

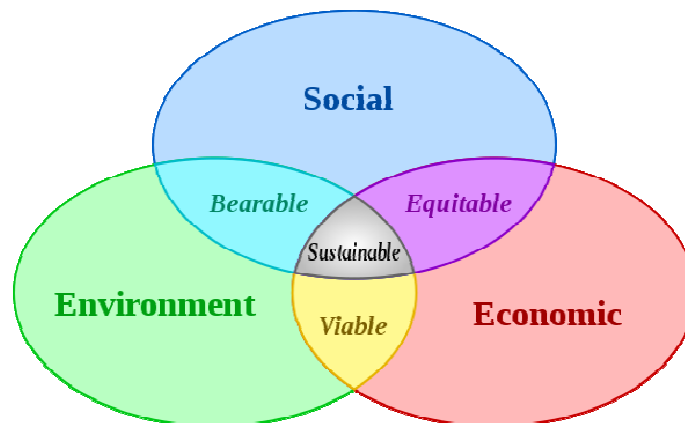
## What is the value of value?

The *PMBOK® Guide* recognizes the importance of organizations realizing value from their investment in a project. But what exactly is ‘value’? The *PMBOK® Guide* suggests value is a concept that is unique to each organization and encompasses the total sum of all tangible and intangible ‘value elements’<sup>1</sup>.

Determining the tangible elements is relatively straightforward and can easily be reduced to a financial return. More difficult, but often more important, is understanding the intangible value the project can create and identifying low cost options that have the potential to add significant intangible value for the organization by creating favourable impressions or outcomes in the minds of stakeholders.

One way of considering the ‘total value’ of an activity (or organisation) is encapsulated in the concepts of sustainability and the ‘triple bottom line’. Sustainability has become increasingly important to both organisations and the wider ‘society’ in recent years, and the word sustainability has significantly changed its meaning in the business world over this time.

Originally sustainability only referred to minimising your impact on the environment. Then in 1995 John Elkington introduced the idea of the "triple bottom line" of "Profit/People/Planet", suggesting that an organisation needs to be sustainable financially, socially and environmentally.



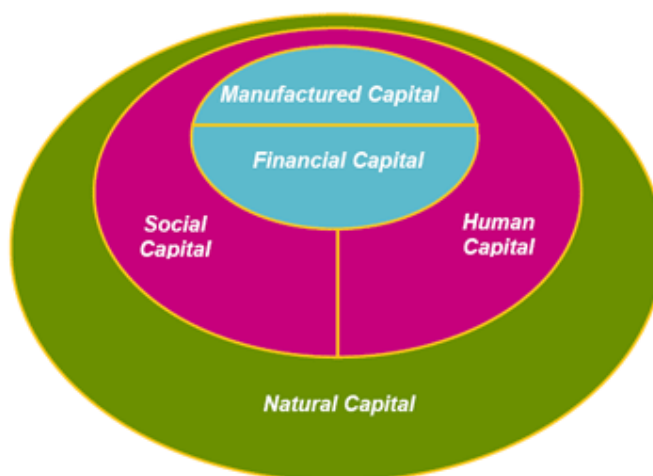
More recently the Forum for the Future expanded this concept by identifying five areas that contribute to the production of value by an organisation, called *The Five Capitals of Sustainability*<sup>2</sup>. They are:

1. **Natural Capital.** Is any stock or flow of energy and material that produces goods and services. It includes:
  - **Resources** - renewable and non-renewable materials
  - **Sinks** - that absorb, neutralise or recycle wastes
  - **Processes** - such as climate regulation
 Natural capital is the basis not only of production but of life itself!

<sup>1</sup> For more on *benefits and value* see: [https://www.mosaicprojects.com.au/WhitePapers/WP1023\\_Benefits\\_and\\_Value.pdf](https://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf)

<sup>2</sup> For more on *The Five Capitals* see: <https://www.forumforthefuture.org/the-five-capitals>

2. **Human Capital.** Consists of people's health, knowledge, skills and motivation. All these things are needed for productive work. Enhancing human capital through education and training is central to a flourishing economy.
3. **Social Capital.** Concerns the institutions that help us maintain and develop human capital in partnership with others; the way that people interact in the various teams within organisations, and how they relate through other networks, partnerships and less formal groupings such as families, communities, businesses, trade unions, schools, and voluntary organisations.
4. **Manufactured Capital.** Comprises the material goods or fixed assets which contribute to the production process rather than being the output itself such as buildings, machines, tools, communications networks, etc.
5. **Financial Capital.** Enables the other types of Capital to be owned and traded. But unlike the other types, it has no real value itself but is representative of natural, human, social or manufactured capital; e.g. shares, bonds or banknotes.



Each of these Five Capitals forms part of the value used by an organisation to generate its goods and services. The Forum for the Future believes that by maintaining and trying to increase stocks of these capital assets, we can live off the income without reducing the capital itself. The challenge is to use these different types of capital in ways that are wise, efficient, effective and sustainable.

Any one action or decision will not affect all of the elements of the 'triple bottom line' or the 'Five Capitals' but the right decisions or actions can build value in at least one of the dimensions, frequently two or more. One simple example is the now almost universal practice of cutting small 'viewing windows' in construction site hoardings – the cost is minimal, the value is improved safety (people don't need to stand near the gate to see what's going on) plus the PR value of letting people see the actual progress of the work to help offset the inconvenience of noise and dust. And as a consequence, the construction company's 'brand image' is enhanced.

The challenge is finding these valuable intangibles in your project, bearing in mind most of the value will be created in the minds of various stakeholders. One useful tool to help achieve this and uncover the full value spectrum of your project is Edward de Bono's 'other' thinking tool - *the Six Value Medals™*.

His 'medals' describe different types of value which are important to people and organizations, and against which we can perform a 'value scan' when making decisions or determining courses of action within the

project. They offer an alternative view of what matters, and can help us uncover 'value' that we otherwise might overlook.



These are de Bono's Six Value Medals<sup>3</sup>:

- **Gold Medal: Human values.** Gold is precious, and so are people. The gold medal asks, what matters to the people? Human values include pride, achievement, a sense of belonging, hope, trust, and growth.
- **Silver Medal: Organisational values.** The silver medal asks, what matters to the organization? What are our goals as a company and how will a prospective action help us or hinder us in pursuit of these goals? Examples might include profits, market share or brand image.
- **Steel Medal: Quality values.** Steel must be as strong as possible. The steel medal asks what are the implications for quality? How will the decision at hand impact the quality of what we do?
- **Glass Medal: Creativity values.** Glass can take the shape of many functional, often beautiful and colourful objects. The glass medal covers change, innovation, simplicity and creativity. What is our ability to innovate and change in order to do things in a new or improved way?
- **Wood Medal: Ecology values.** Wood spotlights ecology values in the broadest sense. Is there a positive or negative impact to the environment if we take this option?
- **Brass Medal: Perceptual values.** Brass looks like gold but is not. Brass medal values examine appearances and perception. How will this action be interpreted?

These six groups of values give us different perspectives on the things that may be important to organizations and stakeholders, both as groups and as individuals. By using de Bono's Six Value Medals to define 'what matters', we can identify and assess the full spectrum of value, and prioritise actions to achieve the values that matter most, creating more value 'bang' for the investment.

Take a simple example, during the last organisational restructure the CEO's new office fit out covered up a duct in the wall – your project has to rip the side wall out of her office to access the duct and upgrade the cabling. Where's the extra value? Some possible 'medal' ideas include:

*Gold* – an internal news item showing the CEO cooperating with the project despite the inconvenience (this can work for Brass as well).

*Wood* – make sure the duct is accessible in future without the need for demolition work.

*Glass* – the repairs can be use to offer an opportunity to update the CEO's office colour scheme, ask her what colours she would like.

<sup>3</sup> For more on **6 Value Medals** see: <http://debonothinkingsystems.com/tools/valuemedals.htm>

There are probably other 'medal' possibilities as well; they would depend on the actual situation. By reframing our thinking, and using the 'six value medals' to identify new things we, or our stakeholders, care about that can create extra value. Then the real work starts!

Having identified the best low cost, high value opportunities to add tangible or intangible value to your project, the ideas need to be put into action and the outcomes tracked through a benefits realisation system.

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