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# 1 Introduction

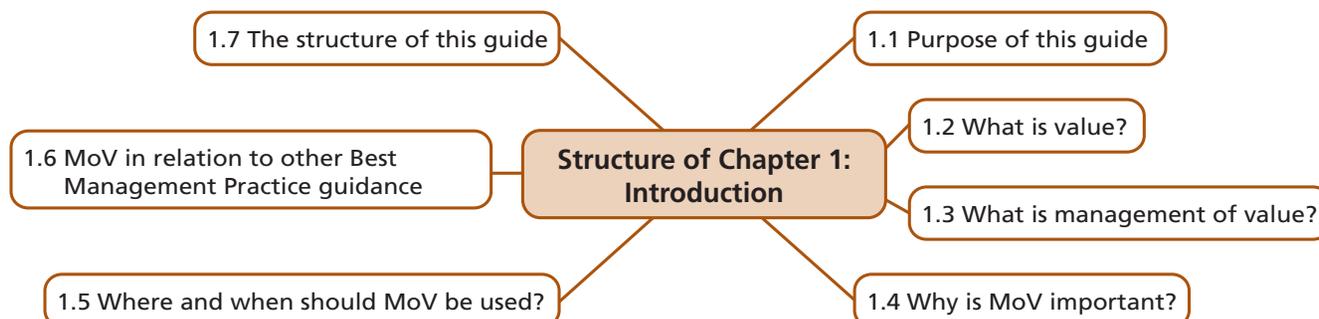


Figure 1.1 Structure of Chapter 1

## 1.1 PURPOSE OF THIS GUIDE

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. For all organizations, finding the resources to meet essential and often escalating demands is putting unprecedented pressure on product and service quality and performance. There is a clear need to match what is delivered with the available resources, without undermining essential quality of the outputs, and to be able to demonstrate clearly that the decisions taken will maximize value.

*Management of Value (MoV)* has evolved from the tried and successful practice of value management across many sectors and over many years. This guide aligns the established methods with the Best Management Practice programme and project management guidance. The methods described in this guide are not new, but their use is often overlooked or misapplied.

This guide is intended to help organizations use a successful, proven methodology to supplement their current management practices, so that they can increase the value they deliver and make better use of resources.

*Management of Value* joins the Best Management Practice suite of guides aimed at improving performance for those involved in managing portfolios, programmes and projects in the public

and private sectors, known as the PPM<sup>1</sup> (Portfolio, Programme and Project Management) guides. It is equally relevant to improving operational efficiencies.

**Throughout this guide, the terms programme and/or project should be taken to include operations, whether stated explicitly or not.**

The guide is structured around four integrated concepts:

- **Principles** – factors that underpin MoV
- **Processes and techniques** – methods and tools used in MoV application
- **Approach** – how to apply MoV 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 and 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.

These subjects are arranged over seven chapters and four appendices, as illustrated in Figure 1.6.

This introduction is intended to inform senior management who may be introducing MoV to portfolios, programmes, projects or operations, or who wish to enhance other management methods of delivering strategy.

1 PPM is the the accepted term in the industry and covers portfolio as well programme and project management issues.

There is also an *Executive Guide to Value Management*, a pocket-sized guide, which is published separately and intended specifically for senior management to help them optimize resources to enhance the delivery of essential benefits and thus improve value for money.

For the PPM community, this guide is aimed at those involved in directing, managing, supporting and delivering portfolios, programmes and projects. This includes senior management, programme managers, project managers, change managers and project and programme office staff and their sponsors. In addition, it would greatly benefit risk managers, to enable them to identify and manage opportunities effectively. It will build on the good practice provided in other PPM guides to maximize value.

MoV is relevant to portfolios, programmes and projects. In the context of MoV, portfolios reflect the organization's strategic objectives and set the agenda for the programmes that deliver the objectives, which, in turn, define the projects that deliver the required outcomes. At project level, MoV takes its direction from programme management, who set the agenda for delivering benefits for the organization. Outputs and lessons from the applications of MoV are reported back to portfolio or programme level as appropriate to inform management and to share lessons for improvement across the portfolio. Section 3.1.7 describes some specialist applications of MoV, particularly in relation to ICT and operational reviews.

MoV enhances the main purposes of PRINCE2™<sup>2</sup> (successful delivery of justified business benefits through projects), *Managing Successful Programmes* (MSP™ – transformational change) and *Management of Risk* (M\_o\_R® – reducing uncertainty) with its main purpose of maximizing value.

It also shares with Lean<sup>3</sup> (and to a lesser extent Six Sigma<sup>4</sup>) the principles of involving the customer, elimination of waste and greater efficiency. The main difference is that where Lean and Six Sigma aim to achieve efficient delivery, MoV focuses on **efficiency, effectiveness and economy**.

MoV helps to:

- Deliver more of the right things
- Reduce the cost of delivery
- Encourage more effective use of available resources.

When times are good, in order to remain competitive the demand is to deliver more for less. In leaner times, the demands are for cutting costs in a manner that inflicts as little harm as possible. In some circumstances, value may be added by stopping certain activities or projects. MoV provides a way of addressing this in an objective and auditable manner.

## 1.2 WHAT IS VALUE?

Value is subjective, with different people applying different criteria to assess whether they are getting good value. It is this subjectivity that makes it so essential to manage value deliberately, instead of leaving it as a by-product of any other management activity. In Figure 1.2, satisfaction of needs is reflected in the additional benefits resulting from effective use of MoV. The use of resources to deliver these benefits is shown in the bottom line of the equation. Added value is provided by the delivery of enhanced, but useful, benefits and more effective use of resources. Not all perceived benefits are actually necessary. MoV provides a means of distinguishing between needs and wants. Likewise the supply of resources is often (indeed usually) limited. Effective expenditure is essential to make the most of what is available.

Applied in the PPM environment, value is effectively a measure of value for money. This is represented in MoV as the ratio of satisfaction of needs (represented by monetary and non-monetary benefits, which bring the value) to use of resources (represented by expenditure in money, people, time, energy and materials – usually reflected in measurable cost). This is known as the value ratio.

2 PRINCE2 stands for PProjects IN Controlled Environments.

3 Lean focuses on the removal of waste from, say, a manufacturing process, so that goods flow to the customer at the rate determined by the customer, with minimal inventory taking up scarce storage space.

4 Six Sigma uses data and statistical analysis to measure and improve a company's operational performance by identifying and eliminating defects and achieving a high level of process capability.

$$\text{VALUE} \propto \frac{\text{Satisfaction of needs (benefits)} \\ \text{(monetary and non-monetary)}}{\text{Use of resources (expenditure)} \\ \text{(money, people, time,} \\ \text{energy and materials)}}$$

**Figure 1.2** The value ratio. In the equation, the term 'needs' includes what is necessary and desired by the user

MoV recognizes that not all benefits are financial and that the differing priorities of key stakeholders need to be considered and reconciled. Expenditure must cover short- and long-term needs and recognize that resources are finite and must be conserved. Balancing and reconciling these conflicting demands, to maximize value, is one of the core principles of MoV.

#### Example

An international airport owner wished to increase its capacity by the addition of a new terminal. The national airline was keen to occupy the new terminal but believed that the facilities proposed by the owners would not maximize the efficiency of its operations. The airline's business case estimated an affordable budget of about \$1 bn to upgrade the base facilities offered by the owner, but the airline had identified a programme of projects that would cost about \$2 bn to achieve the operational efficiencies that it was seeking. It therefore undertook an extensive MoV programme to reconcile the difference.

The MoV team developed business cases for all the identified projects and then undertook a series of studies to justify their viability or otherwise. As a result of these activities the airline was able to select an affordable programme of projects to upgrade the owner's facilities. It also identified improvements to the efficiencies of its operating procedures. These combined to give the airline most of the performance improvement it was seeking and enabled it to occupy the terminal.

At the heart of these decisions was the ability of MoV to:

- Determine which projects were really needed by the airline's business units by analysing their contributory functions, assessing the appetite of the stakeholders for the changes,

and calculating value for money, taking account of both monetary and non-monetary benefits.

- Identify projects that could be removed from the scope that were not viable and/or represented individuals' wish lists and did not have the support of the business generally.
- Halve the cost of the upgrade programme from \$2 bn to \$1 bn whilst still retaining the essential benefits arising from it.

### 1.3 WHAT IS MANAGEMENT OF VALUE?

**MoV is all about maximizing value in line with the programme and project objectives and key stakeholder requirements.** It is not simply about minimizing costs. The fundamental question that MoV is intended to address is 'Are we maximizing the value of our essential investments such that 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. MoV is a collective term embracing many processes that are aimed at maximizing value, which are explained or signposted within this guide.

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 (usually) to reduce expenditure and speed up delivery without impacting essential project scope or service quality.**

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
- 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. It is based on seven sound principles (outlined in section 1.7 and expanded in Chapter 2). These, if properly applied, identify ways to enhance performance and benefits whilst potentially reducing use of resources, rather than cutting costs at the expense of delivering much-needed benefits.

### 1.3.1 How does it do this?

MoV involves taking a team representing the key stakeholders in a project through a series of processes and techniques (called an MoV study) at predetermined points, usually coinciding with key decision points, throughout the lifecycle of the project. The overall process should be facilitated by an experienced, and preferably qualified, study leader. Most commonly a series of studies (each comprising a period of preparation, a workshop and activities to monitor progress in implementing the value-improving proposals arising from the workshop) will be arranged to inform each key decision point. In application to operational activities, the discrete study format may not be appropriate and a series of consultations will be conducted to take the contributors through the procedures.

The processes and techniques, which are described in Chapter 3 (Processes) and Chapter 4 (Techniques), should be conducted in a logical sequence. The purpose of these processes is covered in Chapter 5 and is summarized in section 1.7.2.

## 1.4 WHY IS MoV IMPORTANT?

### 1.4.1 Maximizing return on investment

Maximizing value does not happen by accident. Whilst intuitive approaches can be used to improve value, a formal process is much more effective, particularly in larger organizations. MoV provides a rigorous process and effective tools to enhance benefits and minimize use of resources. It provides an audit trail demonstrating how optimum value has been achieved. MoV is applicable to both private and public sectors. Private-sector corporations focus mainly on shareholder returns and the preservation of shareholder value. The public sector's role is to implement government policies cost-effectively and to achieve value for money for the taxpayer. MoV improves performance for both.

History demonstrates that investment in MoV is extremely cost-effective; the additional benefits are likely to be worth many times the total resources used in conducting MoV activities.

#### Examples

The US Army Corps of Engineers has been applying value engineering (VE – a technique from which MoV has developed) to construction projects since 1964. The savings resulting from this programme have resulted in the construction of additional facilities worth more than \$5.5 billion without additional funding. Between 2004 and 2008 the agency saved \$1.5 billion. The return on investment in VE studies has been more than 36:1.

The City of New York's Office of Management and Budget reviewed 101 projects of great complexity and diversity between 2001 and 2007. The resulting cost savings were \$1.2 billion (4.7%) and the return on investment was \$71 for every \$1 spent on value management.

The California Department of Transportation, Caltrans, uses value management for highway construction, product studies and process studies. Cost savings are averaging more than \$100 million per year; there have also been improvements in the quality of products, and greater efficiency in policies, procedures and business practices.

Source: Data from the US government agencies indicated.

For MoV to deliver its full potential, it is important to reward the correct behaviours in order to encourage people to make the extra effort. In the private sector, personal bonuses may be linked to some measure of company performance, which should be related to long-rather than short-term prosperity and returns. In the public sector it is just as important to encourage a culture that actively seeks to deliver value to the taxpayer. Setting inappropriate targets can work against delivering value.

For example, many contractors are paid a fixed return on capital investment in facilities to deliver services, without any requirement that such investment provides value for money. This encourages a belief that the more that is spent on something, the better it is.

Whilst additional spending might result in better services, there are too many examples where this has not been the case.

The disciplines introduced by MoV would reverse this practice.

It's important to note that simple compliance with MoV processes with no improved output is not a measure of added value. MoV cannot be successful in conjunction with the 'tick-box' mentality that a focus on process often brings. The only real measure lies in improved value added and/or performance, however this is defined, and not in the process itself.

Public- and private-sector incentives to maximize value should be carefully considered as a first step during implementation to ensure appropriateness. The subjectivity of value means that perceptions will change over time, so reward mechanisms must be regularly updated. The same consideration should be given to service contracts. This will ensure continuous emphasis on delivered value.

### 1.4.2 Customer satisfaction

MoV improves performance of products and services by addressing end user and key stakeholder requirements. It also provides a structured method of reconciling differences between the needs of customers or other stakeholders.

In the private sector, successful organizations have well-developed methods of monitoring and responding to their customers' needs and desires.

For the public sector, several national governments have published guidance on customer satisfaction measurement, for example in the UK, US and Sweden.

Although government focus tends to be on increasing efficiency in the delivery of public services, this needs to be balanced with the requirement to satisfy actual public needs.

#### Example

Peter Drucker, the well-known management guru, has been quoted as saying 'There is nothing worse than doing well that which should not be done at all.'

### 1.4.3 Risk management

In recent years, there has been an increased need and legal requirement for good corporate governance to enable the directors and officers of an organization to protect its assets, earnings capacity and reputation. As a result, there has been much emphasis on embedding effective risk management processes to avoid the destruction of value in organizations. Whilst risk management may identify opportunities to enhance value, it does not of itself seek ways to add value in the way that MoV does. Indeed, it can be argued that the absence of a constant search to maximize value exposes the organization to unnecessary risk, since it may not achieve its strategic goals. It is well known that it is necessary to take calculated risks to maximize value. The processes of risk management are complementary with MoV; each augments the other and together they provide a structured route for teams to arrive at optimum solutions and demonstrate good project and programme governance.

### 1.4.4 Maximizing people's contribution

It is frequently stated that people are an organization's greatest asset. They have the knowledge and skills to deliver the goods. Competitive advantage is commonly found in the tacit knowledge possessed by an organization's staff. However, the silo mentality that affects many organizations may work against capturing this knowledge. By deliberately engaging with a wide range of stakeholders and disciplines, MoV leverages this knowledge. It can, for example, unlock the talents of staff who are not normally consulted but can bring a quick mind with few preconceptions to difficult though well-defined

tasks in a controlled and supportive environment. This promotes greater understanding of others' roles in the organization to give common focus, improved organizational learning and capacity for change. Most importantly, it encourages achievement of competitive advantage through facilitating and realizing latent creativity.

## 1.5 WHERE AND WHEN SHOULD MoV BE USED?

The processes described in this guide are applicable to almost any type of activity, including policy-making, programmes, projects, service reviews or product redesign. These include projects with visible and tangible outputs, such as those in construction, as well as softer projects such as organizing large public events or lobbying for support.

### Example

An historic fishing village in south-east Asia was threatened with destruction due to the development of a new town. The residents turned to the processes of MoV to demonstrate that the long-term value of retaining the village (resulting from tourism and the preservation of the environment, both social and natural) exceeded that of replacing it with a modern housing estate. The case was so compelling that the authorities agreed to reprieve the village and even to invest in its refurbishment.

All programmes and projects are designed to bring about change so that an organization can respond better to its customers. MoV will supplement other activities to help deliver change efficiently and effectively.

IT projects are notorious for the perception that they deliver few benefits at huge cost and should be a prime target for MoV. IT projects can benefit significantly from the use of MoV.

### Example

An asset management company needed to replace core systems supporting finance, HR and procurement. Within finance, MoV techniques documented necessary functions and used these to compile design specifications, providing a clear project brief. Once the new system was selected, the brief was used to communicate the scale of impending change to users and their customers in terms that related directly to how they carried out their work.

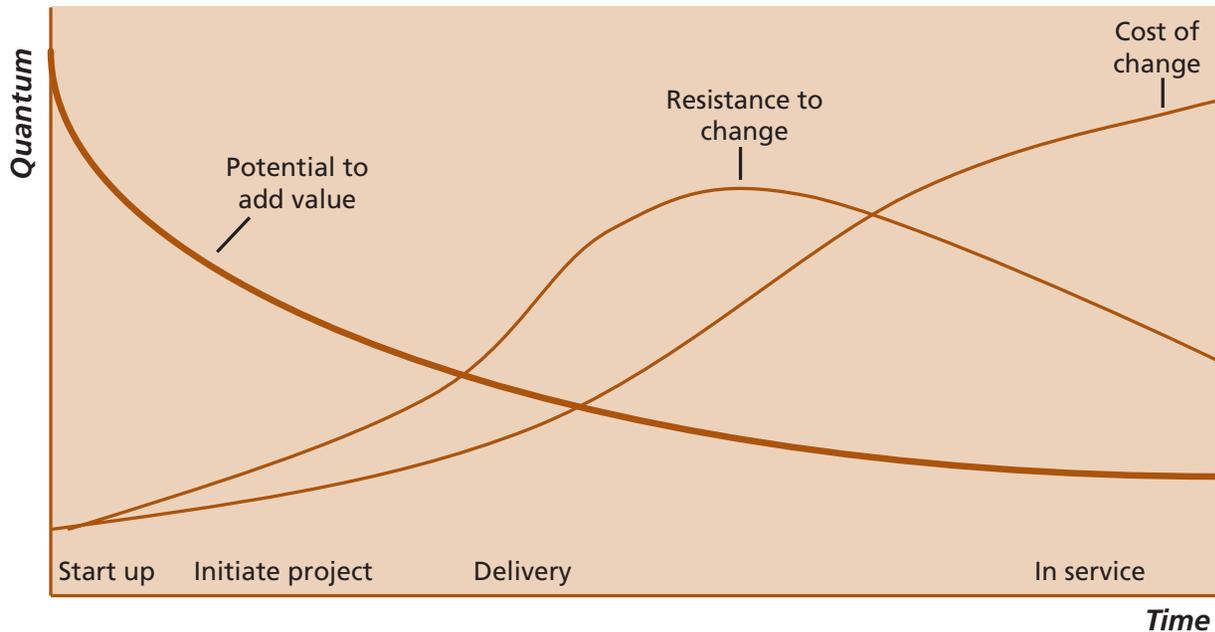
MoV has also been used to great effect to improve the delivery of local authority and other public services.

### Example

MoV techniques were used to improve support services to children and refugees provided by two councils' social services departments. Demand was growing. An MoV study provided greater clarity of service objectives, helping to identify alternative, more cost-effective ways of meeting expectations. Both staff and management embraced the improvement recommendations enthusiastically.

MoV should be applied throughout the whole life of an investment decision, from start-up to retirement of any resulting assets or services. At all key decision points, formal studies should be undertaken. The focus of each study will evolve as the project develops. Retained records of such studies will ensure continuing recognition of:

- The rationale for each decision and the appropriateness of the proposals used to add value. Later decisions can then be made in the knowledge of which proposals were accepted previously, and earlier decisions can be revisited quickly if circumstances change.
- The expected benefits, which can be compared with benefits actually delivered as the project develops.
- The process followed, so that any weaknesses may be noted and improved in future studies within a project or across a programme.



**Figure 1.3 Timing**

The greatest value from an MoV study will be added in the early stages of a project<sup>5</sup> because decisions taken and resources used as the project evolves represent constraints on making changes. Figure 1.3 shows that during the early stages of a project's life, when the costs of implementing changes to the project's scope are low, the potential for these changes is huge and the resistance of those involved to implementing beneficial changes may be low because people are open to new ideas. However, the ability to implement identified opportunities reduces with every decision made as the project progresses: the cost of making such changes increases because of sunk or committed costs, and resistance to further change may increase. The latter can be for two reasons. If the delivery team are contracted to a fixed price, they will not wish to expend effort on rework. Alternatively, after spending time developing a project, the contributors become wedded to their solutions and may perceive further changes as a threat to their professional judgement and reputation.

#### Example

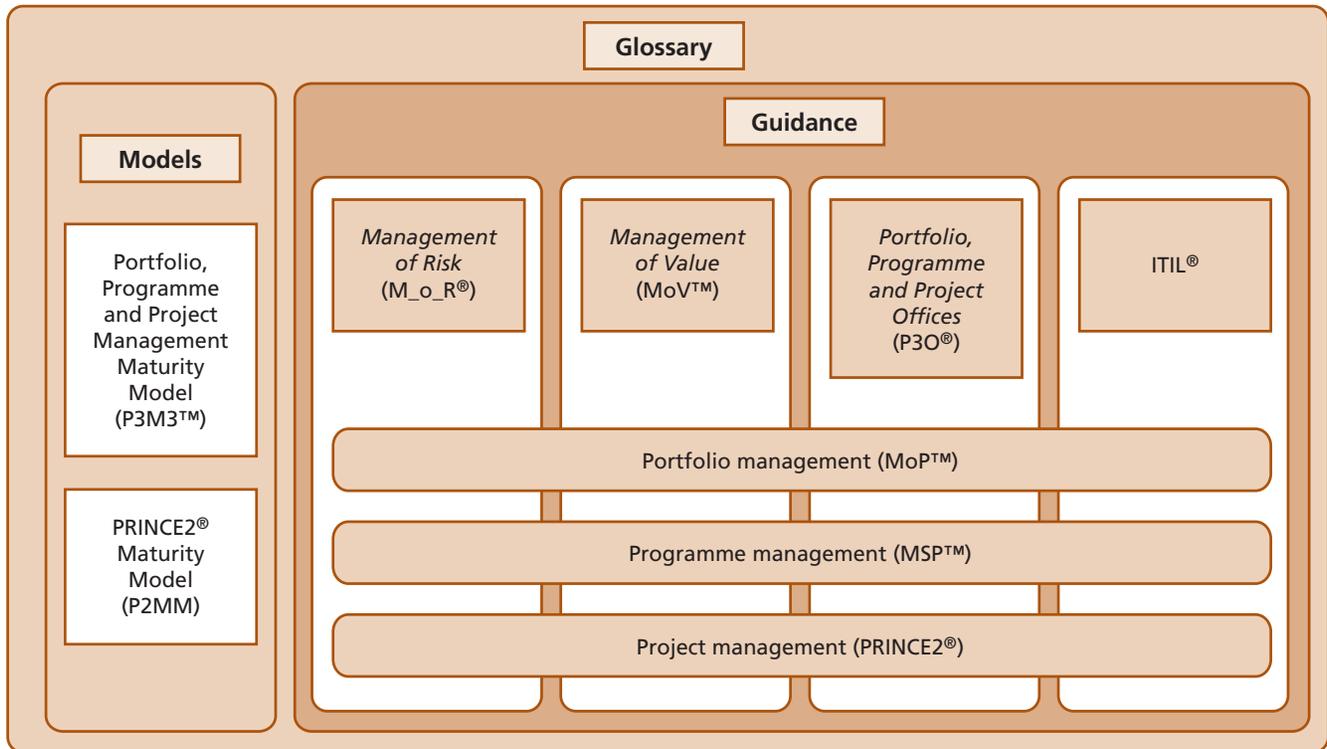
IT products advance continuously and returns are maximized by delivering products in the shortest time possible. This is because customers want the latest technology and competitors copy the product. However, it may be advantageous to defer making decisions.

By using modified MoV principles – to allow design decisions to be taken at the last minute – it was possible to reduce development time on one project from three years to one.

## 1.6 MoV IN RELATION TO OTHER BEST MANAGEMENT PRACTICE GUIDANCE

MoV complements the suite of related PPM guidance developed by the Office of Government Commerce (OGC), which is aimed at helping organizations and individuals to use Best Management Practice to manage projects, programmes and services consistently and effectively (see Figure 1.4).

<sup>5</sup> If Agile methods are used, there may be opportunities to defer decisions so that opportunities to add value increase during the design stages.



**Figure 1.4** MoV's relationship with other Best Management Practice guides

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 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.

### 1.6.1 Management of Portfolios

Portfolio management concerns the twin issues of how to do the 'right' projects and programmes in the context of the organization's strategic objectives, and how to do them 'correctly' in terms of achieving delivery and benefits at a collective level. *Management of Portfolios* (MoP™) encompasses consideration of the principles upon which effective portfolio management is based; the key practices in the portfolio definition and delivery cycles, including examples of how they have been applied in real life; and guidance on how to implement portfolio management and sustain progress in a wide variety of organizations. MoV provides a means to articulate an organization's value priorities to inform decision-making. It also informs the development of strategy.

### 1.6.2 Managing Successful Programmes

*Managing Successful Programmes* (MSP) provides a framework to enable the achievement of high-quality change outcomes and benefits that fundamentally affect the way that organizations

Strategic intent	P2 principles	MoV principles	MSP principles
Purpose	Continued business justification	Balance the variables to maximize value	Envision and communicate a better future (through transformational change)
Focus	Focus on products	Align with business objectives	Remain aligned with corporate strategy
		Focus on outcomes/functions	Add value
			Focus on the benefits and threats to them
Flexibility	Tailor to suit the project environment	Tailor to suit the subject and environment	Explain the need for change in context
Governance	Manage by exception	Apply throughout the project	Design and deliver a coherent capability
	Manage by stages	Assign clear roles and responsibilities and build culture	
	Define roles and responsibilities		
Continuous improvement	Learn from experience	Learn from experience and improve	Learn from experience

Figure 1.5 Comparison of PRINCE2, MoV and MSP principles

work. One of the core themes in MSP is that a programme must add more value than that provided by the sum of its constituent project and major activities. MoV enhances the methods available under MSP to add value across all the constituent projects in the programme, so that higher performance is achieved.

### 1.6.3 Managing Successful Projects with PRINCE2

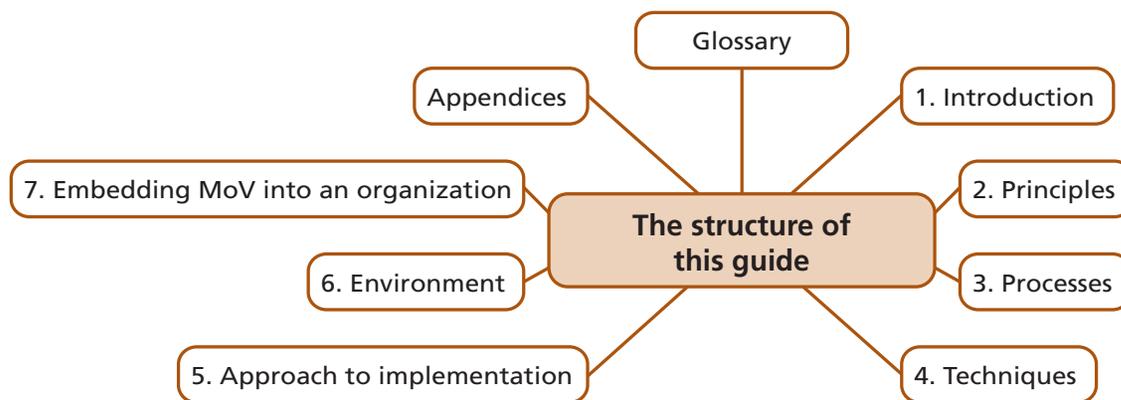
PRINCE2 is a structured method to help effective project management via clearly defined products. Key themes that feature throughout PRINCE2 are the need to deliver measurable benefits that are aligned to an organization's objectives and strategy, the management of costs, and quality. MoV offers proven methods of maximizing the benefits, maintaining or enhancing quality whilst minimizing unnecessary cost. MoV complements PRINCE2 in that while PRINCE2 focuses on the definition and delivery of products, MoV concentrates on the identification of functions and the required outcomes from programmes or projects and the generation of improved solutions, thereby justifying decisions about products and adding value.

### 1.6.4 ITIL® Service Management Practices

Where the operational environment includes technology, ITIL Service Management Practices provide internationally recognized guidance for IT service management through a very powerful base for understanding the business-as-usual processes and services to be improved. MoV gives guidance on improving value for money in the delivery of IT programmes and projects and also in the delivery of services that result from programmes involving IT, such that those services continue to contribute to creating and sustaining value.

### 1.6.5 Management of Risk

*Management of Risk* (M\_o\_R) offers an effective framework for taking informed decisions about the risks that affect performance objectives. Value and risk are two sides of the same coin and are highly complementary. By defining the needs and enabling their delivery in a risk-assessed, cost-effective manner, MoV increases certainty of achieving expected outcomes.



**Figure 1.6** The structure of this guide

### 1.6.6 Portfolio, Programme and Project Offices

*Portfolio, Programme and Project Offices (P3O®)* provides universally applicable guidance, including principles, process and techniques to successfully establish, develop and maintain appropriate support structures that will facilitate delivery of programmes and projects within time, cost, quality and other organizational constraints. The P3O value matrix outlines how this support structure can provide resources, tools, techniques and skills for the assistance of project managers in delivery. These include the provision of skilled resources for MoV.

### 1.6.7 Relationship with PRINCE2 and MSP

The MoV principles complement in a number of areas those of other PPM methods, principally in their purpose and focus. They also have similar principles under the headings of continuous improvement, governance and flexibility.

Figure 1.5 gives a comparison of PRINCE2, MSP and MoV principles and illustrates how the methods can complement one another.

## 1.7 THE STRUCTURE OF THIS GUIDE

MoV is structured around six core headings, supported by four appendices and a glossary, as shown in Figure 1.6.

### 1.7.1 Principles (Chapter 2)

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.

### 1.7.2 Processes (Chapter 3)

MoV is delivered in programmes or projects through seven groups of processes that are described in more detail in Chapter 3. The seven main headings for MoV processes are as follows:

- 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 **Analyse information** Analysing 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-improving proposals and monitoring progress. Gathering lessons learned and sharing with others in the organization for continuous improvement.

### 1.7.3 Techniques (Chapter 4)

A large number of techniques may be used with MoV. Chapter 4 seeks to describe only 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
- **Techniques commonly used in MoV** Techniques that are most commonly used with MoV. Many other common techniques are signposted in Appendix B.

### 1.7.4 Approach to implementation (Chapter 5)

The MoV approach is defined as those activities requiring continuous and specific attention to ensure proper output from applied principles. They give clarity of governance and direction, underpinning MoV delivery, and comprise:

- **Plan activities** If MoV is to be used to full effect, it is essential that activities are planned from the outset, rather than being added later, and that there are adequate resources to manage the activities effectively.
- **Understand and articulate value** All organizations are different. The MoV team should understand what value means to the organization, be able to articulate it and tailor the application accordingly.
- **Prioritize value** Some aspects of value will be more important than others. This hierarchy needs to be understood so that use of resources may be focused on where each will create most benefit.
- **Improve value** Understanding and articulating an organization's priorities provides the key to identifying how value may be added.
- **Quantify value** To express the expected improvements properly, it is necessary to quantify the value added. MoV does this for monetary and non-monetary benefits, as well as for use of resources, in the short and long term.
- **Monitor improvements in value** It is essential that, once proposals for improving value have been identified and accepted, progress in implementing them and realizing the expected added value is monitored.
- **Learn lessons** MoV includes processes for learning to improve individual and team performance, adding value to programmes and projects.

### 1.7.5 Environment: responding to external and internal influences (Chapter 6)

MoV must take into account the business environment within which it is applied. These considerations include:

- **External factors**, including political, social, legal, environmental, technological and other parties' programmes and projects.

- **Internal factors**, including organizational policies, culture, other projects and other management processes in use within the organizations (including other PPM processes).
- **Programme considerations** relating to constraints imposed by the programme within which MoV is being applied and also by any external programmes which may impact on the application of MoV.
- **Project considerations** relating to the complexity of the project under review, other constraints within the project and external projects which may impact on the project under review.
- **Operational considerations** relating to internal or external operations which may impact on the application of MoV.

### 1.7.6 Embedding MoV into an organization (Chapter 7)

Many organizations will introduce MoV on a project-by-project basis, at least initially. When and if the volume of MoV activities justifies developing internal delivery capability, an appropriate management structure should be set up to embed MoV effectively. Chapter 7 describes a way to do this including:

- **Introducing an MoV policy** A statement setting out how MoV should be embedded and integrated with other processes so that it becomes part of business as usual.
- **Roles and responsibilities** Describes who should do what, whether full time or as part of other duties, and how these roles relate to other parts of the organization.
- **Setting up a plan for implementing the policy** Describes how the activities required by the policy will be implemented.
- **Introducing training** Explains how to ensure that the internal resource is competent to deliver MoV and that others in the organization understand and support it.

- **Study leader's handbook** An organization-specific document that describes how study leaders should apply MoV to programmes and projects.
- **Data capture and feedback** Explains how to capture information that enables the organization to learn and improve its MoV performance.
- **Monitoring and measuring the benefits** Discusses how to monitor progress.
- **Overcoming barriers to embedding MoV** Explores some of the barriers that may be encountered and suggests ways of overcoming them.

#### Example

A global consultancy embedded MoV in its organization using methods similar to those outlined in this chapter.

As a result, MoV principles have become second nature to many people in the firm and MoV processes influence business as usual. The organization has a large and effectively managed team of study leaders who can be deployed on all major programmes and projects in which it is engaged. The embedded culture of adding value in all its services has differentiated its performance across all sectors.

### 1.7.7 Appendices

- A: Document checklists** Suggested formats for commonly used documents.
- B: Toolbox** A guide to tools and techniques that can be used with MoV.
- C: Health check** Contains suggestions for conducting health checks to establish whether an organization is practising MoV effectively.
- D: Maturity and competence** Provides guidance on assessing an organization's maturity and individuals' competencies in the application of MoV.