

ENABLING BETTER OUTCOMES

- A Bigger Bang For The Infrastructure Buck



Extract from: Enabling Critical Decisions For Effective Stewardship of Programs, Projects and Services

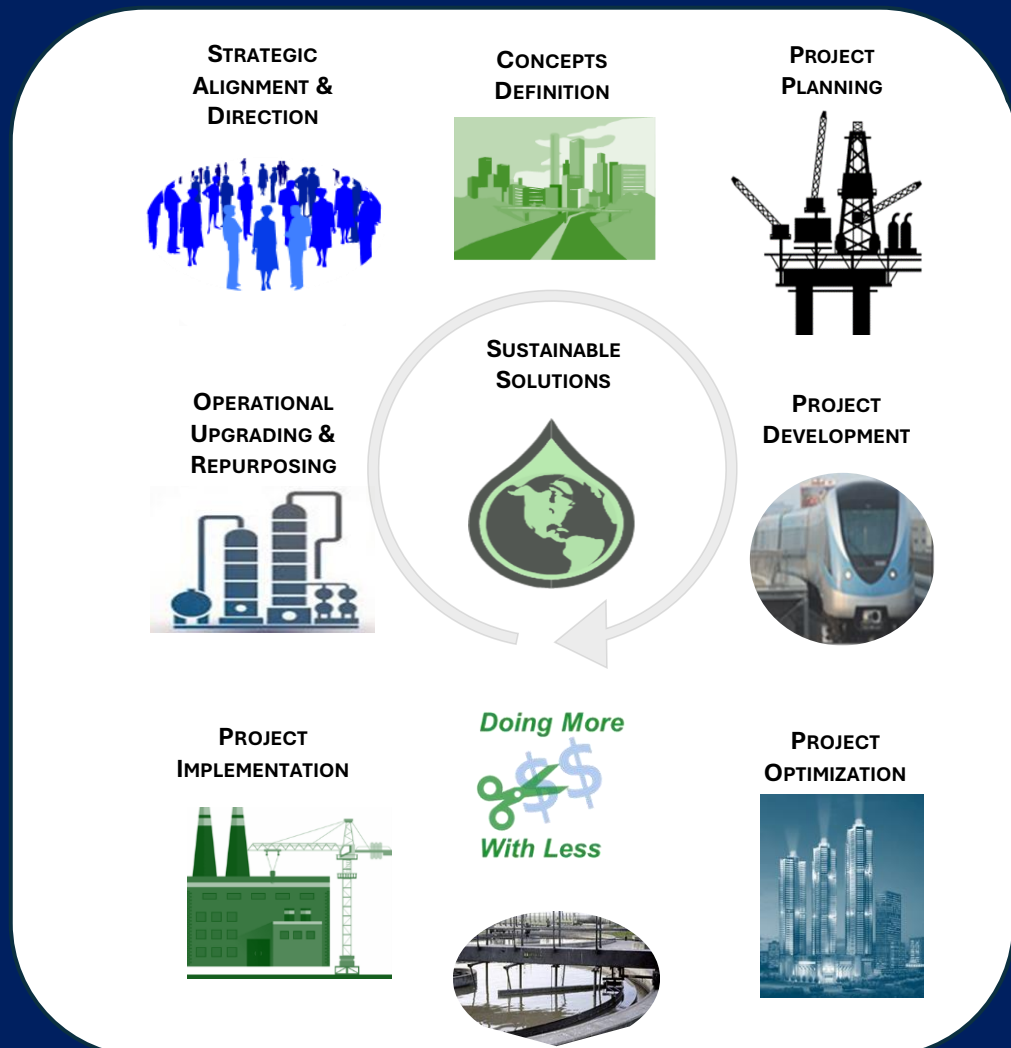
- Part A, The Art of a Broader, Balanced Perspective

Key Words: Value Planning & Oversight; Sustainability; Resilience; Asset Management; Innovation; Program/Project Revival

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Key Themes & Scope of Discussion

Consensus development and program / project GREENLIGHTING. Avoidance of overspending and delivery delays. Integrating strategy, requirements, delivery & realizing benefits. Strategic risk & value management. Figure 1 illustrates example application topics within the scope of this discussion.



**Figure 1,
Scope of
Discussion**

Focus

This article is intended particularly for representatives of funding, developer, municipality, utility and other owner-operator organizations. It focuses on enabling smooth and effective progress through a holistic, collaborative, optimizing and formal assurance approach for:

- **Increasing program / project affordability**, prioritization and ensuring full realization of planned benefits - on time
- **Getting on the right development & implementation track**, and staying on track, including revival of stalled programs and projects
- **Ensuring systems resilience** and enhancing value, as well as reducing the environmental footprint and minimization of other collateral concerns.

Context

It would seem quite rational for taxpayers and other stakeholders to expect those persons charged with managing major project investments to exercise a robust, transparent process for ensuring complete portfolio/program benefits and accountability. This includes due consideration of resource availability, affordability and a process for managing uncertainty / ambiguity, along with adapting to changing conditions. However, the all-too-often, neglect to do so just **perpetuates an unsatisfactory status quo** which costs us all greatly – not only in monetary terms.

Despite the many management tools and techniques available, there are still reports of programs and projects, including major procurements, that incur significantly disruptive and divisive issues. Reports of seriously late delivery, budget overruns and disappointed stakeholders are all too prevalent. Yet, there are actually **many other major expenditures** that are executed systematically and successfully, as per expectations.

The ever-increasing demands, prices and funding cuts, as well as stiff competition for any remaining investment funding, require reliable, timely diagnostics and a balanced approach to the best use of resources. Well-informed decisions and approvals at key stages are crucial to deriving best value. Explicit **Value Control Points (VCPs)** are **necessary to protect the long-term integrity of decisions** made for major expenditures. Techniques are available for getting back on track (i.e. project recovery/revitalization), but meanwhile some schedules, budgets and benefits would likely have been somewhat disrupted. So much more can be accomplished with the constrained resources available to us by **“getting it right - first time”** and thus freeing up resources for other ventures.

The Value Planning & Oversight cycle is shown in Figure 2 (see page 4). This holistic approach addresses ***Enabling Critical Decisions For Effective Stewardship For Effective Stewardship of Programs, Projects and Services.***

Part A, The Art of a Broader, Balanced Perspective, is the document from which this leaflet is abstracted. **Part B** describes ***Value Planning & Oversight In Action.*** Other related sources of information are shown on page 6. With the appropriate use of smart templates data driven techniques and ultimately AI, the system can provide for a “digital copilot” to aid guidance of the planning & control of critical expenditures.

Some Key Issues

Basic vulnerabilities in the control of expenditures include **underestimated complexity, inadequate scope management and insufficient risk mitigation**. Many program and project delivery problems start very early – some having deficient initiation procedures and inadequate concept definition, together with lack of consensus of appropriate stakeholders.

In addition, problems can arise because **throughout the life of a program or project**, there can be several diverse groups of people involved having **different skills, motivation, misaligned objectives and systems, as well as varying adaptability to potential change**. Passing of the management baton is sometimes fumbled between the aspects 1 to 6 listed below:

1. Expectations & needs analysis, prioritization, strategic options, appraisal & selection
2. Definition of concept & main systems; outline specification & execution planning
3. Development, detailed design, Final Investment Decision (FID)
4. Execution / project(s) delivery
5. Interfacing and transitioning through to operations and benefits accrual
6. Maintenance of long-term performance capabilities and asset value.

An important concern regarding some current management practices is the **fragmented application of techniques and tools that leads to disconnects**, thereby causing loss of value and satisfaction to organizations, their customers and other stakeholders. Sometimes various analytical and improvement techniques are applied entirely separately, as if disassociated from each other. Working within management “silos” can be quite disruptive. As such, cost transparency and consistency can be elusive, while functionality may also be compromised.

Aside from significant scheduling and capital cost issues, there can be staggeringly high consequences, or disbenefits, incurred during the remaining part of the lifecycle of an endeavor, - including associated loss of overall value to organizations, taxpayers and other stakeholders. Further, reduction of cost while sacrificing functionality and scope as well as increasing risks/liabilities and whole life costs, should not be seen as value improvement in anybody’s eyes. However, short-termism and transactional approaches can cause exactly that, including loss of longer-term benefits and value to the organization or to society as a whole. **Optimal configuration along with continuity of thoughts and concepts, as well as a structured approach to the timely management of change, are essential**. Loss of consensus/support, resource continuity and fading corporate memory are also of concern.

End-To-End Value Optimization & Assurance

Accountability throughout program & project planning, execution and control should be the norm rather than the exception. Why should investors/taxpayers expect anything less than the agreed outcomes at the right price? Good governance of major expenditures requires complete clarity through a series of critical decisions for pivotal choices and beyond. There is a need for wider adoption of a framework for **oversight, probing & assurance** through:

- (i) **Strategic options** identification, prioritization, selection and key risks; scoping, consensus development and assuring best value right from inception through to end-of-useful life

- (ii) **Optimization**, including incisive innovation, for definition, development, implementation, long-term operations & essential maintenance /revitalization; continuing improvement.

In essence, **investors need to be sure** that major undertakings are good value and “done right”, first time. **Even the most diligent of optimization efforts, purchasing negotiations and lean controls are very unlikely to overcome the impacts of previously having selected the wrong project/concept or inadequately defining scope.** Typically, late major improvements are obtained by reverting to conceptual options, to effect similar functionality.

Alignment of multiple perspectives and approaches, along with searching for opportunities for value and performance improvement, are required **at different program and project stages** - on the journey from policy and strategic direction, through benefits and resource requirements definition, selection of optimal concept, design, specification, development, execution, outputs delivery, operations and maintenance, to benefits accrual and eventual renewal, repurposing or final disposition of assets. Proper scoping, options exploration, resourcing, and risk assessment, from the outset, are essential for realistic estimates of cost and schedule.

Value Planning & Oversight System

The **Value Planning & Oversight (VPO)** system provides a perspective on how best overall value and performance can be identified early and then subsequently achieved, especially for complex programs and long duration projects. The all-embracing VPO approach addresses planning, optimization and ongoing assurance for meeting stakeholders’ agreed expectations. The system applies to many fields of endeavor. Key application aspects of the VPO system are shown in Fig. 2.

VCP: Value Control Point

Optimum Value is obtained by maximizing benefits through balancing:

- functionality / satisfaction of needs, and,
- overall resources expended, while,
- actively embracing sustainability & resilience requirements

Figure 2.
Overall Value Planning & Oversight Cycle



Using highly structured momentum sessions, the system works across a number of different expenditure topics, across the expenditure lifecycle and through the following three distinct stages and designated value control points:

- I **Asset Planning.** *Making the Case for Funding/Investment (VCP-1, Expectations).* Focus on **options appraisal and concept selection.** Needs assessment, scope definition, service level(s), standards, strategic & resiliency options, benefit-cost, alignment, concept selection, master plan, stakeholder engagement, special exploration(s) / investigations, piloting, life cycle impacts, long-term cost commitments & liabilities, contracting choices and business risk strategy - *to ensure that ventures start reliably “on the right track”*
- II **Program/Project Development & Delivery.** *Maximizing Value & Performance Potential (VCP-2A, Shaping and Alignment, and, VCP-2B, Defining).* Focus on **planning and delivery** through development, specification, innovation, optimization and implementation & interfacing risk management - *to achieve cost and performance effectiveness*
- III **Asset Management.** *Benefits Realization and Sustaining Service(s) (VCP-3, Performance Optimization).* Focus on **change transitioning, returns on investment & assets upkeep.** Productivity, compliance, reliability, efficiencies, benefits realization, long-term assets maintenance, modernization, retrofitting, operational risk and organizational change - *to ensure sustained value and returns.*

Application

Within each of these categories there are **several key considerations, specific steps and techniques** that drive value and performance. These are described in detail in our various professional papers and 8 books published over the last 20 years. A “**golden**” thread running throughout the oversight and assurance cycle of programs and projects consists of well-defined objectives, requirements and outcomes, along with diagnostics, the use of function-based cost control, a continuously reviewed multi-criteria value index, measurement of compliance with performance criteria and ensuring stakeholder engagement and consensus. Addressing vulnerabilities and relieving bottlenecks are integral aspects. The VPO system may be applied by an **independent third party, or, a Value Management Office (VMO), or through a strategic resource within an integrated team setting.** It ensures **starting and staying on the right track.**

The system **rationalizes prioritization, definition, development and implementation of portfolios, programs and projects;** it provides for a **smoother approvals process, greater effectiveness of outcomes and ensures better utilization of funding.** This is particularly effective for complex, long duration endeavors and for bridging funding gaps while ensuring that the **required outcomes are achieved on time and at the right price.**

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