



VALUE MANAGEMENT in RMK-10

Mesyuarat Pegawai Kanan JKR Malaysia 2011

30 Mei – 1 Jun 2011, Melaka

content

the VALUE
CONCEPT

overview
of VM

implementation
of VM in RMK-
10





the VALUE CONCEPT

value management

key message



COST CUTTING



**maximising
PROJECT VALUE**



value management

value concept


$$\text{VALUE} = \frac{\text{Function (F)} + \text{Quality (Q)}}{\text{Cost (C)}}$$

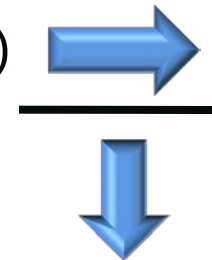
By Dell 'Isola:

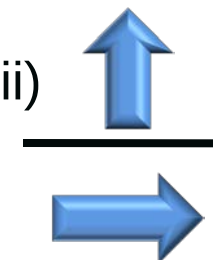
Function = The specific work that a design or item must perform
Quality = The owner's or user's needs, desires and expectations
Cost = The life cycle cost of the product or project

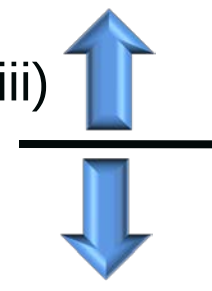
value management

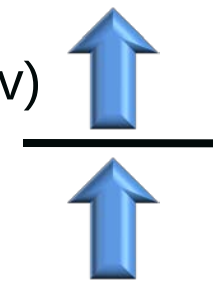
value enhancement


$$\text{VALUE} = \frac{(F) + (Q)}{(C)}$$

(i)  Reducing cost but maintaining the function and quality

(ii)  Increasing either the function or quality or both but maintaining the cost

(iii)  Reducing the cost and at the same time increasing the function and quality

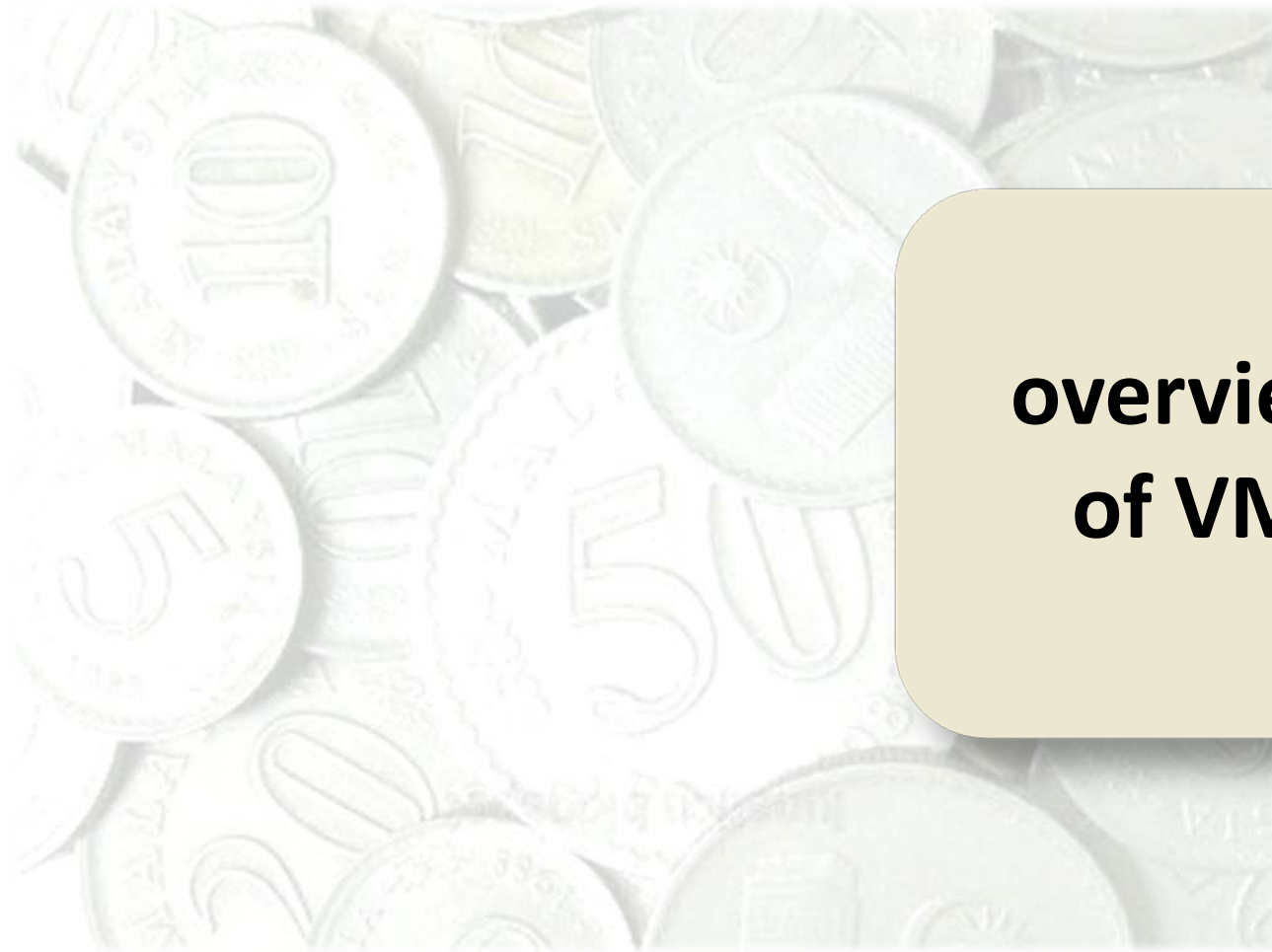
(iv)  Increasing the cost but at the same time improving function and quality at a higher proportion

value management

how value is optimised?



- Understanding of business objectives, needs and expected outcomes
- Alignment of project deliverables with functions
- Elimination of unnecessary costs
- Innovative solutions sought



overview of VM

value management definition

‘VM is a proactive, creative way, problem solving service, using **structured systems** and multi disciplinary team orientated approach to generate alternatives with the relationship of **function with value**’

Source: Kelly and Male (1993)



value management standards



USA

Value Standard & Body of Knowledge
(SAVE International)

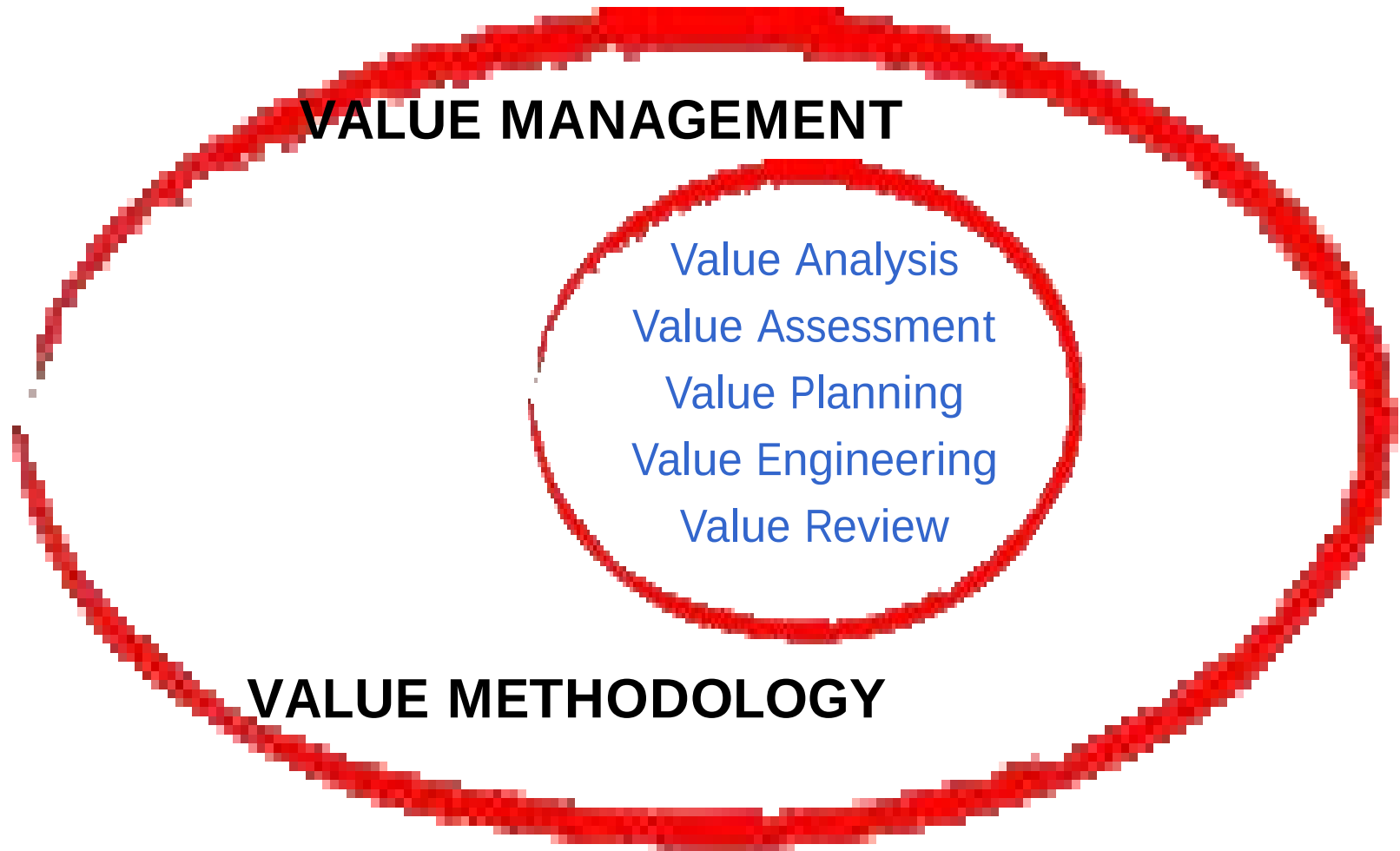
UK/Europe

British / European Standards
BS EN 12973:2000

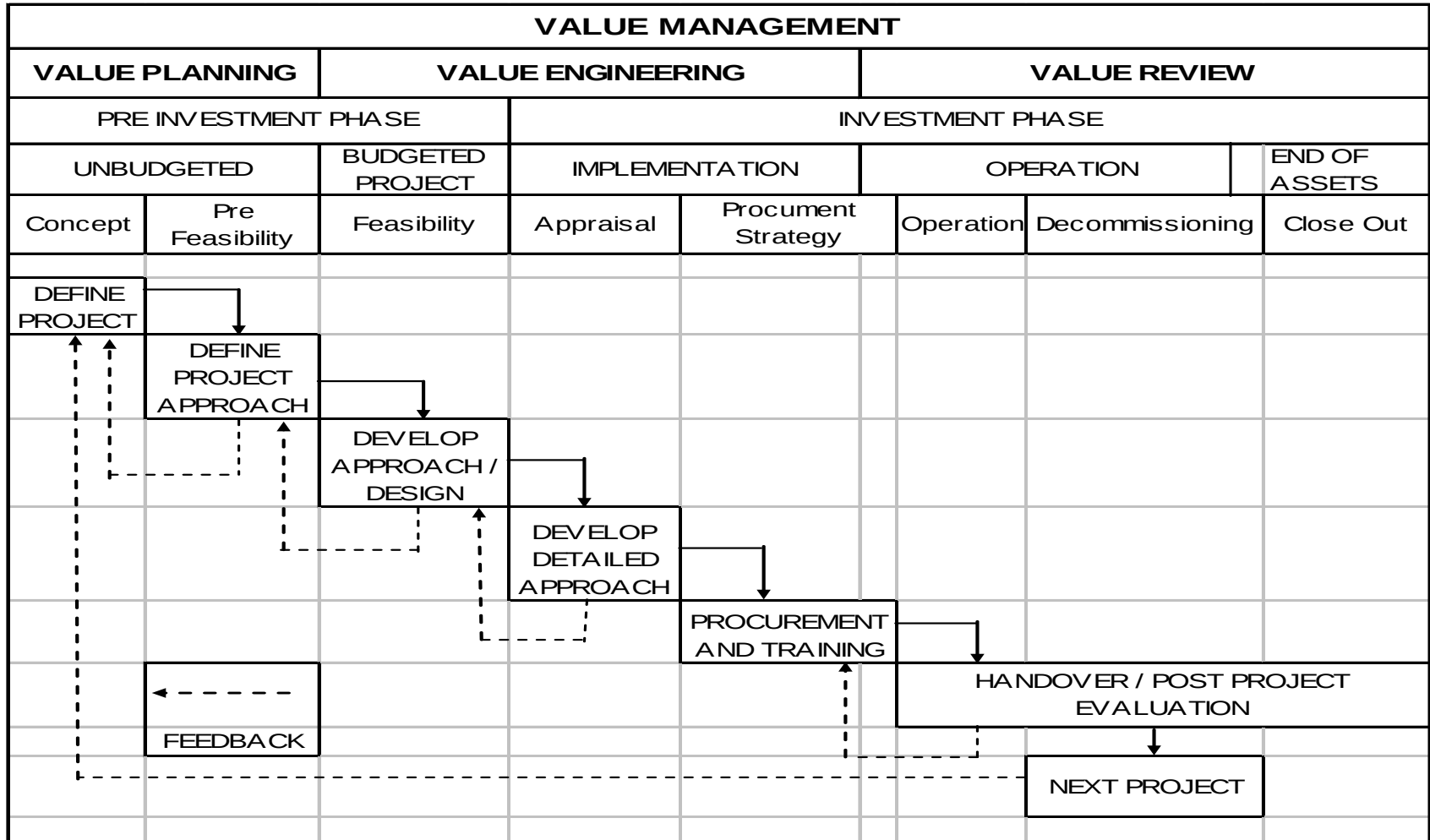
Australia / New Zealand

**AS/NZ Standards – Value Management &
TAM 2000 (NSW)**

value management terminologies



value management terminologies



value management

benefits



- ◆ Better investment decision
- ◆ Improved products or services
- ◆ Robust management style
- ◆ Vehicle for innovation and change



- ◆ Effective methods and tools
- ◆ Enhanced competitiveness
- ◆ Improved communication
- ◆ Positive human dynamics

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VM challenges



- ❖ Misconception towards VM
- ❖ Misconduct of VM process and practice
- ❖ Negative attitudes and rejections
- ❖ Lack of VM experts and standards
- ❖ Lack of commitment and support
- ❖ No financial incentive for contractors (VECP)

**implementation of
VM in RMK-10**

value management

garispanduan UPE

1 Pekeliling UPE

**GARIS PANDUAN PELAKSANAAN PENGURUSAN NILAI Bil 3
Tahun 2009**

(29 Disember 2009 - bagi project > RM50juta)

2 PANDUAN PELAKSANAAN PENGURUSAN NILAI DALAM PROGRAM/PROJEK KERAJAAN

(24 Mei 2011 – www.epu.gov.my)

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Unit VM JKR

FUNGSI UTAMA:

- 1** Membangunkan sistem, proses, tools, techniques bagi pelaksanaan VM di JKR
- 2** Membangunkan kompetensi dalaman bagi VM di JKR
- 3** Menyelaras pelaksanaan VE bagi projek Kerajaan yang dilaksanakan oleh JKR

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VM implementation in RMK-10

1

**VALUE
ASSESSMENT**
(Asset Creation)

EPU & Ministries

- Strategic Direction On Asset Creation

2

**VALUE
ENGINEERING**
(Design / Construction)

JKR & JPS

- Project functional performance and cost optimization

3

VALUE REVIEW
(Operation)

Audit & Ministries

- Benefits realization review & lessons learned

VM labs for RMK-10 projects

(> RM 50 M - 1st Rolling Plan)

- Total VA labs **156** Projects
- Labs completed **88** Projects
- Remaining labs **68** Projects (by 30 April 2011)

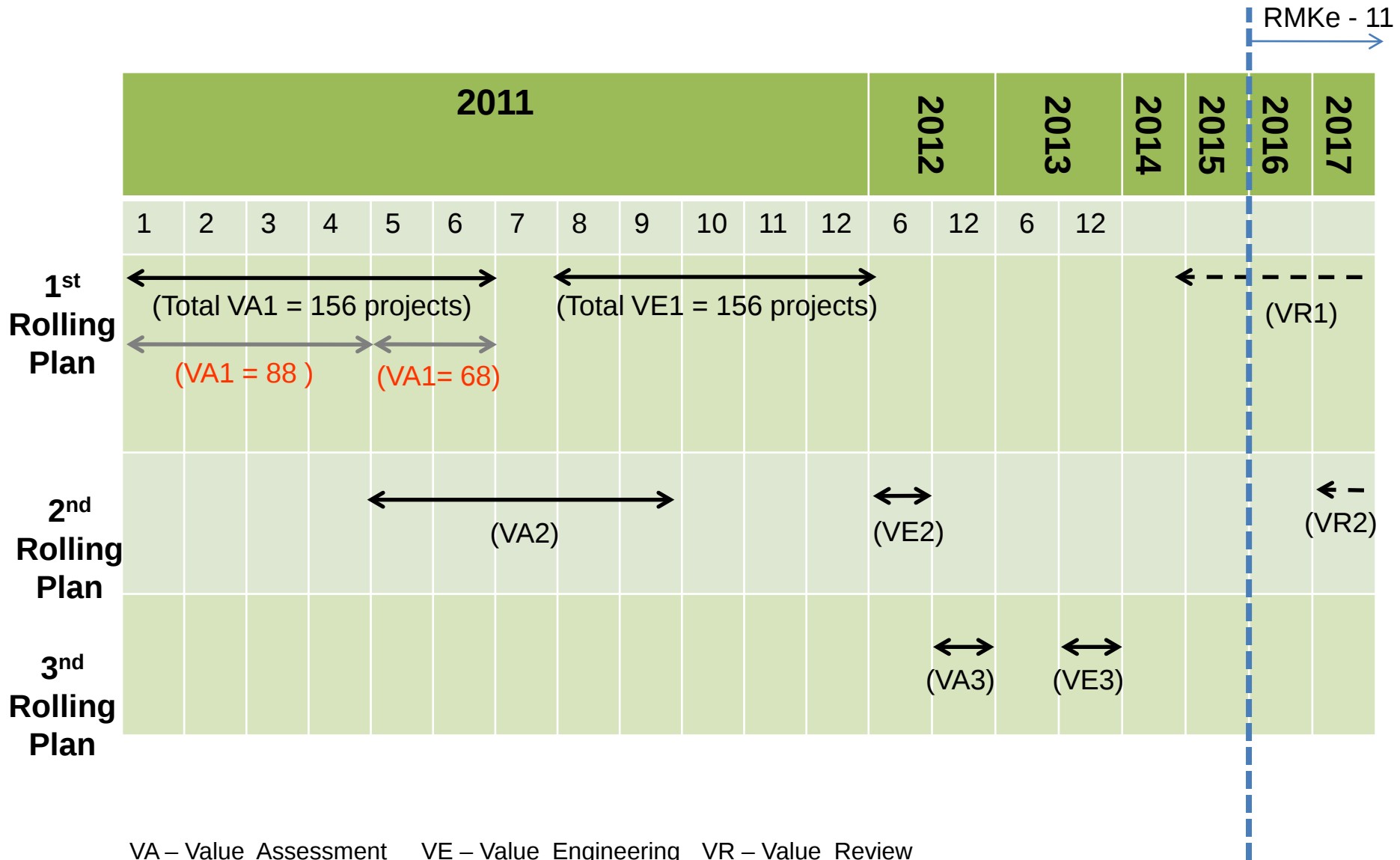


VA Labs Status (>RM50 m - 1st Rolling Plan)

KEMENTERIAN	JUMLAH PROJEK	TELAH DILAKSANA	BAKI
Jabatan Perdana Menteri	33	19	14
Jabatan Perkhidmatan Awam	1	0	1
Kementerian Tenaga, Teknologi Hijau dan Air	12	4	8
Kementerian Dalam Negeri	1	0	1
Kementerian Kemajuan Luar Bandar & Wilayah	15	12	3
Kementerian Kerja Raya	18	14	4
Kementerian Kesihatan	5	2	3
Kementerian Luar Negeri	3	0	3
Kementerian Pelajaran	12	5	7
Kementerian Pelancongan	1	1	0
Kementerian Penerangan, Komunikasi dan Kebudayaan	1	0	1
Kementerian Pengajian Tinggi	8	5	2
Kementerian Pengangkutan	6	4	2
Kementerian Perdagangan Antarabangsa & Industri	1	1	0
Kementerian Pertahanan	7	3	4
Kementerian Pertanian & Industri Asas Tani	2	1	1
Kementerian Perumahan & Kerajaan Tempatan	6	6	0
Kementerian Perusahaan Perladangan & Komoditi	2	1	1
Kementerian Sumber Asli & Alam Sekitar	11	3	8
Kementerian Sumber Manusia	4	2	2
Kementerian Wilayah Persekutuan	3	1	2
Perbendaharaan	3	3	0
Kementerian Sains, Teknologi dan Inovasi	1	1	0
JUMLAH BESAR	156	88	68

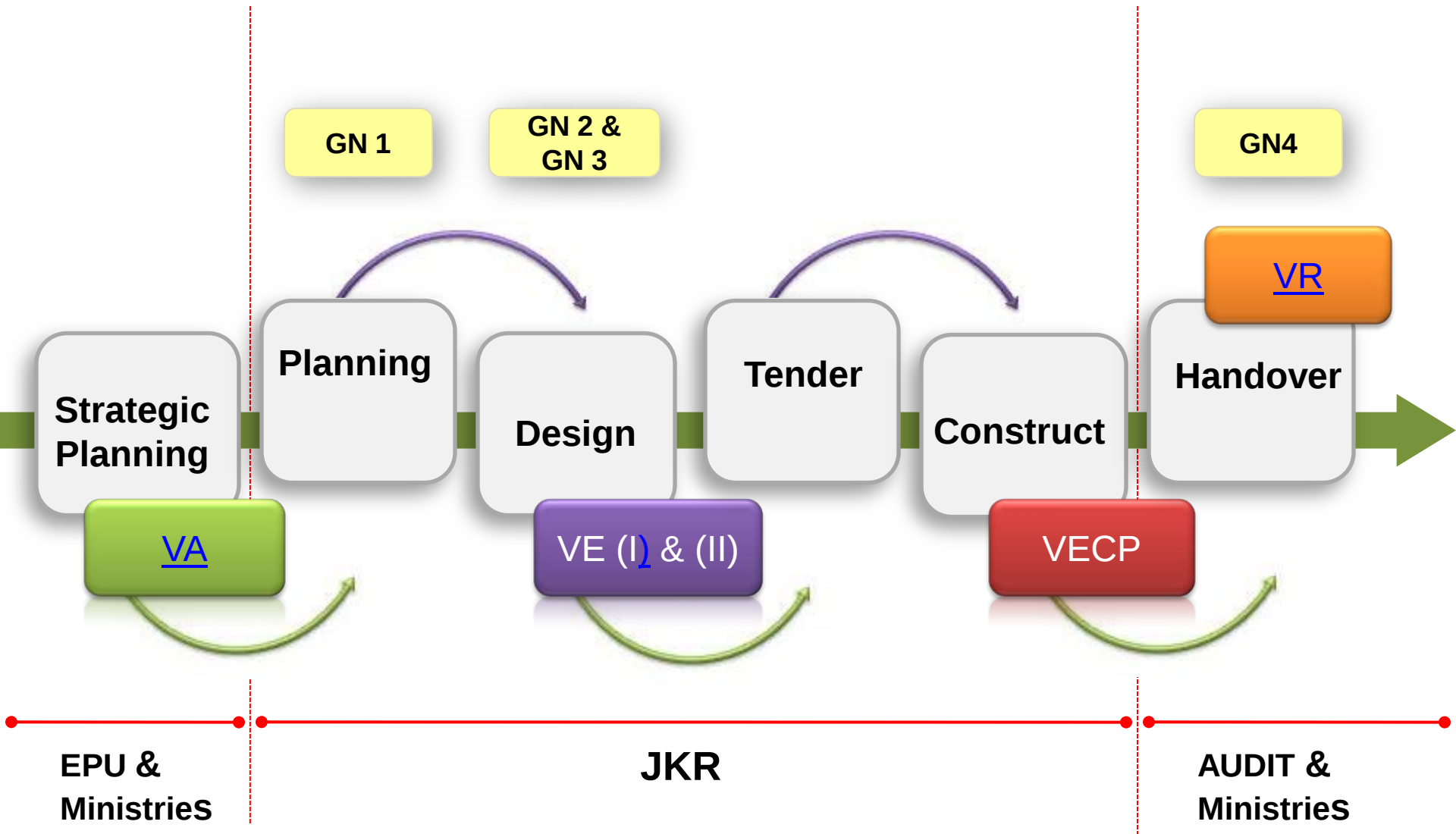
Source From EPU - As at 30 April 2011

Projected VM schedule for RMK-10



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VM interventions in process flow



value management enhancement strategies

EXECUTION OF VM STUDY

- Intervene at best opportunity of value study
- Clear scope and objective of study
- Prioritize client value system
- Enhance Asset & Facility Management Strategy
- Incorporate Project Management – Risk Management, Work Programme, Strategic Procurement etc



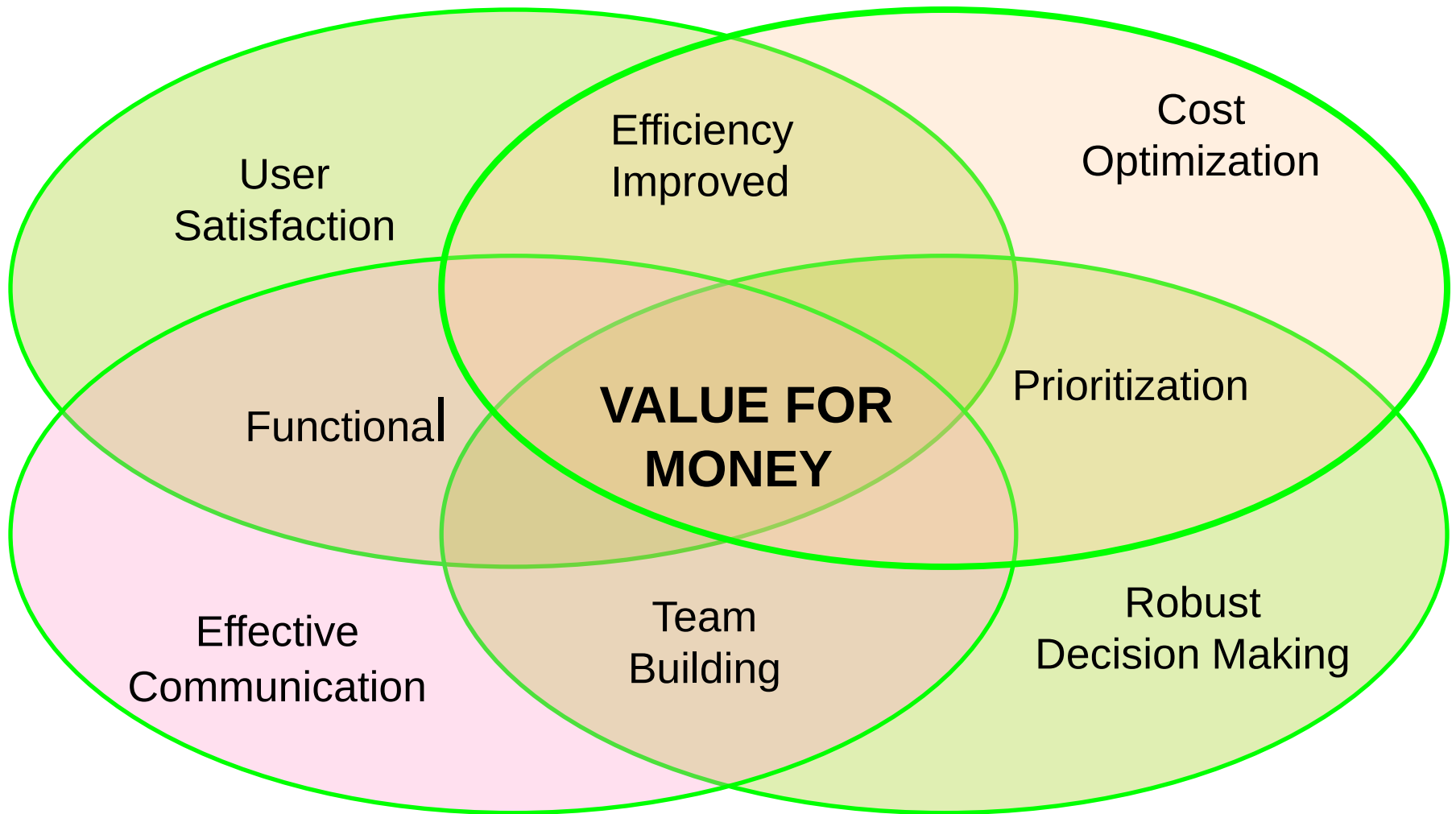
value management enhancement strategies

MANAGEMENT OF VM STUDY

- Enhance facilitation skill & competency
- Enhance governance, process, tools & techniques
- Strengthen pre-study (orientation & diagnosis)
- Improve communication with participants
- Involve all required experts & stakeholders including users

value management

outcomes



value management
to achieve



The background of the image consists of numerous stacks of coins, likely Indonesian Rupiah, arranged in a way that creates a sense of depth and abundance. The coins are in various shades of gold and silver, and some are scattered on the surface in the foreground. The lighting is warm and soft, highlighting the metallic texture of the coins.

TERIMA KASIH

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Value Assessment (VA)

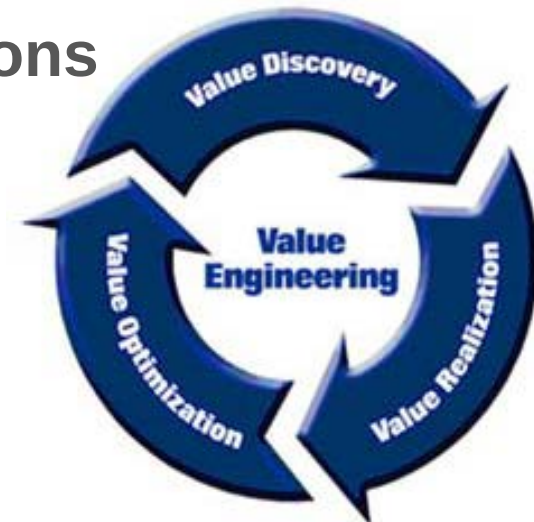
- Business, users and key stakeholders' needs
- Benefits or outcomes sought
- Required strategic functional performance
- Asset creation strategy or other business options
- Development of scope and cost
- Project development strategies (Timelines; Procurement; Risks etc)



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Value Engineering I (VE I)

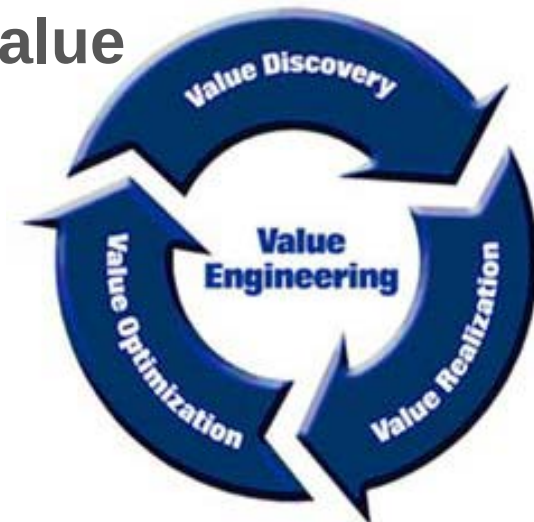
- Validate business needs
- Validate client value systems
- Validate strategic functions
- Optimize functions to facilities' design
- Optimize spatial efficiency, structural system, energy efficiency performance
- Optimize cost through design options
- Strategies to implement project (Timelines; Procurement; Risks etc)



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Value Engineering II (VE II)

- Optimize designs
- Optimize cost to element and component levels
- Optimize time, quality and build ability
- Validate spatial efficiency, structural system, energy efficiency performance
- Life Cycle Costing (LCC) on high value assets
- Finalize facilities' designs
- Refine implementation plan



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VECP

(With Incentive Based Clause)

- Optimize cost to elements and/or co level
- Optimize time, quality, build ability
- Optimize facilities and energy efficiency system
- Life Cycle Costing (LCC) on high value assets
- Innovative construction and operational improvements



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Value Review (VR)

- Objectives review of completed project
- Benefits or outcomes realisation review
Operational efficiency improvement
- Lessons learned for future projects

