

Fully Integrated VM for Greater Performance Gains

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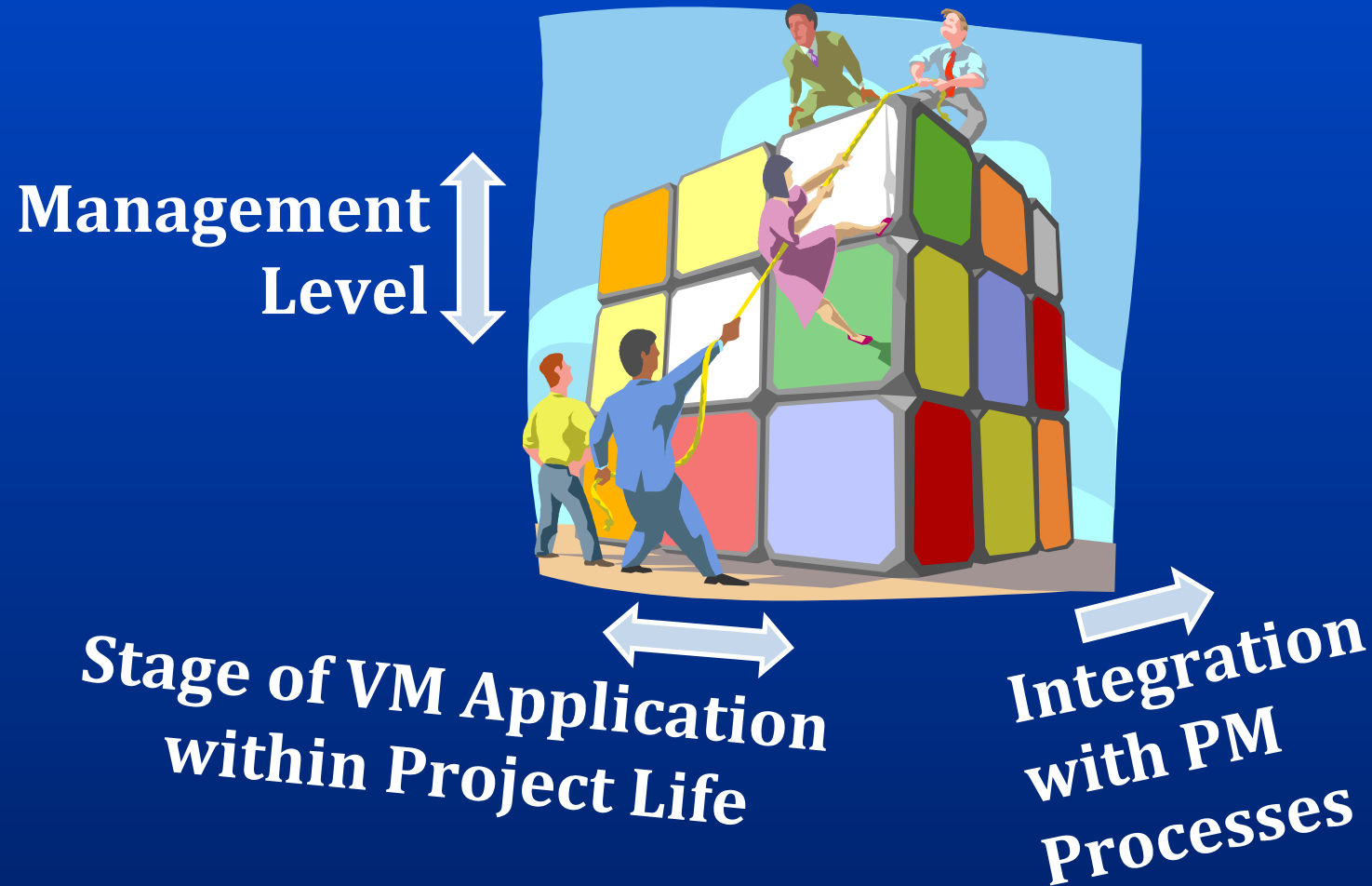


The Team Focus Group

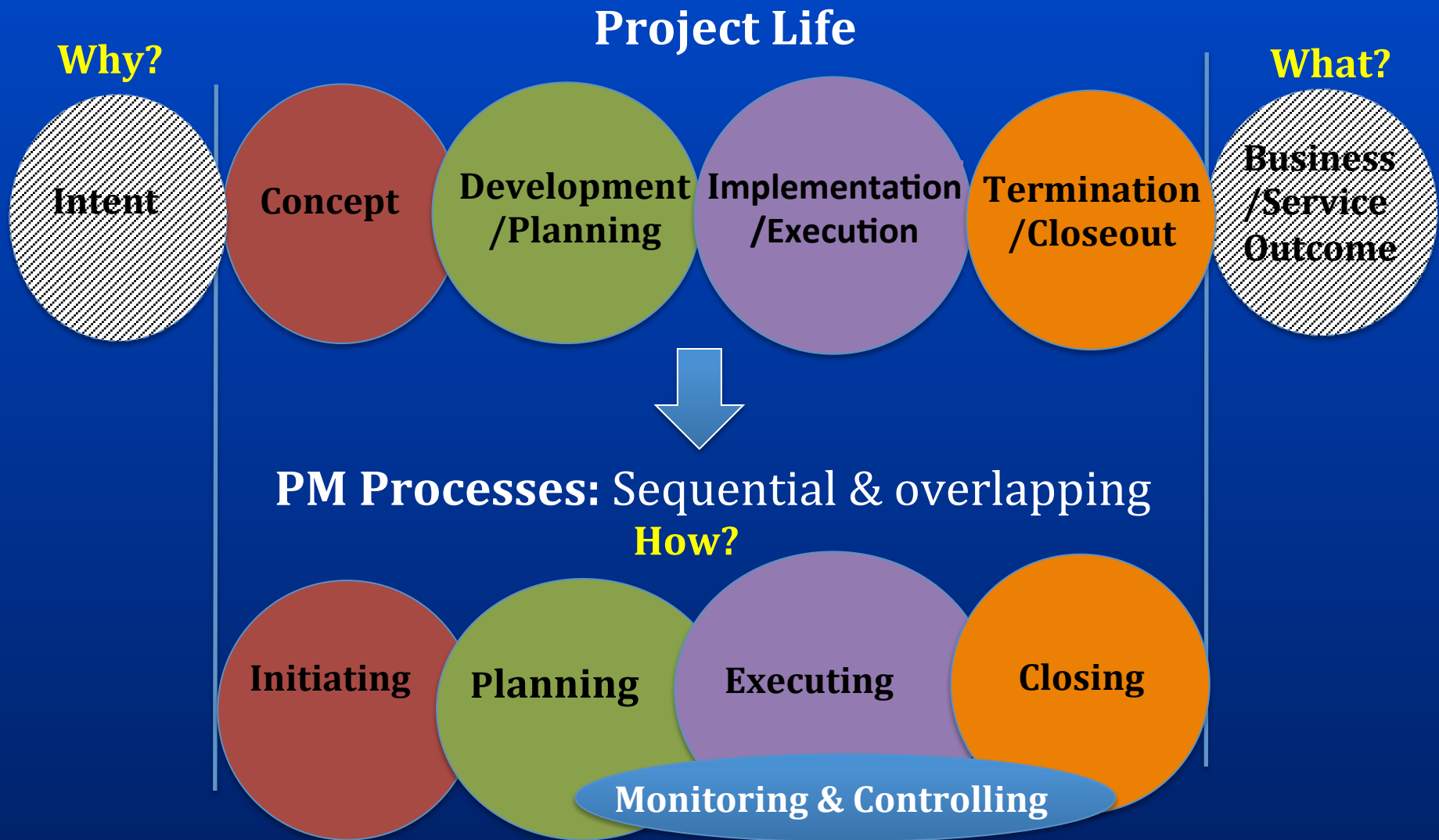
Presentation Themes

- **Context**
- **Project Life Cycle & PM Processes**
- **Value Gap**
- **Traditional VM Is Constrained**
- **VM Application Aspects**
- **Value Assurance**
- **Key Messages**

Context: Where Does VM Fit?



Project Life Cycle & PM Processes



Value Gap

$$\text{Value} = \frac{\text{Function}}{\text{Cost}} \quad \text{or} \quad \frac{\text{Performance}}{\text{Resources}}$$

$$\text{Value} = \frac{\text{Business/service outcome}}{\text{Resources to gain intent}}$$



Traditionally, Value Gap = Function Cost – Function Worth

**Alternatively, Value Gap: Efficiently Executed Project
(Example)**

But,

**No longer meets the business
objectives or satisfies stakeholders**

Value Gap

Projects are launched based on expectations and forecast business / service outcomes

- Situation & conditions to meet those forecast can change over the course of completing the project
- The project team members do not run the business. They cannot directly alter how the deliverables meet the changing situation to ensure the benefits and values are realized

Bridging the Gap

Project

Intent,
Formulating the
inception of the
project

Operation,
Occupancy,
Production,
Revenue
Generation

Value Assurance Application

Without application of Value Assurance, the value gap within the project is neither acknowledged nor recognized

Traditional VM is Constrained

- One or two short, isolated VM workshops are generally not sufficient to:



- Ensure best value is obtained in practice
 - Especially for the entire duration of a program or major project.

Traditional VM is Constrained

Key issues:

- Are projects equipped with a process that fosters new ideas for improvement?
- Are we terminating projects that no longer meet the expected outcomes?

Stage of VM Application

Apply VM as early as the project charter:

- ✓ Formal authorization of the project
- ✓ Includes the objectives and business case
- ✓ Identifies the Project Manager
- ✓ Generic enough not to change often
- ✓ High level of budget and risk allocation
- ✓ Overall requirements and description of deliverables

Define best value proposition upfront to ensure business/service viability

VM Application Aspects

- A. Defining and enhancing value is not a “quick fix”, but an integral part of the project initiation & continuing development process.

- B. Project interfaces are managed at more than one level.

Include VM Plan within Project Management Plan



Managing Changes and VM Application

- ✓ Changes have a domino effect on project cost and time, particularly by execution phase
- ✓ Majority of change impacts occur during execution phase
 - ◆ **Early application of VM yields fewer changes by identifying best value from the outset**
 - ◆ **Avoids changes caused by risk oversight or missed opportunity**

Value Assurance

Doing the right thing



Value Control & Key Decision / Approval Points

Project Processes
Project Controls



Doing things right

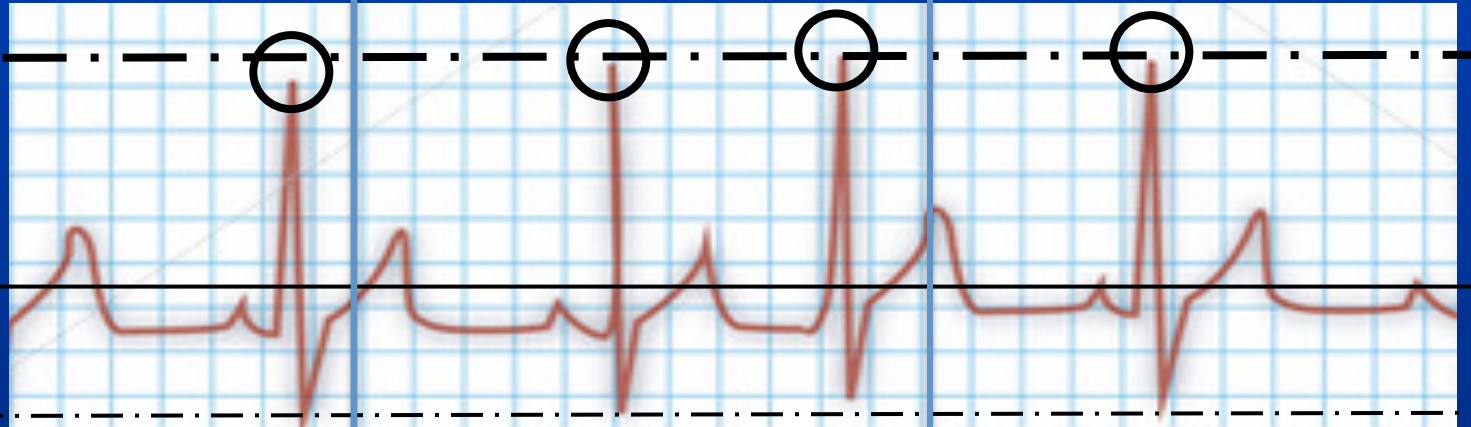
Strategic Direction

Concept Development

Project Execution

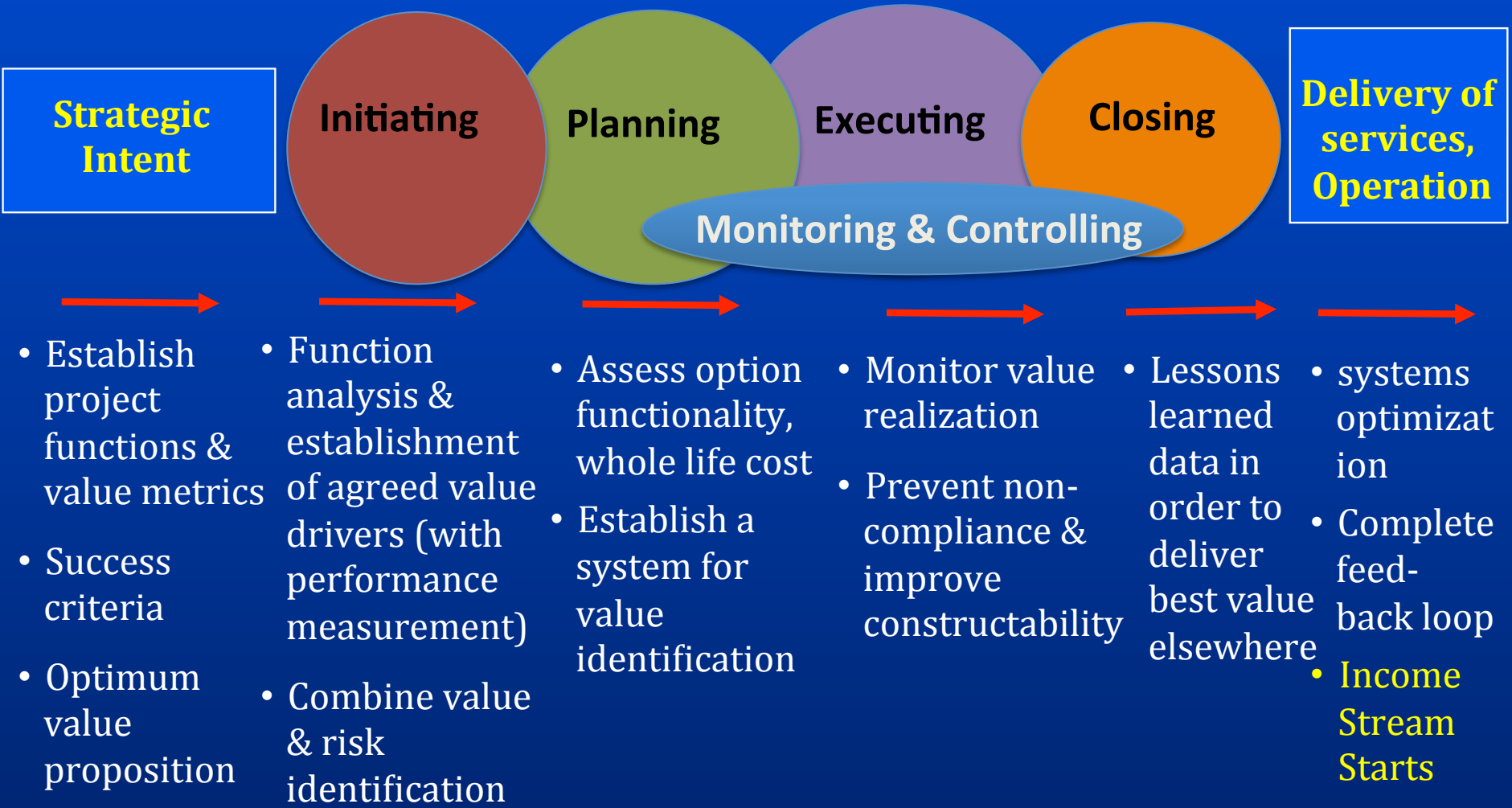
Facility Operation

Systems Optimization



- Initiating
- Planning
- Executing
- Monitoring & Controlling
- Closing

Focus of Value Assurance



Monitor & control project functions with value metrics

Project Performance

Degree of Meeting the Strategic Intent & Stakeholders' Expectations



- **Measure with Value Profiles (using multi-attribute criteria)**
- **Develop multi-criteria Performance Index**
- **Check & adjust project performance at key milestones**
- **Update Value File**

Value Assurance File

- A value file (containing essential business and functional performance parameters) is developed at the start of the project and is maintained throughout the project life
- Updated at each milestone stage
- Provide auditable trail as the basis of key decisions & changes; transparency

Key Messages

- Most strategic plans address high-level initiatives & overarching goals
- After launching the project there is typically no mechanism to assure adjustment to changing environment and conditions (that can impact the project's business outcomes)

Key Messages

The VE/M approach is more effective when fully integrated with project management procedures such that:

- ❑ a *combined value and risk approach* for proactive application
- ❑ *Project functions and value metrics* are established and referenced from the outset, for the duration of the project life
- ❑ a higher level, *value assurance* approach is used to bridge value gap between intent, outcome and project deliverables.

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SIX GREAT PUBLICATIONS

ALIGNING THE ROAD TO HIGH PERFORMANCE
In Search of Value



Introduction to Value Assurance



Overview



Managing Expectations



Methods

CREATING & DELIVERING BETTER SOLUTIONS IN LESS TIME
Value Solutions



Value Methodology Fundamentals



Managing Value Management

Visit www.amazon.com or
info@valueassurance.org

Thank You for Your Attention

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EXECUTIVE FOCUS

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An Introduction to Value Assurance: A Guide to Driving Effective Programs, Projects, Products, Systems and Services
42 pages ISBN: 1480011959

In Search of Value, Overview: Closing the Performance Gap with Value Assurance
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PRACTITIONER FOCUS

Author: Martyn R. Phillips

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Value Solutions, Volume I, Value Methodology Fundamentals: Basic Value Methodology "How To" Guide
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