CRITICAL APPRAISAL OF PERFORMANCE MEASUREMENT IN VALUE MANAGEMENT

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Abstract
Performance measurement is urgently required in value management (VM) studies to improve decision-making processes and to ensure returns of investment on VM studies. The performance of VM studies must be properly and promptly measured to meet the limited budget and time. This paper introduces different views on VM studies and its implications on performance measurement. It also critically appraises different performance measurement approaches. Single-criterion measurement, multi-criteria measurement, and benchmarking approaches are introduced and analyzed. The links between the views and approaches are then discussed. To fulfill the requirements of performance measurement of VM studies, the proposed framework should possess several distinct features. A theoretical foundation for performance measurement is formed to develop a coherent performance measurement framework for VM studies.

Keywords
Value management; performance measurement

INTRODUCTION

Value management (VM) which was first introduced by Lawrence Miles, is attracting interest from many sectors in the construction industry across the world (Fong and Shen, 2000; Shen and Chung, 2002). It has been adopted in many construction projects to cope with challenges such as budget constraints, safety issues, environmental impact, and more importantly, value for money because VM can reduce costs while maintaining or even improving the performance of a project at the same time. If successfully conducted in the construction industry, the benefits of a VM study also include clarifying the client’s objectives, improved communication with stakeholders and enhanced creativity through the interaction of participants of the VM study.

However, performance measurement of VM studies is rarely conducted due to the lack of rigorous models and frameworks. Therefore, clients have no way of knowing whether adequate returns have been achieved on their investments in VM studies. It is also difficult to know what changes can be made to obtain more benefits from VM studies. As a result, some companies may hesitate to continue using VM while many more remain reluctant to adopt it in future. This is one of the serious problems hindering a wider use of VM in construction (Shen and Chung, 2002) because end users, especially the client organization, need to be convinced of the claimed benefits and be able to measure and monitor the performance of VM studies to ensure that these benefits are fully achieved.