

SPEAKING NOTES  
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**Success of Value Analysis in Ontario**

20 minutes

Good evening everyone. It's a pleasure to be here.

I want to thank the Canadian Society of Value Analysis for inviting me tonight.

The CSVA plays a key role in promoting value analysis and I'm happy to help celebrate tonight's Awards of Merit.

Our ministry is honoured to be receiving one this evening for achieving a milestone of \$1 Billion in cost avoidance and cost savings.

As important as the cost savings are, it is equally important to have a program that generates new ideas so we can solve problems in new ways.

That's why the theme of this conference – solving problems, improving value-- is so relevant.

Problem solving can be a challenge and we all sometimes need fresh new ways of thinking.

I heard a story from the manufacturing sector that is probably relevant to some tonight.

A toothpaste factory had a problem.

They sometimes shipped empty boxes without the tube inside.

This challenged their perceived quality with their buyers and distributors.

Understanding how important the relationship was with them, the CEO of the company assembled his top people.

They decided to hire an external engineering company to solve their empty boxes problem.

The project followed the usual process: Budget and project sponsor allocated, RFP, and third-parties selected.

Six months (and \$8 million) later they had a fantastic solution – on time, on budget, and high quality.

Everyone in the project was pleased.

They solved the problem by using a high-tech precision scale that would sound a bell and flash lights whenever a toothpaste box weighed less than it should.

The line would stop, someone would walk over, remove the defective box, and then press another button to re-start the line.

As a result of the new package monitoring process, no empty boxes were being shipped out of the factory.

With no more customer complaints, the CEO felt the \$8 million was well spent.

He then reviewed the line statistics report and discovered the number of empty boxes picked up by the scale in the first week was consistent with projections, however, the next three weeks were zero!

The estimated rate should have been at least a dozen boxes a day.

He had the engineers check the equipment; they verified the reports as accurate.

Puzzled, the CEO traveled down to the factory, viewed the part of the line where the precision scale was installed, and observed just ahead of the new \$8 million dollar solution sat a Costco desk fan. He asked the line supervisor what that was about.

“Oh, that,” the supervisor replied, “Bert, the kid from maintenance, put it there because he was tired of walking over every time the bell rang. Now if there is an empty box, the fan blows them off the belt and into a bin.”

Who hasn't had the experience of using or possibly developing a complicated solution for a simple problem? Of making quiche when scrambled eggs would do?

Sometimes we get caught up in technology.

In my business, I get frustrated when I drive through a worksite and see an electronic message sign saying flagger ahead and 50 m beyond that is a 1 m x 1 m high intensity orange sign with a picture of a flagger.

When I ask, it is noted that sometimes a lane is closed too so the sign has a dual purpose – which is again signed by a 1 m x 1 m high intensity orange sign that shows a lane ending.

It's interesting how people think.

Does anyone own a cat?

I bought our cat a soft, warm box like structure, big opening and warm material – a nice den for it to sleep in.

I've put her in it, put food in it, moved it around the house - cat doesn't go near it.

I leave the cardboard box on the floor from the groceries I just put away and I can't get her out of it.

I'm not saying cats are like people but its not unlike the first time you saw a child play with a gift box rather than actual gift.

We learn that we all see things in differently.

Value Analysis helps us see things differently.

MTO has been using Value Analysis since the mid-90s.

Since 1998, it has quietly helped us achieve over 1 billion dollars in cost savings and cost avoidance.

I say "quietly" because it's still something not everyone knows about.

We have been working very hard to educate not only our own staff about Value Analysis, but to share information on value analysis with other ministries, municipalities and organizations.

It's a simple yet powerful tool.

At a basic level, it's people getting together to think about how to improve something's function or reduce its cost, or both.

That's what I really love about it.

It's accessible to anyone who wants to do it.

All you need is the willingness to let your assumptions be challenged.

It doesn't matter if your organization is big, small, private or public -- we can all benefit.

We all want to solve problems and create value.

I was pleased to see on the program the involvement of Metrolinx, Infrastructure Ontario, many partner consulting firms, municipalities and other agencies who are interested in doing things differently to improve value in projects.

Value for money is a core mandate of the government.

You have to remember that government doesn't have any money – they have your money, they have my money.

It is therefore very important that my staff maintain their focus on achieving value for the taxpayer.

That means improving quality of service delivery and reducing the associated costs.

Solving problems, improving value – the theme of this conference – is important.

Of course it's not only about saving money -- it's also about improving function in our programs, processes and services.

Value Analysis has helped us tremendously in that regard and that's why we have such enthusiasm for it.

I've had a front row seat to witness the positive impact VE has had on our ministry.

This past summer I was briefed on a VA study we did on our traveller information system. Our traveller information system helps travellers learn about road conditions.

Traveler information these days is more than just the road conditions.

Technical advances allow agencies to provide much more information than they could before.

The Value team was a blend of staff responsible for the freeway traffic operations system, those who work in our radio rooms, and others that answer calls from the public.

A Value workshop helps people from different backgrounds communicate and innovate. But not every idea has to be new, unique or expensive.

Despite all the high tech available sometimes simple things, like static roadside signs I mentioned earlier, can still be the best solution in certain areas.

Communication is key to delivering traveller information.

A number of the value proposals from our study were just that – related to improving both our internal and external communication approach.

We also recently did a VA study on what was the best value solution for making our snow plows clearly visible to drivers.

Our plows are operated by contractors who have different plows painted in different colours with a variety of lights and warning devices.

All have the same need: to have their plows seen by the public in the worst conditions and sometimes very poor visibility.

Even the light bulb has changed, from a common incandescent light to LED lighting.

We needed to solve a relatively complicated set of problems.

What is the impact to the driver of an LED lit snow plow?

We had to think about driver perceptions from young drivers to older drivers.

We needed a structured way to think through these issues and solve the problem in a relatively short amount of time.

Our VA study involved contractors, equipment lighting specialists, human factor specialists and others in our workshop.

The team looked through the history of snow plows in Ontario, from the older MTO operated snow plows to modern day equipment.

They developed a number of ideas and involved test subjects ranging in age from 20 years old to 75 years old to evaluate the effectiveness of the proposed changes.

I am pleased to say they developed a solid solution that you will soon see on the highway.

You can hear more about this story tomorrow when Mike Pearsall speaks about the subject.

MTO has performed almost 200 VE studies over the past 15 years.

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We started out doing studies on highway standards and highway designs but quickly realized the process helps identify needs and solve problems in any area.

So we branched out into doing studies on facilities, on IT projects, and even on organizational design.

I hope you will get the time to speak to some of the MTO staff who advocate for the process and have used the process in so many interesting ways.

Thank You