

OGC Mandate for a Value Management Core Publication and Associated Qualification

Background to the project

A potential gap was identified in the guidance that is available to support good management practices. A paper was presented to the Combined Strategy Board (CSB) to commission a feasibility study on the availability of guidance and qualifications to support value management (VM).

The feasibility study was undertaken by Michael Dallas, a recognized expert in the field of VM. His final report and recommendations were presented to the CSB in December 2008. That report showed that while there are a several offerings in this area, they are context-specific (for example, aimed at the construction industry) rather than being generic. Another consideration is that training in the American, Australian or UK method of VM can only be delivered by approved, experienced and qualified trainers from an approved training organization, of which there are only three.

This mandate arose out of the acceptance of the feasibility report and the recommendations to develop guidance and an associated qualification in knowledge-based VM. The mandate is developed from that feasibility study and serves as the trigger to start developing the guidance and associated foundation qualification.

Reasons for development

None of the existing initiatives has really 'hit the spot' and VM remains a relatively poor cousin of risk management. This may be because the concept of maximizing value is more difficult to convey than the fear and consequence of failure. The existence of an easily available, knowledge-based qualification in VM should contribute significantly to embedding the mindset of thinking 'value' and reducing waste.

The feasibility study clearly shows that there is scope for a generic approach to VM and that this would be a useful extension to the current portfolio which supports the UK public sector and wider community. The emphasis is on ensuring that individuals understand what VM is and are competent at implementing it in the workplace.

The qualification will become part of the existing suite of OGC project and programme management (PPM) qualifications. It should be modelled on the existing range of qualifications and, in particular, the M_o_R[®] qualification.

As with P3O[®] (for portfolio, programme and project offices), we will only offer the foundation-level qualification initially. A practitioner-level qualification will be developed if demand warrants it; for example, the recognition of the role of value analyst may provide an opportunity for the OGC value management practitioner qualification.

To have a qualification there needs to be a body of best practice to draw on. There is no single publication that could form a suitable basis for a general OGC value management qualification. Thus this project includes development of that guidance to support the practitioner. Where material exists, it should be referenced rather than duplicated. Existing publications are aimed mainly at specific sectors.

The OGC guidance and qualification should address the specifics of all target sectors and clearly highlight the unique attributes and benefits of VM.

OGC requirements

Guidance that gives real assistance to the PPM community to understand and apply the concepts of VM by:

- Having clear, unambiguous, generic guidance on VM
- Establishing a knowledge-based entry qualification supported by high-quality training.

Value management is concerned with improving and sustaining a desirable balance between the wants and needs of stakeholders and the resources required to satisfy them. Stakeholder value judgements vary, and VM reconciles differing priorities to deliver best value for all stakeholders.

Aims of the project

1. OGC/ APMG to develop a best-practice guide that addresses the specific requirements of each of the markets it addresses, identifies the unique attributes and benefits of VM, and encourages the delivery of value for money. Target markets to be defined and refined at the design review meeting.
2. OGC/APMG should develop a qualification in VM at foundation level initially and, if demand warrants it, at practitioner level in the future.
 - a. The qualification should be consistent with, and complement, the existing family of OGC PPM qualifications.
 - b. It should complement, rather than compete with, the existing UK VM qualification system and provide an alternative entry to becoming a professional in the delivery of VM.
3. Guidance and qualification should be developed for launch by Q4 2010.

Scope of the project

In scope

- Development of guidance on VM suitable for use as the basis for training and a knowledge-based qualification. The syllabus for the qualification will then be based on this generic guidance, i.e. the foundation-level qualification to be based on this guidance.
- The guide should cover VM in a similar way to the M_o_R guide. The guide should cover topics including:
 - Setting the organizational context
 - What is VM?
 - Why adopt VM?
 - How VM complements other practices (in the management of project, programme, portfolio and risk)
 - Processes to support VM
 - Roles/organization structures.
- As with the early M_o_R guidance, we anticipate a significant section on techniques/tools which support VM. The likely techniques/tool content may include earned value and some or all of the following. This is not intended as an exhaustive list but rather an illustrative one at this stage in the process (a more detailed outline will be presented and tested at the planned design review meeting):
- **Brainstorming or mind showering**
Idea generation that focuses on creation of ideas by volume (no judging). Allows a large volume of ideas to be generated in a short period. Also strives to ensure all parties are involved – no ideas are discounted initially (later evaluation and filtering undertaken).
- **Cost-benefit analysis**
Used to analyse the costs of implementing something compared to the benefits to be achieved. Assists business case submissions. Often used in VM on procedure or process type projects. Can be combined with other tools; for example, process mapping, option selection.
- **Criteria weighting technique**
A tool used to assist in option selection. Uses functional drivers (or objectives) that are weighted for scoring options against. Enables option selection and alternatives to be reviewed in order to support decisions being made.
- **Excursion/metaphors**
A tool used to take delegates on an outward and return journey (possible excursion). Moves delegates away from a problem to somewhere where creativity flourishes. The return journey often releases such creativity and ideas that would not normally be evident. Very effective in bringing creativity to the forefront. Often used as a precursor to brainstorming or other idea generation tools.
- **Five Ws and an H**
A technique for exploring problems that provokes further depth of questioning about the dimensions framing the problem or opportunity. For example:
 - **Who** is responsible?
 - **Why** is the end date important?

- **What** would happen if the scheme were delayed?
- **When** must the work start?
- **Where** might the problem occur?
- **How** might we do this seemingly impossible thing?

- **Function analysis**

Identification of functions (at the heart of value management) of products, processes, projects or services. Focused on client needs and wants. Determines what functions are delivered, i.e. what they do or must do, not what they are (avoiding solution mode). The FAST diagram works by asking how the functions (primary and secondary) relate to each other by ask 'How?' and 'Why?' questions to check that the logic works. Later costs are added to functions to assist in identifying any VM mismatches or areas of over-engineering.

- **Ideas generation and analysis**

A way of eliciting many issues connected with a problem or opportunity. Team members write down their issues on sticky notes and they are displayed on the wall under appropriate categories or groupings; for example, requirements, constraints, problems, opportunities, assumptions, uncertainties, risks. Voting of the top 10 important issues follows. Actions to address issues are then explored.

- **Objectives hierarchy or value trees**

Diagrammatic process for identifying objectives in a hierarchical manner. Often used in conjunction with functions. Assists in focusing input where the key objectives are as the diagram is constructed in descending order.

- **Pareto analysis**

Often called the 20/80 rule. Aim to concentrate on the top 20% of items that often have biggest (often 80%) impact. Focuses on those items or activities that can achieve the optimum.

- **Process mapping**

Uses flow charts to review steps in processes. Identifies processes in a diagrammatic format in a step-by-step manner. Often used in manufacturing of system type processes. Used to identify omissions or superfluous items in the process for correction.

- **Risk analysis**

A structured approach to identifying risks that could affect project, product, process or service success. Risks are identified, evaluated (in terms of cost, time, and other impacts) and robust action planning applied. Often used in parallel with value management as there are genuine links. Assists decision-making or option selection. Establish the relationship with M_o_R and refer to it for the detail.

- **SCAMPER**

Used as a checklist to develop ideas by applying separate verbs to chosen ideas singly or together with others; for example, combine, amend, modify, put to other use, expand, reverse/reduce. This could help with moving an idea from a creative thought to a more practical use, expand on the concept behind ideas, find different ways of expressing the idea, provoke new ideas, etc.

- **Stakeholder analysis**

Identifies those key stakeholders (groups of individuals) with an influence or interest in a project, product, process or service. Can assist in focusing attention where the priorities are required; i.e. satisfaction of key stakeholder interests.

- **SWOT analysis**

Identifies strengths, weaknesses, opportunities and threats. A tool used in many organizations to assist in focusing activities where required and minimize those items that can impact negatively. Assists in understanding strengths, weaknesses, opportunities and threats that can affect an organization, individual, product or process.

- **Value analysis**

Structured, team-based approach to identifying functional requirements of projects, products, processes or services. Optimization and maximization of value to the client or customer. Optimum balance between function and cost without detriment to quality.

- **Weighting techniques**

Such as pair-wise comparison, which enables the ranking of items by means of comparisons between all possible pairs of items. Enables option selection and alternatives to be reviewed in order to support decisions being made.

Out of scope

- A publication that is solely concerned with earned VM.
- Detailed descriptions of techniques where there are a variety of well-documented approaches that can be referenced, such as EVM, M_o_R.

Quality criteria

The guide must meet the following criteria:

- Written in plain English and idiom-free.
- Where possible use language suitable for an international audience.
- Aligned to existing OGC P3RM guidance, in particular PRINCE2™, MSP®, M_o_R®, P3O® and the portfolio management guide.
- Beneficial to the end-user.
- Meet the aims of the project as set out in this document.

Quality method

Quality assurance will be carried out by the review group to be established by TSO; this will comprise experts from public and private sector organizations including training organizations. This project will be managed by APMG on behalf of the OGC, and TSO will be responsible for the work package to produce the written guidance.

The detailed scope of the products will be set by the design workshop which will follow the appointment of the lead author and will comprise members of the review group responding to the initial product description produced by TSO and the lead author.

Next steps

Once the mandate has been issued, APMG and the selected lead author will produce an initial product description.

The product description will be refined through a design review workshop to validate the approach and coverage.

The author(s) will then produce a series of drafts for review and further refinement.

APMG will take the overall PM lead, with TSO leading on the development of the guidance and APMG leading on the development of the qualification.

Role	Responsibility	Members
Design review group	Confirms the more detailed concept of the product description and acts as the change body throughout the development cycle. Confirms approved changes have satisfactorily been made.	Final approval lies with OGC, but needs support/recommendation from the design review group to ensure we have a valid product description. Sign-off also required from: Janine Eves – senior supplier (TSO) Richard Pharro – senior supplier (APM Group).
Review group (appointed by TSO by invitation)	Provides an advisory role to the project manager, lead author and authoring team. Validates and approves the detailed scoping document. Validates and approves the authoring work packages. Quality reviews the draft publication(s).	Composition to be confirmed but will comprise subject matter experts and representatives from the accredited training community and those with experience of designing examinations and qualifications.
Project manager	Manages the day-to-day operations of the project, recruits authors and reviewers.	James Davies – APMG
Lead author	Assists with the creation of the scoping document. Co-ordinates the team of authors if deemed necessary.	Michael Dallas – lead author

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