



Management of Value



Written by Michael Dallas, Director of APM Group Ltd and Davis Langdon, an AECOM Company. The purpose of this brochure is to provide an overview of the Management of Value (MoV) guide and how it aligns with the other Best Management Practice guides.

The MoV range of publications includes:

- MoV Core Guidance
- MoV Executive Guide, a quick reference guide for senior managers considering the use of MoV in their organization.

The MoV publications are available in a range of formats to suit users' needs:

- **Hard Copy**
- **PDF Single User:** offers you immediate access
- **Handheld eBook:** downloadable to most handheld devices for easy access on the go.

What is MoV?

MoV is about maximizing value in line with programme and project objectives and key stakeholder requirements. It is not simply about minimizing costs. The fundamental question that MoV addresses is 'Are we maximizing the value of our essential investments so we are getting optimal benefits, at an affordable cost, with a known and acceptable level of risk?' Because value is subjective, MoV must also seek to achieve the optimum balance between all stakeholders' needs.

This principle of balancing variables to maximize value is illustrated in Figure 1 below.

MoV is based around seven principles and is delivered through seven key processes that are explained in the main guide. Management of Value embraces many processes that are aimed at maximizing value, which are explained or signposted within the core guide. It is essentially the same as the widely used term Value Management.

A key differentiator between MoV and other methods is that MoV focuses on function – what things do to contribute to the outcome of an activity, rather than products or what things are. This functional approach can also be taken at the portfolio, programme, project or operational levels. Only when the functions are specified and outcomes are

clearly defined in terms of the expected benefits does MoV explore different ways of doing these things to maximize value. This approach enables MoV to improve benefits and to reduce expenditure and speed up delivery without impacting essential project scope or service quality.

MoV is applicable to operational activities as well as programmes and projects.

Essentially, MoV:

- Enables more efficient delivery by employing fewer resources and using these resources to better effect
- Provides a means to define objectives and scope clearly, in terms of the organization's and end users' short and long-term needs

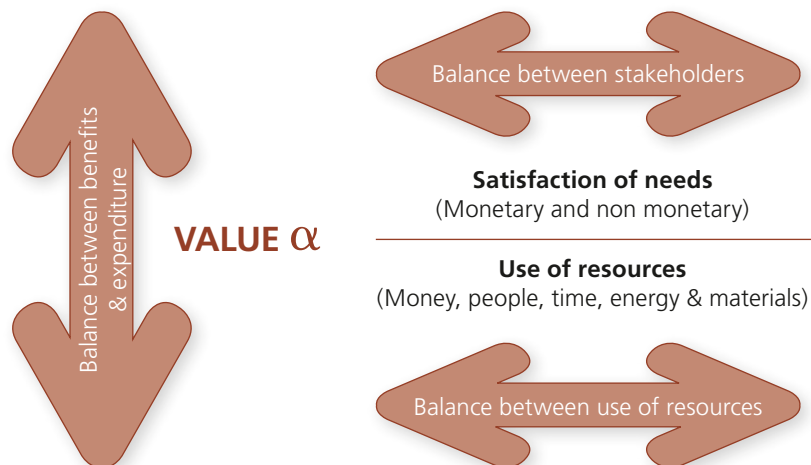


Figure 1: Balancing the variables to maximize value

- Supports decision-making based upon maximizing value for money
- Encourages innovation that is well-aligned to the organization's goals
- Facilitates optimal balance between investment and long-term operating expenditure
- Provides a means of measuring and auditing value, taking account of monetary and non-monetary benefits and achieving optimal balance between them, thus demonstrating that optimum value has been achieved
- Enables effective consultation and engagement of stakeholders and end users and reconciles their differing needs
- Promotes sustainable decision-making, based on adding value, by addressing both monetary and non-monetary factors.

MoV enhances, rather than competes with, other management methods that also seek to achieve value.

What are the principal components of MoV?

MoV is based around seven principles and delivered through seven key processes, supported by an array of techniques, some of which are unique to management of value.

The Principles

The seven principles have been derived from long-standing practice and experience and represent the factors most instrumental in delivering success. Whilst not intended to be applied in a prescriptive way, they are obligatory for good practice in MoV applications.

- 1. Align with organizational objectives**
MoV applications are fully aligned with the organization's strategic objectives.
- 2. Focus on functions and required outcomes**
MoV focuses on the functions that are necessary and sufficient in order to deliver the required programme and project outcomes and outputs in terms that clarify what value means for the organization, so providing the basis for making decisions that lead to maximum value.
- 3. Balance the variables to maximize value**
MoV engages with all key stakeholders, reconciling their objectives to balance benefits and their delivery against the total use of resources, thereby maximizing value.
- 4. Apply throughout the investment decision**
MoV is applied through all stages of the total lifecycle of the programme or project. Its focus will evolve as it moves from stage to stage.

5. Tailor to suit the subject

MoV is tailored to suit the project's environment, size, complexity, criticality and risk.

6. Learn from experience and improve

MoV applications encourage learning from experience and improvement by recording previous experience, creating an audit trail of decisions and actions and sharing lessons across all projects.

7. Assign clear roles and responsibilities and build a supportive culture

MoV applications are supported by clearly defined roles and responsibilities. The organizational structure should engage the business, user and supplier stakeholder interests to build a supportive, value-adding culture.

The Processes

MoV is delivered in programmes or projects through seven groups of processes that are described in more detail in Chapter 3 of the Main Guide, ISBN 9780113312764. The seven main headings for MoV processes are:

- 1. Frame the programme or project**
This examines how MoV informs the business case, supplementing existing information via specialist techniques.

2. Gather information

Includes procuring information relating to the project, collecting the expectations from the MoV study, identifying suitable MoV team members, identifying and understanding stakeholders' needs and other project-related information.

3. Analyze information

Analyzing the gathered information to form useful input to the MoV study.

4. Process information

Working with the MoV team to use the above input information to develop innovative and value-improving proposals.

5. Evaluate and select

Selecting the proposals that have most potential for practical and beneficial implementation.

6. Develop

value-improving proposals

Working up the outline proposals into fully developed recommendations for presentation to decision-making management.

7. Implement and share outputs

Developing the plan for implementing accepted value improvement proposals and monitoring progress. Gathering lessons learned and sharing with others in the organization for continuous improvement.

The Techniques

A large number of techniques may be used with MoV. The guide seeks only to describe those that are used most widely. For ease of reference these are divided into two broad categories:

■ MoV-specific techniques

Techniques that are either unique or core to MoV. These include Function Analysis and the use of Value Trees and derivatives to assess value for money.

■ Common techniques used in MoV

Techniques that are most commonly used with MoV.

Why was the guide developed?

A potential gap was identified in guidance that is available to support good management practices. A paper was presented to the Best Management Practice combined Strategy Board to commission a feasibility study on the availability of guidance and qualifications to support value management was accepted and thus the development of the MoV guide began.

The feasibility report which recommended the development of guidance and associated qualifications in value management.

The guide, named Management of Value, should contribute significantly

to embedding the mindset of thinking "Value" and reducing waste.

This is particularly relevant in the wake of the publication of the Government's Comprehensive Spending Review released in October 2010.

The feasibility study clearly showed there is scope for a generic approach to value management, and that this would be a useful extension of the current portfolio to support the UK public sector and the wider community.

The emphasis is on ensuring individuals understand and are competent in what value management is and how to implement it in the workplace.

What does the guidance offer?

There has probably never been greater pressure on individuals and organizations, in both public and private sectors, to do more and more with less and less. On top of this, in the current austerity era, there is huge pressure to reduce spending on all fronts. The big dilemma is how to meet these demands whilst upholding necessary output quality. When times are good the demand is to deliver more with less to remain competitive. In leaner times the demands are for cutting costs in a manner that inflicts as little harm as possible. Achieving savings through transformational change programmes can be a lengthy and complicated process. There is a need for

an effective method to respond to these demands quickly.

MoV, applied to projects on their own or as part of wider programmes, delivers innovative step changes within a relatively short timescale to improve performance and use resources more effectively through the application of a set of unique processes and techniques.

The guidance describes the key principles, processes and techniques that may be used to add value and reduce waste across any sector, across programmes and projects and to operational activities.

The guide is structured around four integrated concepts:

- **Principles** – factors that underpin MoV
- **Processes and techniques** – methods and tools used in application of MoV
- **Approach** – how to apply MoV to portfolios, programmes and projects
- **Environment** – responding to external and internal influences.

In addition, the guide contains information on how to embed the practice of MoV into an organization, four appendices covering document outlines, a toolbox of useful techniques, how to conduct a health check on MoV practice within an organization and finally how to assess and improve maturity of MoV practice.

The descriptions of how to apply MoV are supported by numerous real life

examples together with illustrative figures and tables.

MoV, fit for purpose

In order to ensure that MoV was fit for purpose it went through a number of quality assurance processes including formal quality reviews:

- **Quality Reviews** - MoV went through three review stages, involving over 20 individuals, drawn from experts in value management, accredited training organizations, authors of other Best Practice guides and end users from the public and private sectors. These people read and reviewed the guidance to ensure it was fit for purpose and met with the MoV mandate.
- **Train the Trainer** – Representatives from around 30 accredited training organizations attended a training event based on foundation level training material and subsequently took a sample foundation exam. Feedback from the event has been incorporated in the guide and the formulation of the live exam papers.

Quotes from Reviewers:

“I like the way that MoV fits well with other methods including Management of Risk and Agile. I also like the way it differentiates between delivering benefits and whether so doing is value for money. MoV provides a way to demonstrate the value of benefits to the business”

“MoV provides an effective mechanism to improve existing benefits and identify and quantify new ones”

“I like the consistency with PRINCE2 and MSP in terms of the principles, themes and processes”

Alignment with other Best Management Practice guides

MoV complements the suite of related PPM guidance developed by Best Management Practice, which was developed to help organizations and individuals to use Best Practice to manage projects, programmes and services consistently and effectively.

In common with the other topics included in this suite, MoV should be embedded in the management methods used in achieving successful outcomes rather than regarded as an optional standalone or extra process.

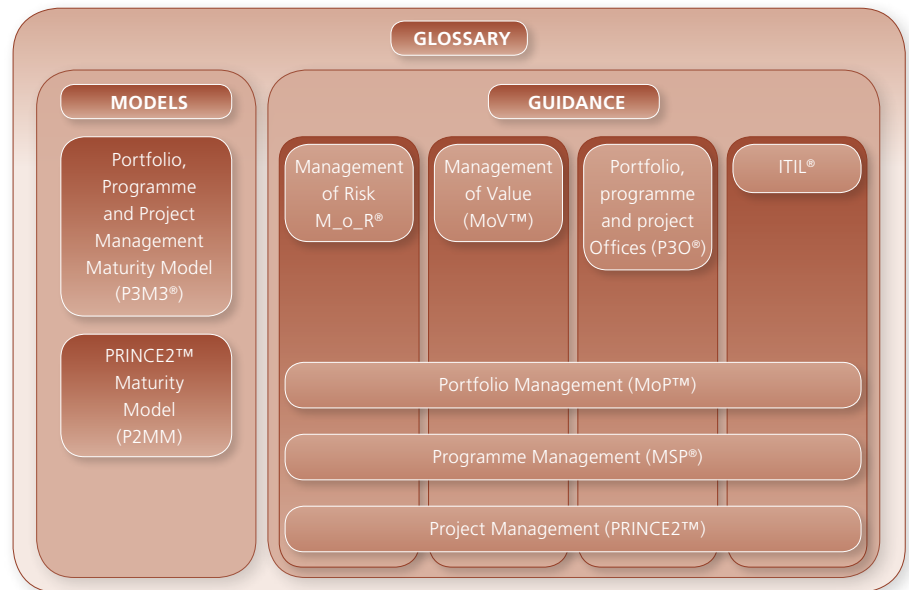
MoV supports many of the core requirements of delivering successful programmes and projects as well as operational activities:

- Unambiguous definition of the intended outputs, aligned with an organization's strategic goals
- The functionality required of the project overall and its constituent products to meet the needs of the end users
- Addressing, quantifying and maximizing both monetary and non-monetary benefits
- Maintaining or enhancing quality and performance, including reliability and availability of the end products
- Providing clarity of the scope of programmes and projects

- Involving stakeholders and end users explicitly when describing the levels of quality and performance to be achieved
- Making the most effective use of available resources expended in delivering the benefits
- Minimizing waste.

By addressing these topics MoV plays a key role in reducing uncertainty and informing management decisions based on value.

Figure 2: Best Management Practice PPM Guidance



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