



# THE VALUE MANAGER

The Hong Kong Institute of Value Management



Volume 2, Number 1, 1996

## Message from the President

**Tony Toy, President of HKIVM**

As I pen this message January is already over and the Year of the Rat is almost upon us. 1995, if nothing else, was exceptional for its speed of passage. On reflection, although much was achieved in 1995, one can't help but wonder whether or not real value was achieved for the endeavours. One mutual highlight, naturally, was the actual formation of the HKIVM, and perhaps it is appropriate now for all of us to evaluate whether or not the HKIVM is offering 'value', and what can be done to ensure value is achieved or enhanced in 1996.

Although we are still the youngest professional society in Hong Kong, I personally prefer to think that we may belong to the oldest profession. To wit, allow me illustrate by maligning an old joke about consultants:

A doctor, an engineer and a facilitator stood outside the pearly gates, awaiting their admittance. St. Peter suddenly appeared and announced he could only admit one - the person with the oldest profession.

"That's me," the doctor said confidently. "As soon as God created Adam, he created Eve with one of Adam's rib through a operation; making surgery the oldest profession."

"Wait a moment," replied the Engineer. "Before God created Adam & Eve, he overcame the chaos & confusion that existed and constructed the earth in 6 days. Engineering therefore came before surgery."

"You are both wrong," the facilitator redirected. "Who do you think created the chaos and confusion?"

Some of the on-going HKIVM initiatives, or chaos if members don't jump in soon to help, are:

- (a) This is our third newsletter and we are looking for contributions from members for the fourth and future editions. The success or otherwise of the Value Manager as a communication tool will depend heavily on the participation of its members, and in this I look forward to your involvement. So, please consider sharing your experiences, workshop success or learning experiences, what you love or hate most about VM, humour, contentions, innovations, applications, inspirations and others.
- (b) Our first Conference is scheduled for May 29th & 30th (see page 4) in time to celebrate our first Anniversary. We are looking forward to all members to either contribute or actively participate in the proceedings, as a formal working group will need to be formed to manage preparations for the event. Please contact Doug Wardale for information and offers to assist in the organising of the event.

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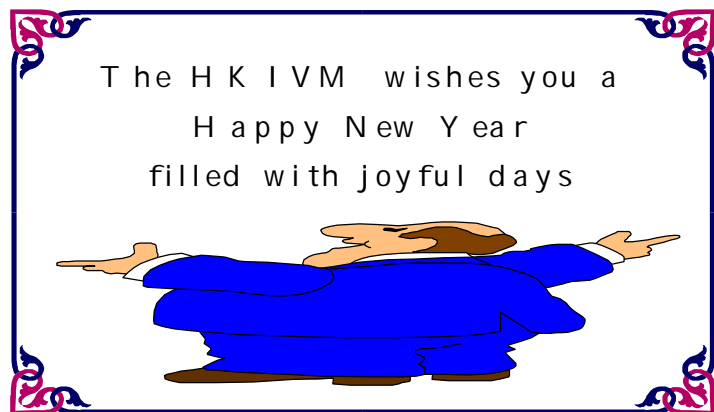
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- (c) Thanks to the hard work of Geoffrey, we are one of the first societies to have our own Home Page on the Internet (see page 7). If you will let Geoffrey know, via the Internet or otherwise, we will try to publish a list of members tabulated Internet addresses in the next issue. Can we form a working group to boost this home page as a interactive world source for VM issues?
- (d) Is any one interested in helping to set up a VM reference library or index source of information as part of the Internet and/or a regular Value Manager section? Book reviews or VM technique information would also be of interest.
- (e) My thanks to the Executive Committees for their input, hard work, and persistence in 1995, and I look forward to everyone's active participation in 1996 to ensure HKIVM is of value. On behalf of the Executive Committee and myself, may we wish all of you and your families a healthy, successful and value added 1996 and the year of the Rat.

| <b>HKIVM OFFICE BEARERS</b>                     |  |
|---|--|
| <b>NAMES AND ADDRESSES</b>                      |  |
| <b>Mr Tony Toy, President</b>                   | Assistant Director<br>Architectural Services Department<br>35/F, Queensway Government Offices<br>66 Queensway, Hong Kong<br>Tel: 2867 3611, Fax: 2869 0289<br>Email: toygtt@hk.super.net             |
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| <b>Mr Patrick Fong, Membership Secretary</b>    | Assistant Professor<br>Department of Building & Real Estate<br>Hong Kong Polytechnic University<br>Hung Hom, Kowloon,<br>Hong Kong<br>Tel: 2766 5801, Fax: 2764 5131<br>Email: bspafong@polyu.edu.hk |
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| <b>Mr Colin Jesse, Programme Director</b>       | Managing Director<br>Kam Wo Construction Company Ltd<br>3 Tai Shing Street<br>Tai Po Industrial Estate<br>Tai Po, N.T.<br>Tel: 2660 2728, Fax: 2662 9556   |
| <b>Mr Doug Wardale, Conference Director</b>     | D. Wardale & Associates Limited<br>807 Devon House<br>979 Kings Road<br>Quarry Bay<br>Hong Kong<br>Tel: 2590 0005, Fax: 2516 9063  |



## A Quote From VALUE - Journal of Institute of Value Management, UK

By Bill Lenzer, Chairman of SAVE International Forum

Hong Kong is the latest country to form a society - the Hong Kong Institute of Value Management. Their President Tony Toy was at the SAVE 1995 Conference together with Patrick Fong (Membership Secretary) and Dr. Geoffrey Shen (Editor and Secretary), both of whom completed higher degrees at the University of Salford in the UK. Geoffrey (who was our Editor for almost 4 years) has already produced the first issue of their quarterly journal "Value Manager". The construction industry is one of the key areas for value work and to reinforce this demand, taught modules (courses) in Value Management (which have been vetted by recognised practitioners) are run as part of the MSc in Construction and Real Estate at the Hong Kong Polytechnic University. The focus of this particular course is the use of VM/VE in construction cost management. Perhaps the most significant feature of Hong Kong is that, unlike most other countries who are trying to find ways of saving money, Hong Kong is looking for ways to spend money!! Needless to say - there were plenty of offers !!

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*Welcome New Members*

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# **HONG KONG INSTITUTE OF VALUE MANAGEMENT IS HOLDING AN INTERNATIONAL CONFERENCE**

## **“Value Management in the Pacific Rim” Pacific Place Conference Centre, 29-30th May 1996**

The newly formed Hong Kong Institute of Value Management, a non-profit making organisation is holding an international conference on Value Management in Hong Kong on 29th and 30th May 1996 (preliminary dates). In order to prepare for the conference HKIVM invites you to either be a speaker or delegate at the conference.

### **CONFERENCE THEME AND OBJECTIVE**

The theme of the conference is “**Value Management in the Pacific Rim**” and will focus on VM applications within the region. The objective of the conference is to bring together the region’s leading exponents in value management in order to share their experiences with other practitioners and to provide an insight into the values of the techniques to potential users.

### **CATEGORIES FOR PRESENTATION**

The aim of the conference is to give the delegates an exposure into the variety of applications in different sectors of the work place. The areas being considered are:

Business Management & Accounting  
Manufacturing  
Service Industries  
Construction  
Utility Companies

If there is a topic that you think is of major importance, feel free to submit it for consideration.

### **ORGANISATIONAL DETAILS**

The conference being held over two days.  
It will have some twelve sessions made up of presentations and workshops.

We take this opportunity to invite you to this inaugural international conference either as a speaker or a delegate which will be a significant milestone in the promotion of Value Management in the region. For detailed and update information, please contact our Conference Director, Mr Doug Wardale on Tel: 2590 0005 or Fax: 2516 9063.

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## **INTERNATIONAL CONTACTS**

### **Letter from Director and Secretary General of the Society of Japanese Value Engineering**

October 12, 1995

Dear Mr. Toy,

We enjoyed reading your Jan/Feb./March, 95 issue  
of your VALUE MANAGER, particularly the

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## LETTER TO THE EDITOR

Letter from Ms Julia Dale, School of Design Technology, The University of Huddersfield, UK

13 November 1995

Dear Geoffrey,

Many thanks for sending me the two copies of your new journal. You seem to have everything well under control and off to a flying start - long may it continue.

It was nice surprise to find that you had selected one of my articles to include in your publication (vol. 1, no. 2, 1995) - just in time to get another "brownie point" on the Annual Research Publications Returns!!

However since I wrote that article it should be noted that **H.R. 133 did not pass the House of Representatives**. This bill, now amended as **H.R. 719**, has been submitted to the 1st session of the **104th Congress** in the U.S. House of Representatives. If successful this time, the proposed title of the Act will be "**Systematic Application of Value Engineering Act of 1995**".

Please can you note this amendment in your next edition - before you get a flood of comments from the Americans saying that I am not up to date with what is going on in the States!!

Best wishes,

*Julia Dale*

Letter from Mr Roger R. Land, CVS, Value Engineering Manager, International Bechtel Incorporated

December 2, 1995

Dear Dr Shen,

Bob Brazeal has told me of your interest in legislation dealing with Value Management in the US Congress and I believe he has informed you of how to access that information from the World Wide Web. However, I did bring two items which you might find of interest.

The first is a copy of the Office of Management and Budget's Circular A-131. A-131 directs federal departments to use Value Engineering as a management tool. It was originally issued in 1987 and renewed in 1993. Unfortunately, in both instances the circular has "no teeth" and federal departments for the most part do not comply with the circular.

The second document is an advance copy of a proposed US Department of Energy order on Life Cycle Asset Management. Its function is to simplify asset management through the elimination of more prescriptive DOE orders. I believe that the trend to less prescriptive requirement will continue in all federal departments. Unfortunately, issuance of the new order may put VE further in the shadows. But that is yet to be determined.

Please feel free to call should you have any questions.

*Roger Land*

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**Editor's Note:** Both letters presented here are related to the article "The Progress of Value Engineering Legislation and Directives in the United States" written by Julia Dale, which was published on the last issue of Value Manager (Vol 1, No. 2, 1995).

## **HKIVM NEWS**

- ♣ On 13th October 1995, HKIVM invited Mr. Brian Dawson to give a talk on "Recent Trends in Value Management" at the Gun Room of the Royal Hong Kong Yacht Club. Mr. Dawson has been a facilitator of VM workshops for over ten years. He is considered to be a leading light in the application of the science in Australasia. He has managed over 400 workshops worth HK\$250 billion. The dinner talk has been well received by some 30 delegates from both the public and private sectors.
- ♣ On 30th November 1995, HKIVM invited Mr. David Stevens of Value Management International Pty. Ltd to give a talk on "Practical Issues of Value Management Applications" at the Centenary Room, Happy Valley Clubhouse, the Royal Hong Kong Jockey Club. Mr. Stevens has played a very significant role in the development of the unique "participatory" approach to value analysis and group problem-solving, for a wide range of industries. He has written many articles and a book on the application of the participatory process in value management, partnering, risk management and strategic planning. Over 30 delegates attended this dinner meeting.
- ♣ On 23rd January 1996, HKIVM invited Mr. Clive W. Pack of C. W. Pack Pty. Ltd to give a talk on "Transforming Your Executives into Professional (Value) Managers" at the Gun Room of the Royal Hong Kong Yacht Club. Mr. Pack has been involved in developing managers with Government bodies and service, industrial and consumer product companies throughout the Asia-Pacific areas since 1975. Over 20 delegates attended this lunch meeting.

### **THE HKIVM IS ON THE NET**

The HKIVM is on the Internet!  
Please make a note of the address of our home page:

<http://home.bre.polyu.edu.hk/~bsqpshen/hkivm>

## **FORTHCOMING EVENTS**

20 March 1996, HKIVM Lunch Meeting organised by Mr. Colin Jesse. The guest speaker shall be Mr. Neils Kraunsoe who shall speak on the topic "Value Management - The Client's Prospective". Further details to be circulated to members later.

29-30 May 1996, Hong Kong Institute of Value Management will organise an inaugural International Conference "Value Management in the Pacific Rim". For further information, please contact Mr Doug Wardale at Tel: 2590 0005 or Fax: 2516 9063.

9-12 June 1996, 36th SAVE International Conference 1996, The Palmer House Hilton, Chicago, Illinois, USA. Further details can be obtained from SAVE HQ at 60 Revere Drive, Suite 500, Northbrook, Illinois 60062, USA. Tel: 708-480 1730, Fax: 708-480 9282.

17-18 October 1996, 6th European Conference on Value Management "Competitive Success through Innovation" will be held in Portugal. Further information can be obtained from Portuguese Association of Value Analysis (APAV), PT -1699 Lisboa Codex, Portugal, Tel: 351-1-715 4183, Fax: 351-1-716 5217.

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## **CALL FOR ARTICLES**

VALUE MANAGER intends to provide a lively forum and means of communications for HKIVM members and those who are interested in VM. To achieve this objective, we need your strong support. The following are some notes for contributors:

(1) Articles submitted to HKIVM should fall in one of the following categories: New VA/VE/VM techniques or methodologies, Review of conference VM papers, VM case studies, VM research trends and directions, Reports of innovative practice.

(2) Papers or letters should be submitted on a 3.5" or 5.25" disc for IBM PC and A4 hard copy. Discs will be returned to authors after editing. Figures, if any, should be sent separately, in their original and preferred sizes. The length of each paper should be around 1000-1500 words.

(3) Although the preferred software for processing your article is MS Word for Windows V6, the following word processing packages are also acceptable: Wordperfect 5.1, Standard ASCII Text file, and Wordstar 3.3 or over. If none of the above word processing packages is available, please find a computer with scanning capabilities, the typewritten copy can be transferred to a file as specified.

## **Application for Membership of the Hong Kong Institute of Value Management**

If you are interested in knowing or joining the HKIVM, please fill in the reply slip below and return it to the membership secretary of HKIVM, Mr Patrick Fong, c/o Department of Building and Real Estate, Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong. Fax: 2764 5131.

Cut Here

Please send an application form for membership to the undersigned:

Full Name:

Company:

Address:

Position:

Tel:

Fax:

Signature: