Improving performance by managing value

Michael Dallas
MA Cantab), MICE, FIVM
Director, APM Group Ltd
Lead author of Management of Value (MoV™)
Michael.dallas@apmgroup.co.uk

Outline

- Addressing the challenges for public service delivery
- What the UK Government is doing about it
- Management of Value (MoV™) and its benefits
- How MoV™ can help
- Conclusions

"We (must) move … to taking the decisions necessary to equip Britain for long-term success. That means prioritizing things like better schools … and infrastructure improvements so that we can build a sustainable economy for the future."

The Rt. Hon David Cameron, August 2010

Programmes that are not fit for purpose

NHS Connecting for health project

- Integrated IT infrastructure to provide connectivity across the whole NHS
- Fraught with problems during development
- Scrapped on advice from Major Projects Authority
- Estimated waste £12bn

"We are really not very good at this. MoV provides an effective way to do so"

David Pitchford, Head of the Major Projects Authority

Copyright APMG 2011

Programmes that duplicate effort

Public debate to improve Health Services

- **The challenge:**
  - Two regional hospitals, located in town centres about 20 miles apart, were working at capacity
  - Population was growing but neither hospital was suitable for expansion
  - A huge protest movement ‘Save our Hospital’ fought proposal for large central (rural) hospital
- **The process:**
  - Value Management was adopted as a framework for public debate
  - Politicians, executives, and protestors were each invited to present ‘information’ and work together as stakeholders to propose ‘functional requirements’ for regional services
- **The outcome:**
  - Everyone better understood the need!
  - The project changed from ‘build replacement hospital’ to ‘improve 24hour healthcare! ‘
  - Positive proposals for an integrated service emerged and many of the ‘protest group’ formed the ‘public communications group’
- **What the client said:**
  - VM enabled effective public engagement improved interaction between Health and many services outside the Health budget.

With acknowledgements to Mike Graham, UK Value Management

APM GROUP

Copyright APMG 2011

Improve return on investment

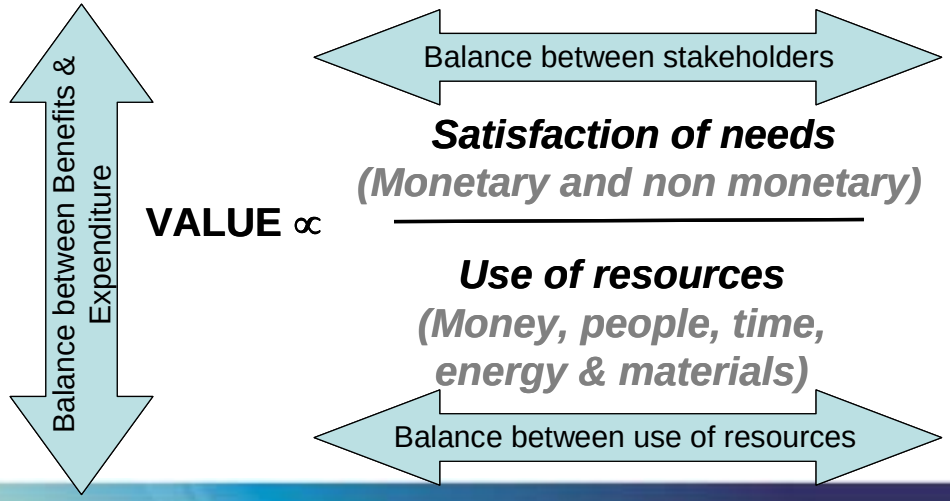
- Value is not absolute, it's a question of balance

Value defined as ratio between satisfaction of needs (benefits) and use of resources (expenditure)

Reconciling the needs and views of different stakeholders

Balancing the use of resources to suit priorities

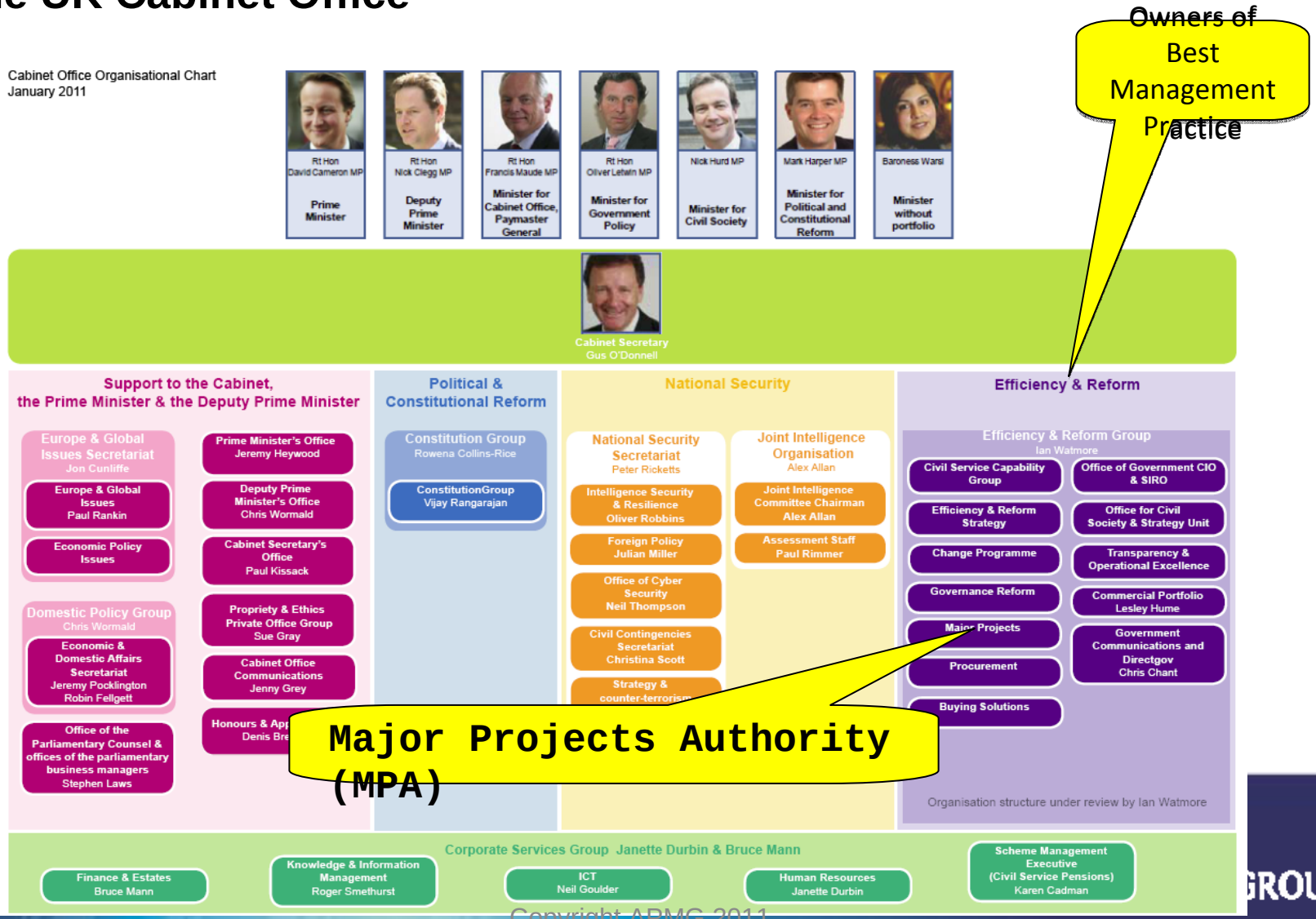
Balancing the overall benefits realised with the use of resources by optimising the value for money ratio



Copyright APMG 2011

Support at the highest level

The UK Cabinet Office



Copyright APMG 2011

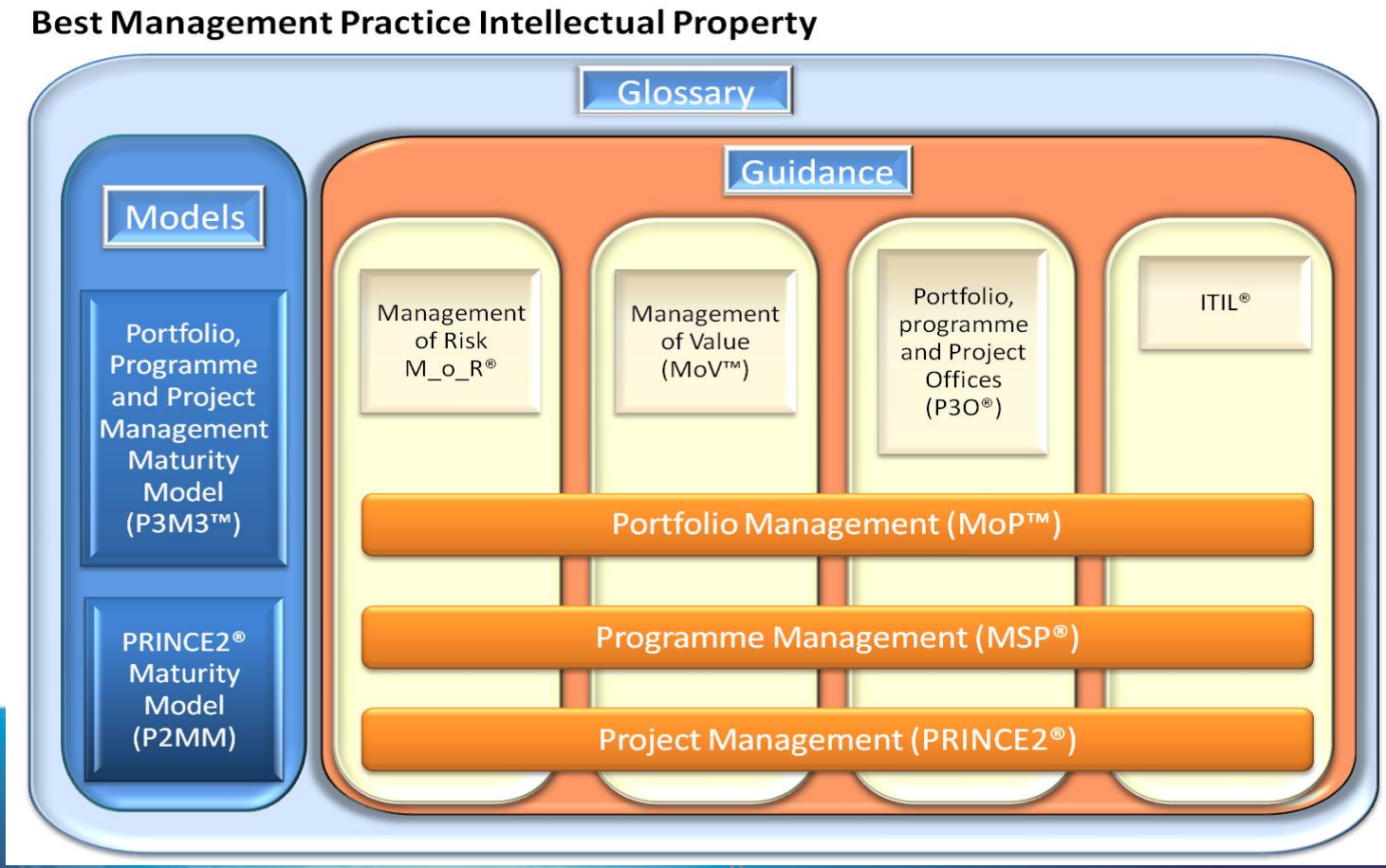
MPA Strategy

Urgent need to respond to economic conditions

1. Key tools
   1. Portfolio
   2. Integrated Assurance and Approval Plans
   3. **Power of intervention**
2. Methodology
   1. Change mindsets
   2. **Policy delivered through projects**
   3. Get it right from the start
3. Leadership capability
   1. Academy for SROs
   2. Exposure to world class leaders
   3. **350 world class SROs**

Cabinet Office Best Management Practice Portfolio

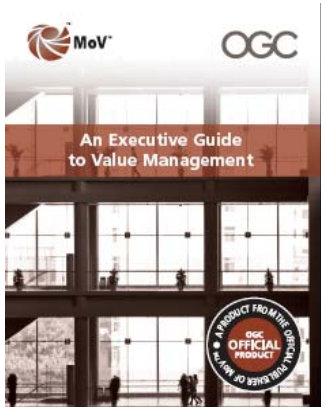
An integrated set of methods for Programme & Project Managers



Copyright APMG 2011

Outline of Management of Value (MoV™)

A Guide



An Executive Guide

MoV™

A Qualification

Designed for use in Public and Private sectors

APM GROUP

Copyright APMG 2011

Management of Value, the benefits

- Answers a need
- Optimises balance of benefits and expenditure
- Focuses on what things do
- It helps you to provide the best value service to customers through:
  - Increased stakeholder commitment
  - More effective use of resources
  - Better control over delivery
  - Means to identify and cancel projects that do not add value
  - Improves responsiveness to business environment
  - Improved returns on investment

Source: Best Management Practice White Paper, September 2011,
Business benefits of implementing MoV™

Copyright APMG 2011

Relatively easy to implement

- Senior management commitment
- Proportionate to need
- Adequate governance
- Doesn’t require more people
- Builds value culture over time

- But....

© APM Group Ltd, 2011

Need to overcome some barriers

- We're doing OK - Organisations' (i)maturity
  - We think we are pretty good, what can you teach us?
    - Cop out
    - Demonstrate benefits
- We haven't the time or money
  - It's worth the effort
    - Better business cases
    - Clarifies required outcome
    - Better planning
    - More benefits delivered
- There's nothing in it for me
  - Incentives
  - Culture for success and value

© APM Group Ltd, 2011

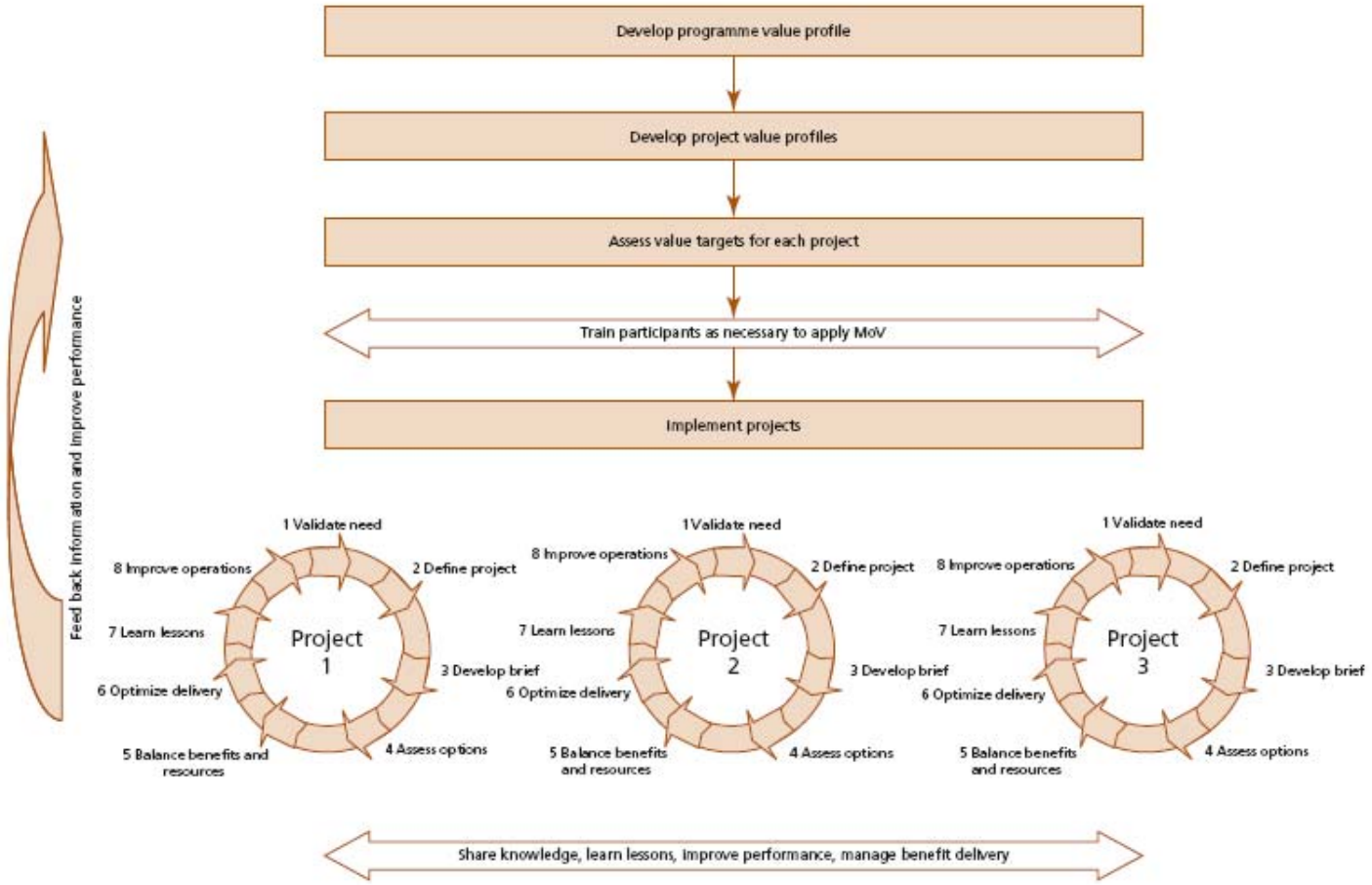
Proven processes

- **Value tree** shows relationship between and hierarchy of Value Drivers
- **Value Profile** ranks value drivers to inform brief, option selection and focusing effort where it does most good
- **Value Index** indicates how well a solution satisfies each value driver or the objectives as a whole
- **Value ratio** measures value for money

Copyright APM Group 2011

Applied throughout

Use at portfolio, programme , project and operational levels



Copyright APMG 2011

Conclusions

- VM or MoV provide:
  - The means to select the best programmes
  - The ability to eliminate waste and duplications
  - Enhancement of value for money
  - Integration with coordinated Best Management Practice
  - Real and tangible benefits

Above all – Avoid Armageddon!

© APM Group Ltd, 2011

Questions?

Michael.dallas@apmgroup.co.uk

david.smyth@apmg-international.com (Canadian representative based in Toronto)

More information at:
www.best-management-practice.com