

## Value Engineering Case Study

### *Annual VE Saving Program – to offset Inflation*

#### **Executive Summary**

The challenge was to introduce Value Engineering (VE) as an efficiency enabler, to systematically create benefits through effectiveness and waste elimination - rather than cost-cutting. The resulting savings could then be commercialised, to offset Inflation impacts.

A core team of curious Subject Matter Experts was engaged around VE, to create a Focus Group. This group were then trained on using VE techniques to create Value and eliminate Waste through an Annual Value Engineering project – while more informative VE training and rolled-out more broadly within the business. The net result was that the awareness, benefits and success of Value Engineering saw it embedded into the culture of the business.

The Annual Value Engineering project ran each year, following a matrix-based Project Management framework. This was continuously evolved and optimised, and followed Agile ways of working. This model proved successful in managing each Annual project to deliver significant savings – *without* compromising the functionality or intent of the Standard design

#### **Results**

The Annual Value Engineering Savings project ran successfully for 3 years - and achieved a record saving in FY22;

- **Value Created** through the contribution of the entire project team delivered a net FY22 Value Engineered **saving of >\$47.4M**
- The save comprised **\$34.1M Capex**, plus a balance of cascading Opex benefits
- This represented **92% of the Capex saving target** for the FY22 VE Project!

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## Value Engineering Case Study

### *Annual VE Saving Program – to offset Inflation*

**Background** – My opportunity was to introduce Value Engineering (VE) by adapting a generic improvement program – initially engaging the team around an awareness of VE, and the opportunities that it can provide to their roles, and the organisation. The business opportunity levered VE as an efficiency enabler, to systematically create benefits through improving effectiveness and eliminating waste (rather than cost-cutting) - then commercialising the savings. A key goal was to generate savings to offset Inflation impacts.

**Value Engineering Opportunity** – The most effective strategy was to build an awareness of Value Engineering across the team, while intensively training curious Team members on VE techniques, then coaching them on the most effective application of VE within their roles. This was supported by creating complementary documentation eg VE Design Criteria, Checklists, Project Plans, and sharing examples of “What good looks like” in weekly project update meetings - plus delivering Training and Awareness presentations more broadly.

A key point of this strategy was to act as an enabler, facilitator and advisor to those Team members in roles that would benefit most from VE. This offered a scalability benefit; Guiding multiple independent projects in parallel, to avoid Bottle-neck risks - rather than forcing all work to be approved via myself as a central Subject Matter Expert.

**Program Execution** – The Annual VE project operated as a matrix project;

- Concept - Engaged each VE Project Squad Lead to explore the opportunities that exist within their Squad’s area of expertise for the coming year - then identify possible savings, timelines, and scalability
- Design - Generate a Project Brief, to quantify the expectation around each opportunity - allowing prioritisation, and escalation into an Annual VE Project scope
- Implementation - Commitment from the Project Team leads, plus endorsement from Leadership, allowed the savings Target (budget) to be integrated within the Business Strategy for the coming year
- Execution was delivered via a matrix - with Squad Leads leading the experts within their squad or, and myself Project Managing the holistic Annual Project (*I also acted as a Squad Lead, for my self-delivered projects*)

- Each Squad Lead was responsible for leading their squad to deliver their opportunities within the Annual project, with progress commitments identified for each Agile “Sprint”
- I was accountable to deliver the year’s Savings Target via the Annual VE Project. I managed the project, including leading the Sprints, plus the Agile rituals that facilitated the phased delivery; eg Weekly “Stand-up” review meetings across the Project, fortnightly “Squad” meetings, plus Sprint Review and Sprint Planning sessions. A key Project Management enabler was Coaching each squad to achieve their goals, including demonstrating tools, and assisting with compilation of final Business Cases
- Finalisation and Approval took place via formal Governance processes, to administer the Standard Design;
  - The Functional Lead for each Project liaised with Stakeholders, to confirm their endorsement – or make final changes to achieve this. This included formal sign-off for the Saving, plus any design improvements
  - The Functional Lead and/or Squad Lead completed a pro-forma Business Case on the opportunity, for presentations at a formal Governance Forum. This resulted in Leadership approval to Standardise the outcome - or identified any further details or work required to achieve approval
  - The Standard design was then updated to include the approved project outcome – including Budget adjustment to reflect the approved Saving
  - Savings were monitored for each approved initiative for 1 year, to ensure that the changes had been practically & commercially implemented, and that the savings were embedded

## Results

I led the Annual VE project for 3 years - and achieved a record saving in FY22;

- **Value Created** through the contribution of the entire project team delivered a net FY22 Value Engineered **saving of >\$47.4M**
- The save comprised **\$34.1M Capex**, plus a balance of cascading Opex benefits
- This represented **92% of the Capex saving target** for the FY22 VE Project!
- Each VE initiative was vetted throughout the process, ensuring that effectiveness and waste were improved *Without* compromising the functionality or intent of the Standard design

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