Product or service that has appropriate performance and cost and as a problem solving system aimed at reducing expenditure of time and money whilst maintaining or increasing performance”

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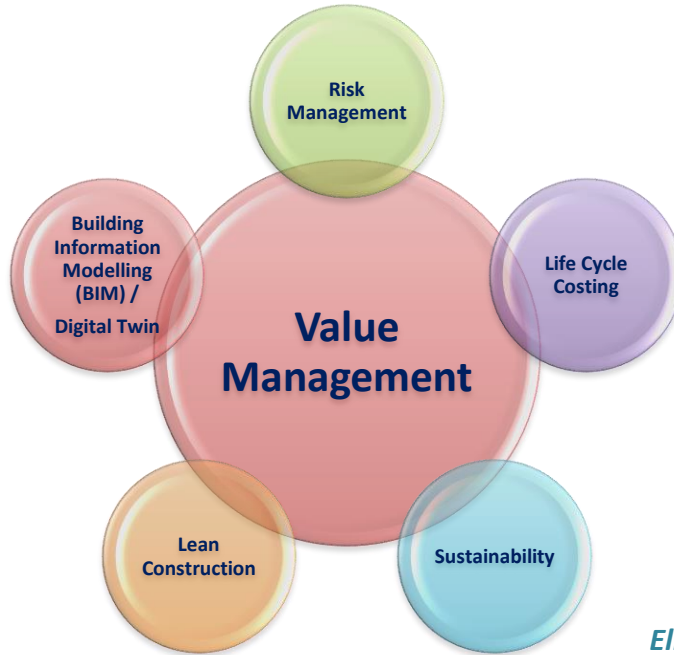
- 1940s and 1950s in Manufacturing industry
- 1980s in Construction industry
- 1 May 2017 guidance note published by Royal Institute of Chartered Surveyors (RICS)

WHY WHEN WHO
HOW

VALUE MANAGEMENT

Concept and Principle

WHY



Objectives

- Optimise functional requirement
- Quality enhancement
- Promote *value for money*
- Improve project management strategies
 - Stakeholder's alignment
 - Risk mitigation
- Increase productivity
- Whole life cycle

Value for Money (VfM)

Eliminate hidden costs that do not contribute Value throughout Project Life Cycle

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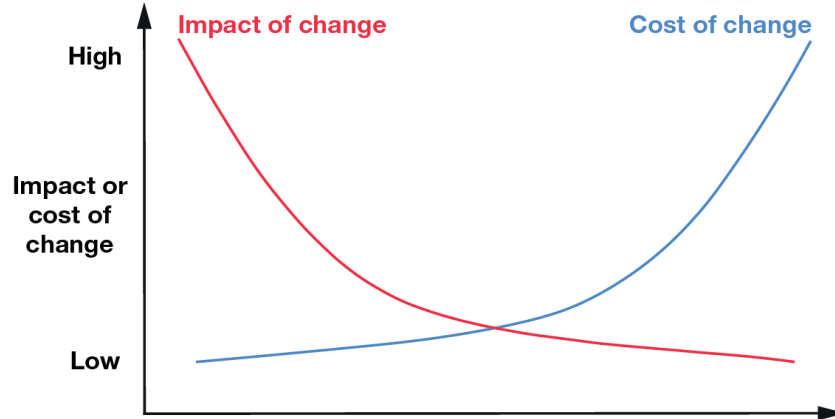
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WHEN

- Throughout project development
- Best results / value through early stage of project life cycle
- Cost influence diminish as design and construction progresses

Changes - Cost vs Impact

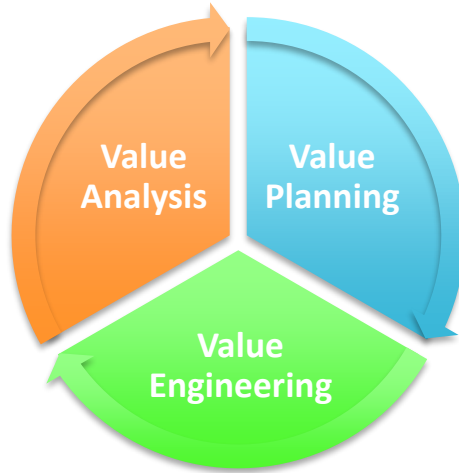


	Early stages	Project stages		Late stages
Stage	Feasibility Study	Concept	Detailed	Construction
Capital Investment	5%	<10%	10%	85%
Cost Influence	<35%	<25%	<15%	<10%

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Project Cycle



Value planning (VP)

Feasibility and Concept phases

Value Engineering (VE)

Design and Engineering phases

Value Analysis (VA)

Seek improvement to an existing / completed projects by analysis or audit of the project's performance
Compare a (nearly) completed, design or project against determined expectations

Capitalise on the opportunity to improve value

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Application and Implementation



WHO

Key Stakeholders

- Client – Developer and / or Investor
- Delivery team:
 - Project Manager
 - Design Consultants – Structural engineer, Architects, Mechanical and Electrical Engineer
 - Cost Consultant
- Contractor and Specialist subcontractor

Other Stakeholders

- Authorities / Government representatives
- Facilities & Asset management, Operations, Finance and Legal
- End users (Past experience) – office tenant, property owner, hotel guest, hospital patient

Independent Facilitator

- Value Management Facilitator
Institute of Value Management (www.ivm.org.uk)

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Construction Project Cycle – Tree Swing



How the client described it



How the architect envisioned it



How the engineer designed it



What the budget allowed



How the contractor installed it



What the customer really wanted

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HOW

Five Phases

- 1) Information gathering
- 2) Creative thinking
- 3) Analysis and Evaluation
- 4) Development
- 5) Presentation

Corne de Leeuw 2001; Norton and McElliot 1995

Approach

- Previous projects
- Benchmarking
 - Functional analysis
 - Design Efficiency
 - BUA/GFA
 - Floor/wall ratio
 - Cost allocation
- Risk identification

Comprehensive evaluation of all aspects of the project from Project feasibility study, budget, project design and construction through project operation and disposal

Technique

- The Charette
- The 40-hour workshop
- Value Management Audit

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HOW

The 40 hour workshop



Information gathering

Client's requirement
Designer's aspiration

Objectives
Lesson learnt
Issues of concern
Risks
Project benchmark

Questionnaire

Functional analysis

Creative thinking

Idea generation
Mind mapping
Role storming

Group discussion on ideas to targeted function and objectives

Open mind
Non judgemental
Innovative

Analysis & Evaluation

Functionality
Performance
Programme
Value prioritisation

Risk assessment
Criteria decision matrix
Option ranking

Decision Analysis (KT-method)

Development

Evaluation of shortlisted options
Refine options
Obstacles and objection

Recommended options:
Costs
Risks
Benefits

Implementation plan

Presentation

Action plan
- Finalise cost and schedule impacts
- Risk identification and assessment
- Resources required
- Define accountability, measure of success and reporting

Stakeholder sign off

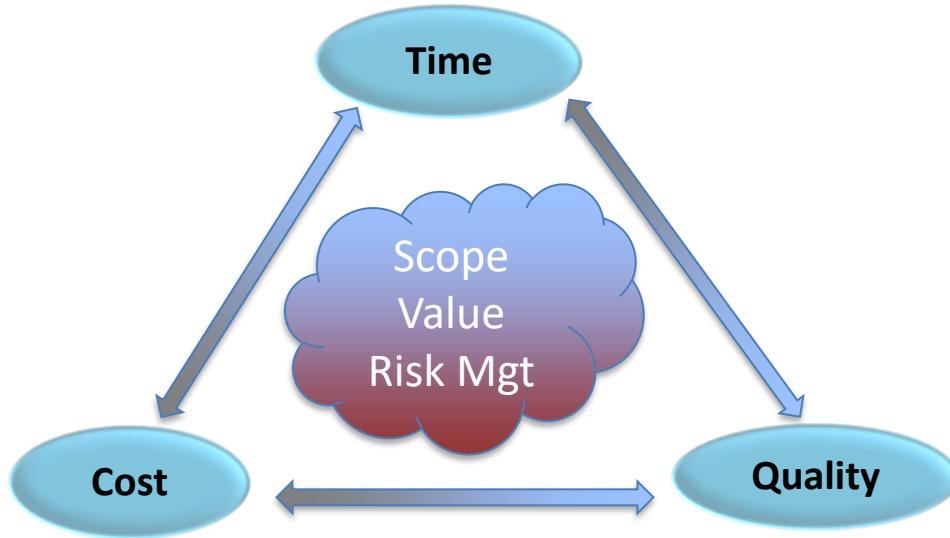
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Summary



The optimum balance between managing costs and time without comprising on quality

Key Takeaways

- Understanding Client's need
- Collaborative approach
 - Trust
 - Teamwork
 - Communication
 - Ownership
 - Satisfaction
- Promote value for money
- Risk & Value management
- Betterment of the Project

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