

The Lonely Planet of Value Management

A proposition for a maturity model for Value Management programs

WHAT'S THE DIFFERENCE?



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I haven't changed a bit, right?

The difference is about 20 years of experience in running the ProRail, owner of Dutch Railways, VM program and also helping other organisations in various industries with the implementation of Value Management.

I want to give back my insights by identifying stages I went through, and challenges I encountered in these stages.

Why? Because I want you to go much faster than I did. I lacked the guidance I would like to give you.

In the next 20 minutes I want to raise awareness that we do not have guidelines how to get to the level described in VM standards

Then I will present to you the maturity model based on my experience

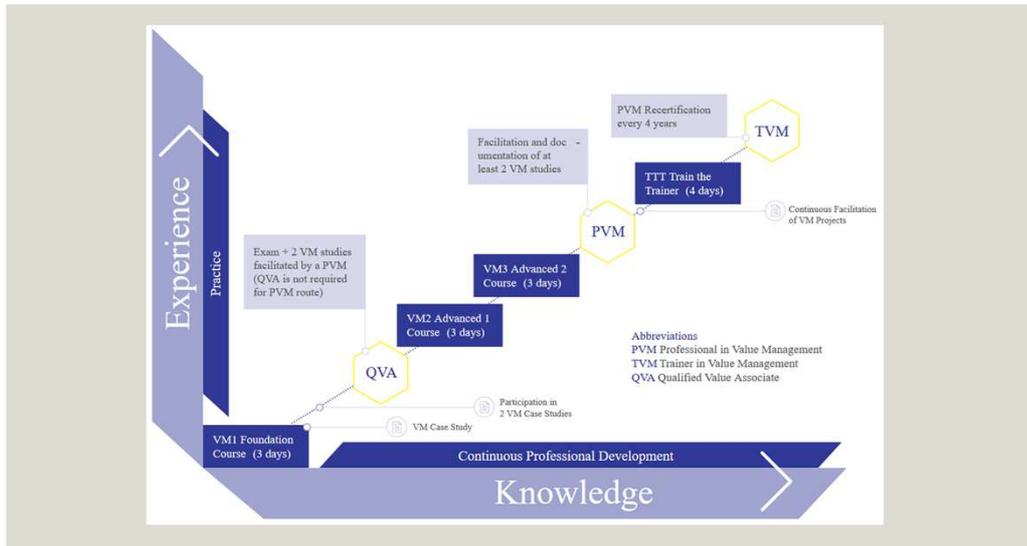
And finally I will propose to further develop the maturity model to support succesful growth of VM worldwide

This guy on the left just finished his master thesis on Value Engineering at ProRail.

His first VE pilot (he co-lead) saved 75 %. We are talking millions here.

So they said: Well done, set up Value Management! But..... how?

WE HAVE GREAT FACILITATOR GROWTH PATHS!



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I found that we have great growth paths for VM facilitators.

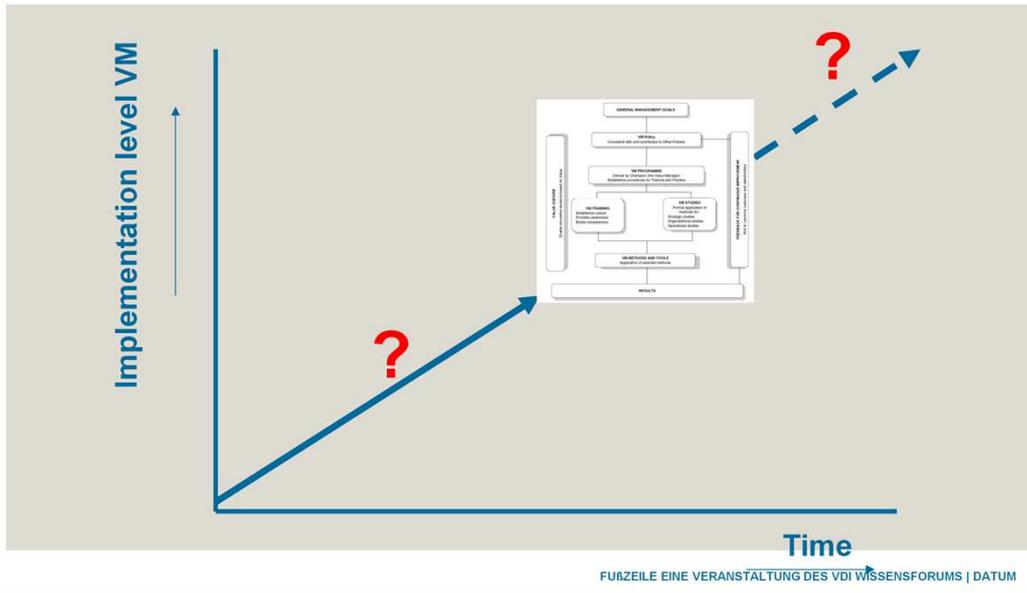
For example this is the certification route Value for Europe.

And there is SAVE of course.

Excellent ways to develop yourself in VE/VM

But what about VM implementation and other VM roles needed to manage value in organisations?

... BUT NOT FOR MANAGING VALUE...



My biggest challenge was to develop the VM program.

The European standard EN12973 describes a great Value Management framework as you see in this slide

But getting there was a trail & error venture.

Wouldn't it be great if we had a roadmap for implementing value management in organisations?

WHAT IS MORE IMPORTANT?



The image shows two side-by-side items. On the left is a red sports car, a McLaren P1, parked on a paved surface with a snowy mountain range in the background. On the right is an Illinois Driver's License for Jane Q. Public. The license includes the following information: 4d LIC NO: P142-4558-7924, 3 DOB: 11/14/1987, 4b EXP: 11/14/2020, 4a ISS: 05/01/2016, 1 PUBLIC, 2 JANE Q, 3 1234 MAIN STREET, SPRINGFIELD, IL 62723, 9 CLASS: D, 9a END: NONE, 12 RES: NONE, 15 SEX: F, 16 HGT: 5'-6", 17 WGT: 145 lbs, 18 EYES: BRN, TYPE: ORG, 5 DD 20160210993DT0328. The license also features the signature of Jane Q. Public and the name of the Secretary of State, Jesse White.

You need a car, before you can drive it!

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How important is it to have a maturity model for VM?

Lets do a little exercize:

What is more important?

To first have a car or to first have a drivers license (collect some thoughts of the audience)

You need a car, before you can drive it

Or in other words: the implementation of VM in an organisation is an important condition to conduct VE studies

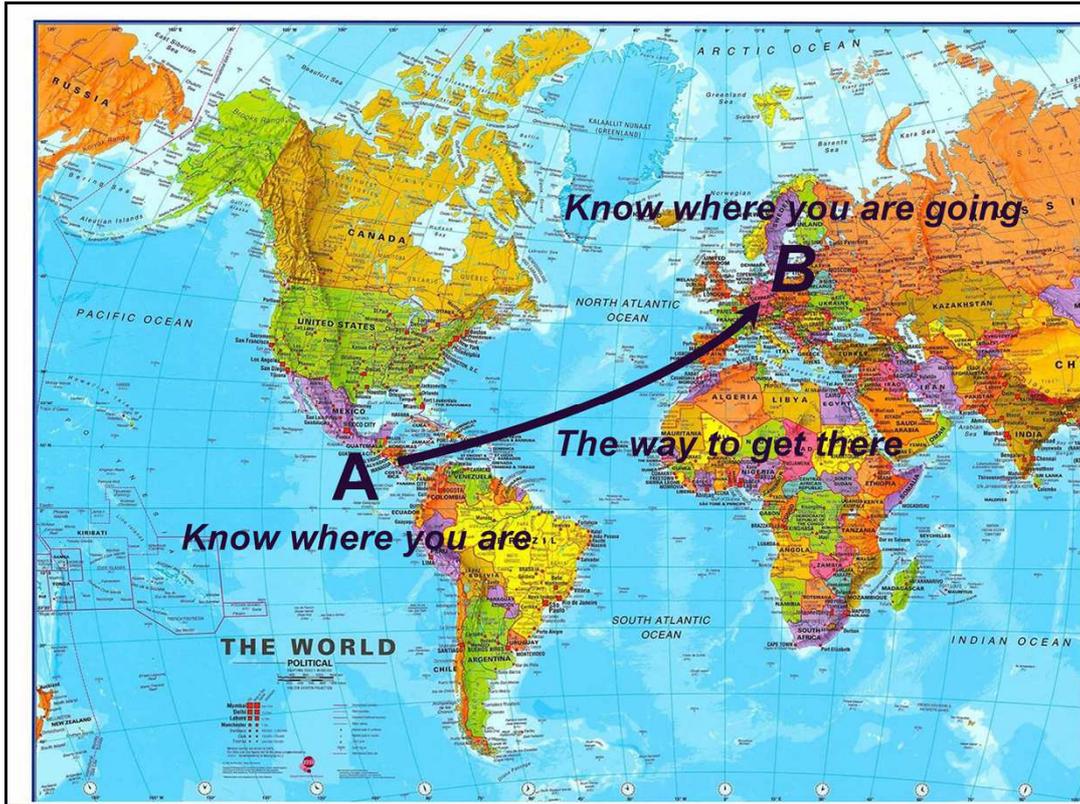
In the Netherlands we have a saying: one swallow does not make it summer.

Or in other words: One VE study does not make it Value Management

I really believe that focussing on the management of value in organisation will be key to make VM more succesful

But it is hard to get there

That's where a growth path would help



So what should this growth path look like?

You could compare it to a map.

So how do you use a map?

(determine starting point, determine destination, determine route)

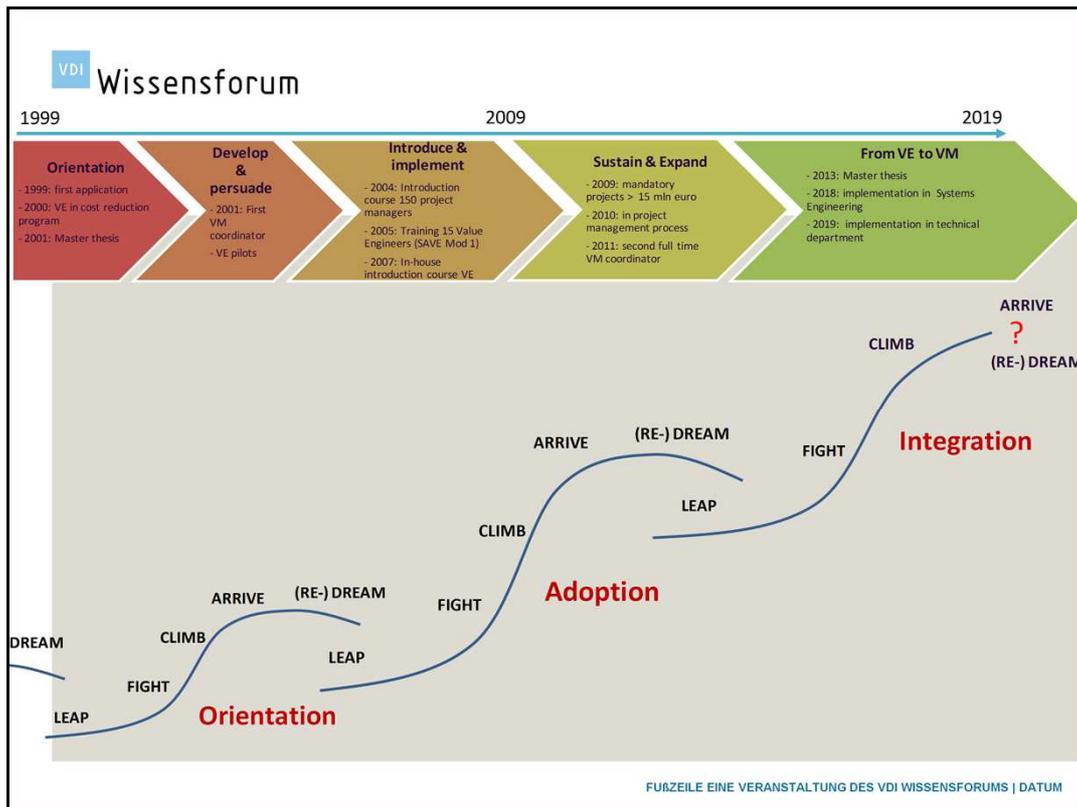


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Everybody has a different context to start from, different goals and expectations on where to go and preferred routes to get there.

Therefore I cannot present THE way to do it.

But I can model rough stages and give some guidance based on my experience



Now lets see what maturity model I derived from my ProRail journey

You see the timeline of ProRail’s VM program and its different stages it went through.

I derived 3 phases: Orientation, Adoption & Integration

For those of you who start to grab their surfboards: these are not waves.

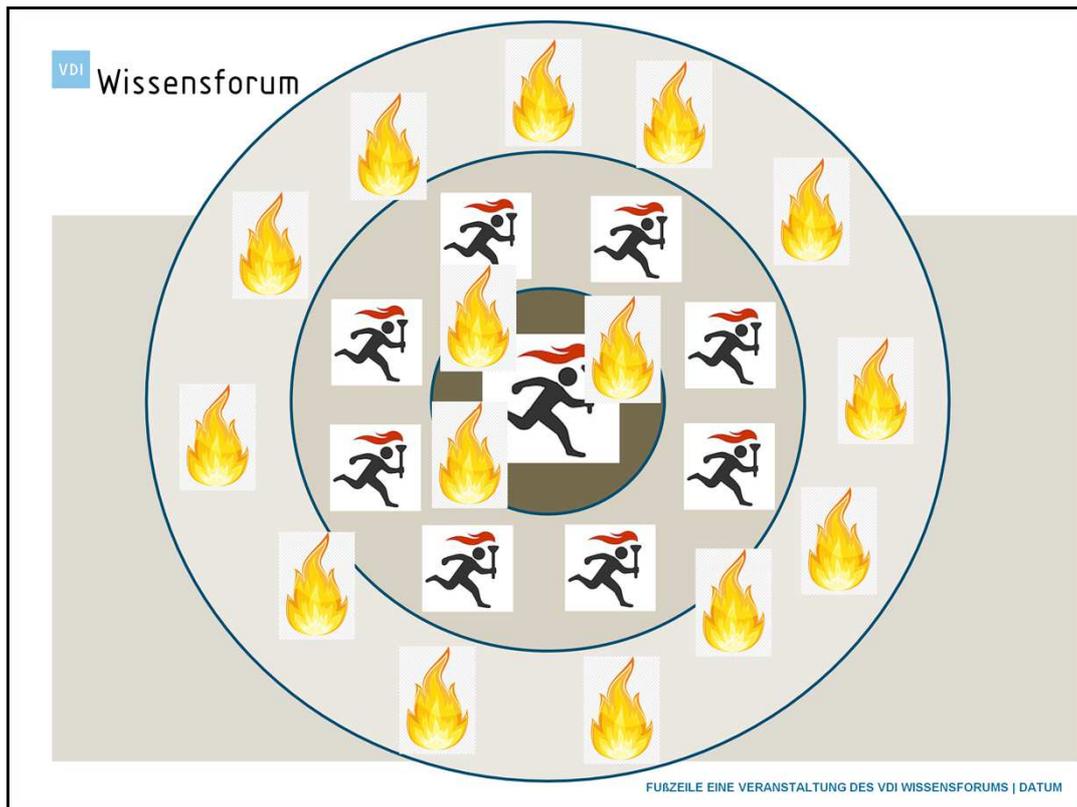
What do they look like to you?

These are multiple lifecycles in a venture. Each venture starts with a dream, whereafter you need take a leap in the great uncertain and come across challenges and difficulties before you arrive and re-dream. And leap again...

This model is derived from Nancy Duarte’s transformation stages (book “Illuminate”)

Every organisation has their own size and forms of ‘waves’.

For instance the Dutch Highway department used ProRail’s best practices and experience. So they went faster through the Orientation phase. But their Adoption phase was different, since they purchase their VE expertise, whereas ProRail has an internal pool of value engineers.



Basically these 3 phases signify the growth of Value Management in an organisation.

At first it is just you as a torchbearer who has a dream

Then there are more torchbearers with their own dreams

Until the whole organisation is on fire for value management

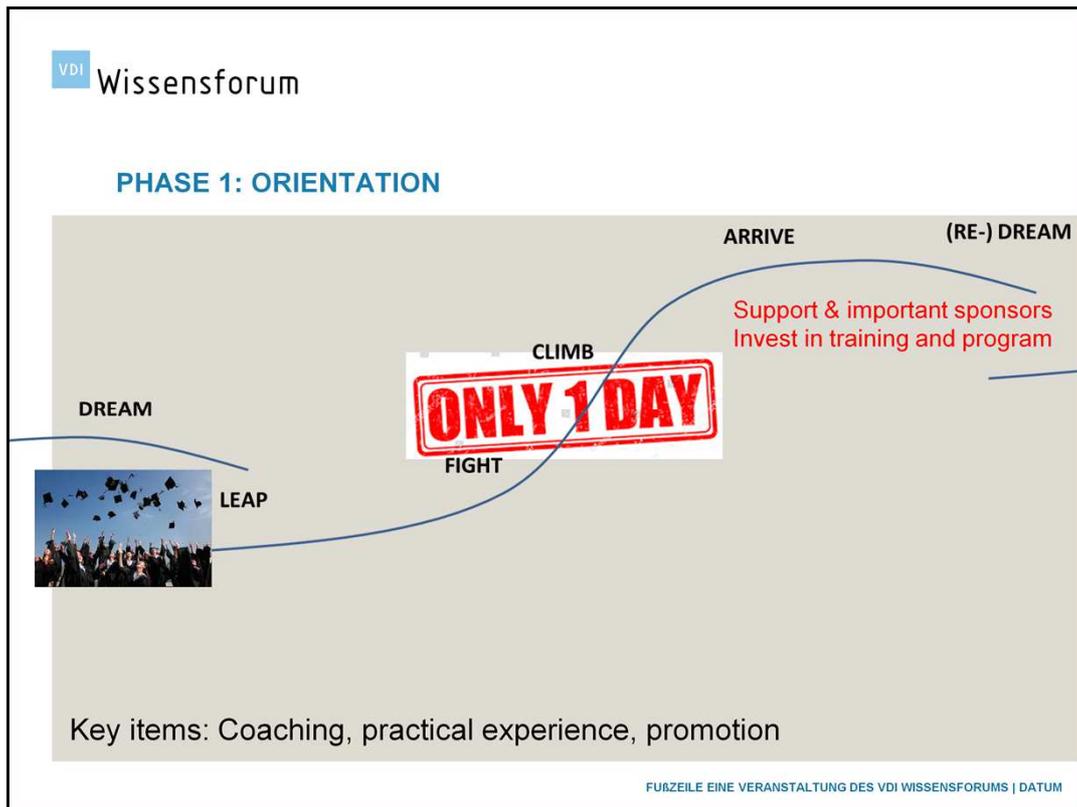
PHASE 1: ORIENTATION



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So let's investigate the phases more in closely

Let start with the the first phase:, no clue what you are looking for



I just want to illustrate 2 things:

- When do you know that you have arrived?
- And what are challenges you could encounter (fight/climb)

In this phase I did not have a dream. it was my first job and I was enthusiastic about Value Engineering

One of the biggest challenges I encountered was that People don't know it, so they don't want to invest in it.

I started with SAVE certified training hammering 5 day workshops.

And then the project says: thats nice, but you only get one day!

How do you do that while still respecting the VM fundamentals and the need to achieve results (in order to promote it again)?

So when did I notice that I had "Arrived"?

Well, when I noticed that other stuff is starting to happen on another level.

In this case it was the projectmanagement department which decided to introduce VE to 150 project managers and train 15 Value Engineers

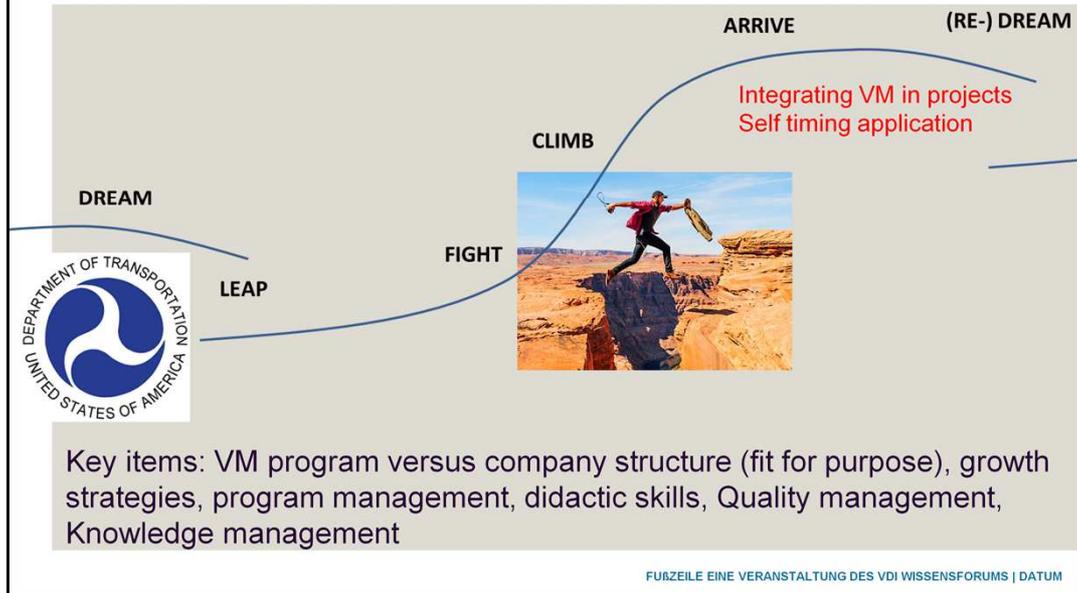
PHASE 2: ADOPTION



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Phase 2: get more and more followers

PHASE 2: ADOPTION



I was dreaming of a VE program US style. With a nice VM policy and a proper framework to support VE application.

Biggest challenge in this level was the gap between mandating VE and really doing it

Implementing VE in the organisation is a change process. VE is mandated for all ProRail projects > €15 mln.

But management is only mandating the instrument, it is not using the VE results to steer value in the organisation.

So the added value is mainly on project optimization and not business optimization.

For instance, If there is no project cost overrun, than projectmanagers are less motivated to use VE, because nothing is wrong, right?

I knew that I had arrived when projects started to initiate value studies themselves and integrate these in their development process.

Without me telling them anything.

PHASE 3: INTEGRATION



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Phase 3: they have no idea what happened. But they have internalized VM

PHASE 3: INTEGRATION



In phase 3 you start to realize that it is not about VE, but about managing value as an organisation. Instrumentation is not the main driver.

It's about value thinking and aligning Business and operational/technical layers.

This is more cultural and organisational. VM will be more integrated in development processes.

My main challenge was to get rid of the instrumental thinking.

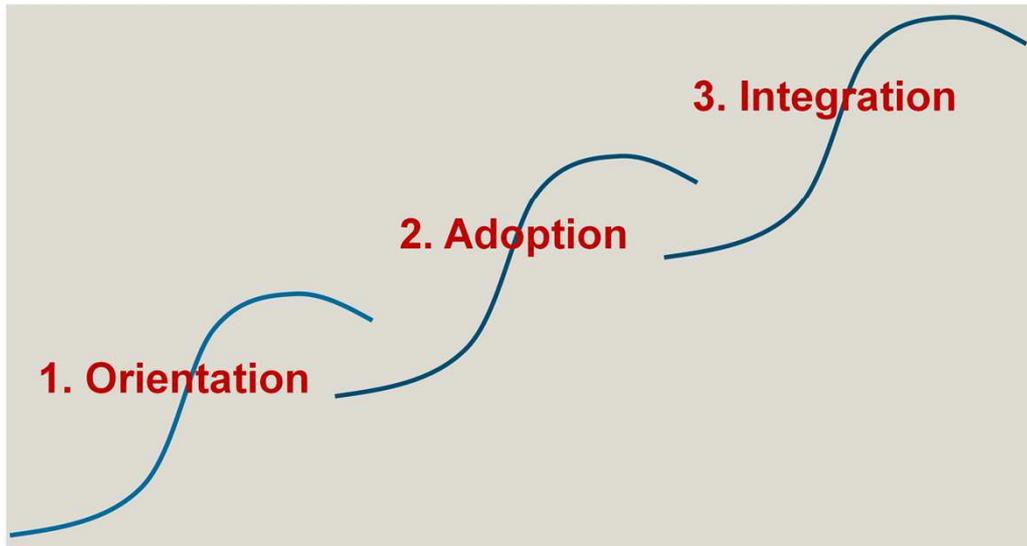
For example: "For this project VE application is not mandatory"

I am not sure where the arrival stage will be.

I guess it will be when everybody has a sense of their own contribution to value creation of the organisation and can organise processes on how to continuously improve value.

In that sense I would be interested in other experiences of what highest maturity level of Value Management looks like and if it matches our standards

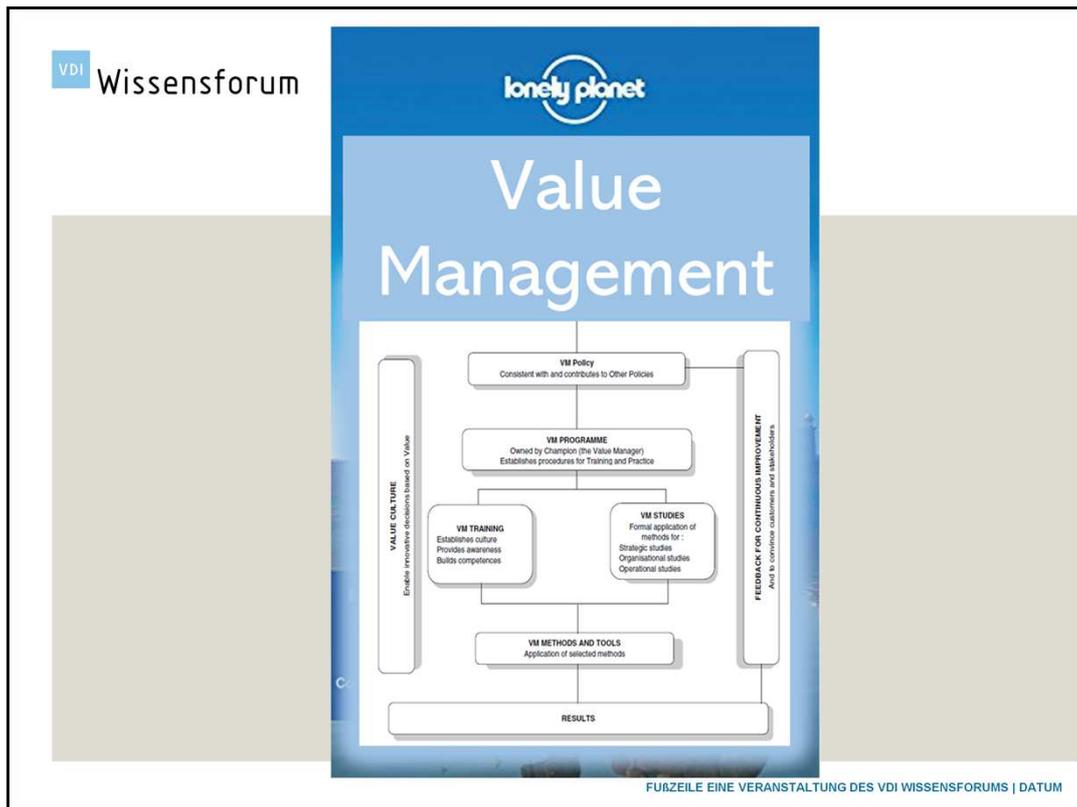
WHERE ARE YOU??



So these are the three phase I derived from my journey

Are you aware of the maturity level of VM in your organisation,
what your fights and climbs are
and what you need to do to overcome these?

Do you recognize these phases in your organisation ?
[if anybody does; where are they; what are their challenges? And how are the
overcoming it?]



[Slotstuk: wat wil ik brengen/ wat moet daar gebeuren/ wat wil ik dat er in de zaal gebeurt?]

As a Value Community we defined the end destination in bodies of knowledge & standards, but there is little guidance in how to get there.

And in my opinion: it takes too long

Wouldn't it be great if we, as VM community, could guide our VM torchbearers to implement VM faster and more sustainable?

You now have a rough map, based on my journey, like a Lonely planet of Value Management.

As you probably know, the lonely planet is based on experiences of fellow travelers.

I would like to invite you to share your experiences so I can bundle these in a whitepaper and share these with everyone.

I would really appreciate your help.

I have set up a survey to get feedback on the model and to collect your experiences

I could send it to you, in that case please leave your business card

Lets start making the journey more important than the destination!