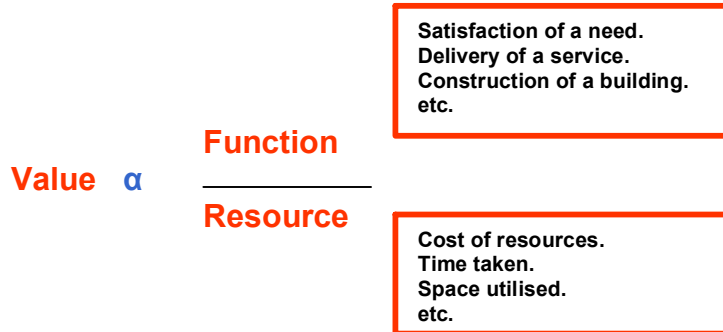
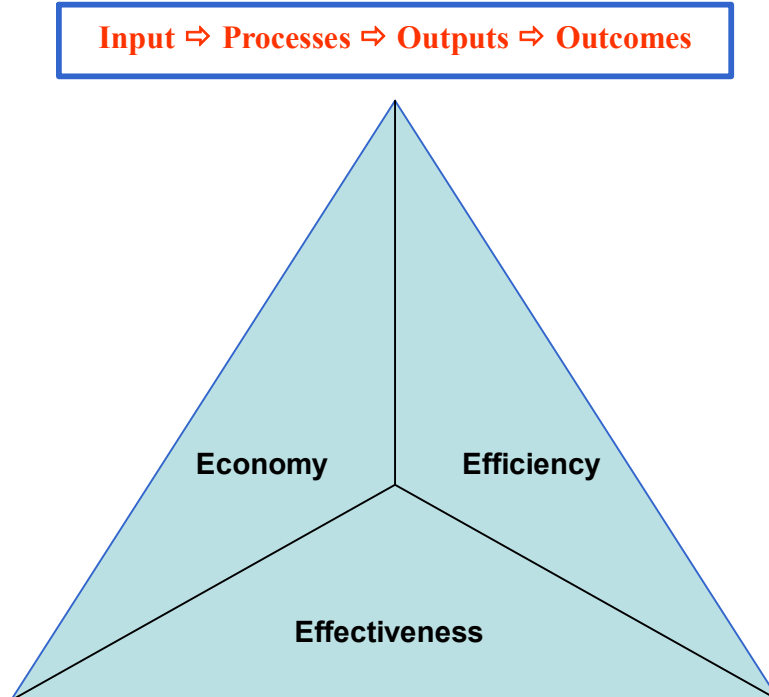


Delivering added value and improvements in efficiency

Value can be defined as the degree to which an object or service satisfies a need measured against the resources required to produce the object or to deliver the service. This relationship can be shown as follows:



Consider the **resources** used to undertake **processes** and achieve **outputs**. A combination of outputs will determine the overall **outcome**. The outcome can be measured against the stated requirements to determine its effectiveness. The economic use of resources, the efficiency of the processes and the effectiveness of the outputs will determine the value achieved; this relationship can be shown as follows:



Value is obtained by achieving the right balance between economy, efficiency and effectiveness.

The prerequisite, however, is to understand what constitutes success. This is best determined through a comprehensive understanding of the client's business requirements and objectives. Once these have been firmly established the necessary resources and processes or procedures can be put in place to deliver set outputs. It is essential that cross discipline outputs are co-ordinated to ensure the effectiveness of the overall outcome.

Where processes are repeated a performance management framework can help to deliver continuous improvements in efficiency. The outline of such a framework is set out below:

- Understand what constitutes success
- Determine how success can be measured
- Plan the service to achieve success
- Perform the service and measure the results
- Compare the results and analyse performance
- Learn and take action:
 - **Do nothing**
 - **Take corrective action**
 - **Take improvement action**

Performance can be measured using Key Performance Indicators (KPI's) that are developed to reflect the identified success criteria. Within any business such KPI's should generally be stepped down from the overall business objectives. From experience, the number of KPI's should be kept to a minimum such that measurement can provide the necessary feedback to promote improvement but so as to avoid the situation where measurement becomes an end in itself.

Many successful organisations promote the use of value management and the development of performance management frameworks to deliver added value to clients and improve efficiency. These objectives are in line with the aims of Constructing Excellence, a government funded organisation, which seeks *'to achieve a step change in construction productivity by ... selling the business case for continuous improvement'* (Constructing Excellence; A strategy for the future. Prospectus 2004 – 06).

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