



**i<sup>2</sup>p.**

Idé til program.

# THE VALUE AGENDA AND THE IMPORTANCE OF THE FRONT END

Keynote paper by Richard Saxon

## NAVIGER MOD NYE MÅL!

Konference om bygherrens strategiske rolle i byggeriets tidlige faser





Richard G Saxon CBE  
BArch (Hons Lpool) MCD RIBA MCMI MIOO FRSA

consultancy for the built environment

## **The Value Agenda and the importance of the front end.**

**Keynote Paper delivered to the Danish Association of Construction Clients  
Copenhagen, June 9<sup>th</sup> 2011. Richard Saxon CBE.**

We all want to make our investments in building deliver the outcomes we seek. Yet for many clients there is not sufficient time or resource to begin the project on a sound basis. Too many projects discover what they should really be like after they are well on the way, with inevitable effects on cost and time and many disappointments as goals are missed. The importance of starting well cannot be over emphasised.

I want to share with you some work on using what I call The Value Agenda, to demonstrate good practice at the preparation stage of a project, the 'front end'. I will cover:

- The 'value' in the built environment
- How you define your project's 'value proposition' at the start?
- Two case studies
- Four principles to follow.

The Built Environment is a concept which embraces all the man-made world of buildings and infrastructure, not just as static objects but as serviced contexts for our lives. The life cycle of each building, from defining need, through design and construction to operation and review, absorbs resources and supports outcomes. Value I define as 'What you get over what you give': the benefits traded for costs of all kinds, but seen through the subjective lens of the values of the beholder. The most important word is 'You'. All the stakeholders in a building have benefits they seek and things they sacrifice. The successful project finds a win-win for them all, a compromise between often competing values.

Buildings create value by supporting the performance and image of their occupiers, enhancing the asset value of themselves and their location, and bringing wellbeing



Richard G Saxon CBE  
BArch (Hons Lpool) MCD RIBA MCMI MIOD FRSA

**consultancy for the built environment**

and a cultural experience to users and the public. They incur costs in financial and environmental terms. I define value in a building in six product dimensions and one process dimension. The features of a building can contribute to Use, Exchange and Image value, aspects with some financial content. They also have Environmental, Social and Cultural value, all less tangible but significant. Process value is that created by the skill with which a project is managed: effective process will deliver to plan; ineffective process will squander resources and miss outcome goals.

Value lies not only in the building as artefact but in its use, animated by service and energy flows. Like the Zen description of a pot, the value lies in the void within, not merely in the shell. Quality in the design and making of a building lies in how it delivers required value, enhancing outcomes and reducing costs.

The opening task in a building project is therefore to define the Value Proposition, the outcomes required and the resources justified to achieve them, no small task in the multi-stakeholder, resource-limited environment of today.

Effort put in at the front end has enormous leverage on outcomes achieved. If the capital cost of constructing the proposed building is taken as 1, the cost of operating and maintaining the building over 20 years can be 3 times that. The value, social or commercial of the work done in the building over 20 years can be 30 times construction cost. The building enables the performance of its users and burdens them with its capital and operating costs. The design and management of the construction will be about one tenth of the construction cost and the early thinking to set up the brief and process will be no more than a tenth of that. So the leverage between front end thinking and long-term occupier performance is around 1:3000.

As project time passes, the ability to make valuable change declines and the cost of making changes rises. Thinking done at the front end is the most cost effective of all. Indeed, modern project leadership stresses the importance of making all the important decisions nearer to the start than has been typical: for example, using



Richard G Saxon CBE  
BArch (Hons Lpool) MCD RIBA MCMI MIOB FRSA

**consultancy for the built environment**

Building Information Modelling and early contractor input before settling on the design.

The UK built asset consultant EC Harris has a four-point mantra to show how front end decisions should be made. It suggests Four Optimisations:

1. Optimise the asset performance, so that it supports its purpose fully and sustainably;
2. Optimise the operating cost falling on the occupier and owner;
3. Optimise the capital cost to achieve the first two goals with proper return on investment;
4. Optimise how the asset is held: as owner-occupied, rented or as a service provision, to suit the stakeholder goals.

Setting the Value Proposition means engaging with stakeholders in a structured way. The Value in Design (VALiD) method devised at Loughborough University suggests a way of negotiating towards the Value Proposition and the ability to judge proposed design solutions against it.

All front end thinking needs to be informed by feedback from previous projects. This is a great area of weakness in UK practice as little serious feedback is collected by consultants or clients. There is a lack of evidence of what works and what doesn't, and of how actual performance matches designed intentions. Evidence-based building design is advancing in health care and there needs to be similar progress to inform decision makers and designers across other building types. The Soft Landings method is emerging in the UK to prompt project leaders to think about how they will occupy and operate the building from the start, following up with support to Facility Managers from the designers and builders through the 'shakedown cruise' of the first months in occupation. A well commissioned building actually does what you asked it to do. Most do not. The new Leesman Index is a way of measuring workplace performance which is gaining admirers in the UK.



Richard G Saxon CBE  
BArch (Hons Lpool) MCD RIBA MCMI MIOB FRSA

**consultancy for the built environment**

My two case studies are a small private bank and a large hospital. Hoares Bank is over 300 years old and still family owned. Their protected 1830 building in central London is splendid but too small as they grow. They bought four neighbouring buildings in a maze of historic passages and rights and needed advice on what to do and how to do it. I acted as Client Adviser. The process of uncovering what they needed and what was worth doing involved exploring with everyone how they used space, how they were changing with new technology and how they projected their special nature to customers. It also involved testing the permissible and affordable options. A new building proved not to be feasible and the project ended up as a conversion of the largest of the adjacent properties, lowering sights to fit the value proposition. Designers and contractors have now been appointed and the work is in progress. The result will be a seamless expansion with the character of the bank, and its balance sheet, intact.

The 3Ts hospital in Brighton is by comparison, huge. It will sit prominently above the sea-front, replacing 200 year old property to provide an advanced health-care environment. It will be one of the first UK hospitals to have single-bed rooms as standard. The preparatory work by the client was rigorous and lengthy, defining the business case for innovative design and project working method. It is pioneering what the Americans call Integrated Project Delivery, a collaborative team process with designers and contractors close to the client and sharing a building information model. That model, a virtual building, will eventually allow the client to manage the facility much more easily than is typical, after getting a building with much lower risk of defects or cost and time overruns. The well prepared client can sign-off on their requirements at the right moment on the curve.

The UK public client finds it hard to find resources for preparatory work unless they are experienced and know they should hold back funds from previous projects. Private clients often see cost more clearly than benefit and think the project starts when the diggers arrive. Briefmaking and design are undervalued, both by clients and the professions. My goal as a Client Adviser is to help make sense of the front

richard@saxoncbe.com www.saxoncbe.com  
t +44(0)20 7585 1976 m +44(0)7768 482 838  
9 Whistlers Avenue London SW11 3TS UK



Richard G Saxon CBE  
BArch (Hons Lpool) MCD RIBA MCMI MIOD FRSA

**consultancy for the built environment**

end, preparation stage and allow the client to define and deliver the most value possible. The principles that I suggest you follow are:

- Resource the front end properly
- Get rounded advice and stakeholder input to find your Value Proposition
- Set up the project to deliver the Value Proposition through all the stresses and strains and into successful use
- Measure outcomes to provide feedback for everyone's next time.

RGS 26.5.11.

*Richard Saxon CBE is an architect and independent client adviser. He has 45 years of experience, including 27 as a director of the UK's largest design practice, BDP [www.bdp.com](http://www.bdp.com). Richard has been active for 15 years in developing the study of Value in the built environment as a key to sustainability and to client success. More detail, including his report 'Be Valuable', can be found on [www.saxoncbe.com](http://www.saxoncbe.com)*

# i<sup>2</sup>p.

Idé til program.



Richard Saxon er en markant personlighed i den engelske byggebranche i regi af reforminitiativet Constructing Excellence. På konferencen vil han give sit bud på, hvordan man kan navigere og optimere værdiskabelsen i de tidlige faser. Han er arkitekt og ejer af 'Consultancy for the Built Environment'.

Dette paper kan hentes på

**WWW.I2P.DK**