



Concept Symposium 2016

Governing the Front-End of Major Projects

Let metrics talk and let experts do their job – Experiences with the Best Value Approach



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In a world that where information is flowing everywhere, big data show new correlations and transparency is all around us, it is rather surprising that that contract strategies usually hardly use metrics to select vendors and deliver projects. The Best Value Approach is a procurement and project management technology that perfectly fits in the emerging transparency in the world. The Best Value approach is built upon simplicity and metrics. It has helped procurement managers and project managers understand that they should release control of vendors and let experts use their expertise to deliver better, cheaper and faster projects.

Wiebe Witteveen was among the first adopters of Best Value in the Netherlands. He is also (co-)author of two Dutch books on the Best Value Approach and several popular and scientific articles on Best Value. In this track he will cover the why, what and how of the Best Value approach (also known as Best Value Procurement). Wiebe will also address the award-winning application of Best Value in the fast-track program and a case study where engineering services have been procured using Best Value.

Key words: procurement, project management, project front-end

Let metrics do the talking
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Experiences with Best Value in the Netherlands

Wiebe Witteveen



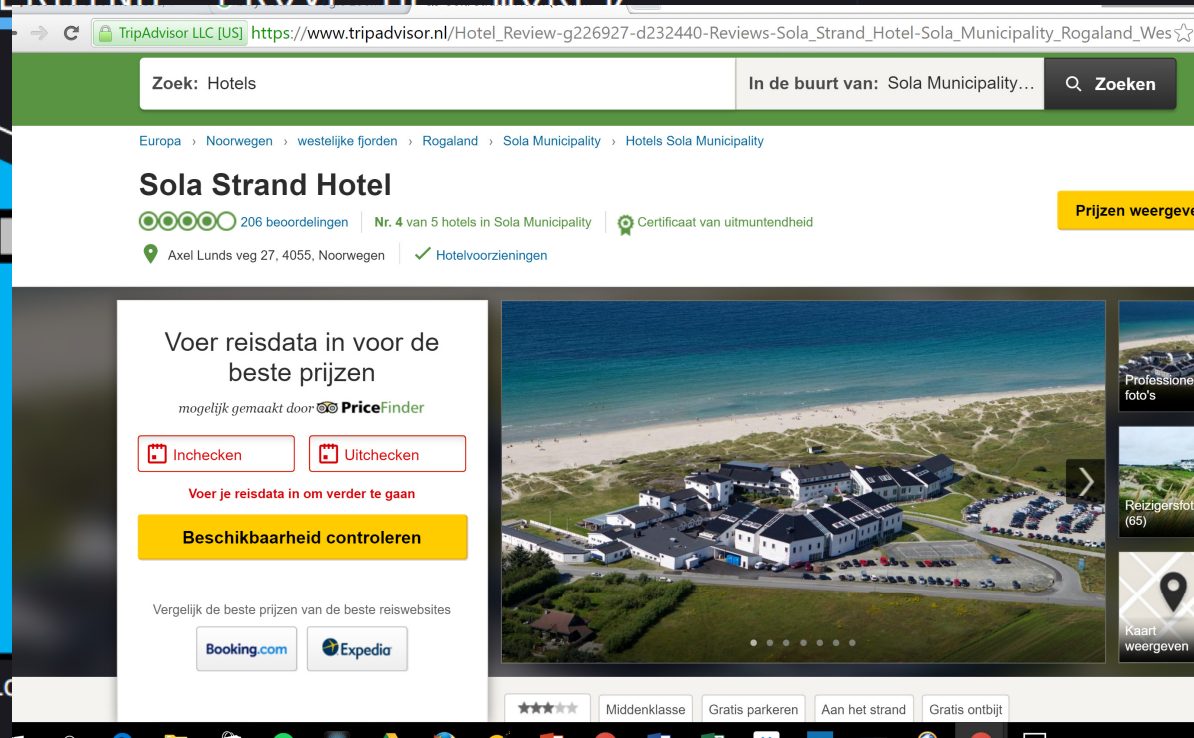
SCENTER SCHUBERG PHILIS

THE EMERGING "PROVE ME" WORLD

High

Trust

Low



Search: Hotels | In de buurt van: Sola Municipality... Zoeken

Europa > Noorwegen > westelijke fjorden > Rogaland > Sola Municipality > Hotels Sola Municipality

Sola Strand Hotel

206 beoordelingen | Nr. 4 van 5 hotels in Sola Municipality | Certificaat van uitmuntendheid

Axel Lunds veg 27, 4055, Noorwegen | Hotelvoorzieningen

Prijzen weergeven

Voer reisdata in voor de beste prijzen
mogelijk gemaakt door PriceFinder

Inchecken | Uitchecken

Voer je reisdata in om verder te gaan

Beschikbaarheid controleren

Vergelijk de beste prijzen van de beste reiswebsites

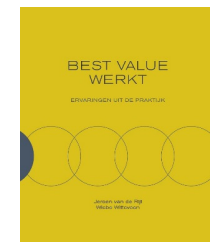
Booking.com | Expedia

★★★★ Middenklasse | Gratis parkeren | Aan het strand | Gratis ontbijt

As trust diminishes, the demand for transparency and assurance increases

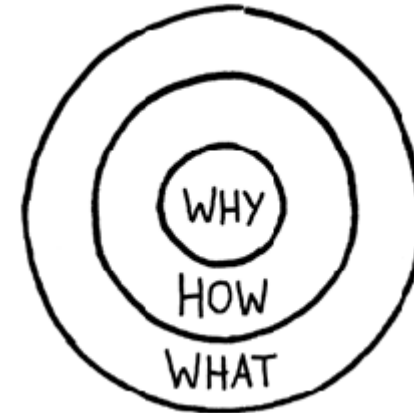
My metrics

- Over 30 Best Value projects in the primary process of organizations, both in the infrastructural domain (engineering services and infrastructural works), airports, cleaning services and IT domain
- 1 Best Value project in Norway: E18 (New Roads)
- Fast Track program: 1 year acceleration on average and 50% lower transaction costs compared to traditional
- Co-author of 2 Dutch books and 10 articles on Best Value
- Leader of the Rijkswaterstaat Best Value core team between 2012 and 2015; winner of the 2012 Dutch Sourcing Awards for “Operational Excellence” and “Best procurement performance”
- Guest lecturer master course “Tendering and Procurement Strategies” at the University of Twente: student rating 2014-2016 : 8,3 (out of 10)
- Over 500 presentations; customer satisfaction 8 (out of 10)
- B - Certification training: customer satisfaction 8,5 (out of 10; 75 persons)
- B – certification training in Norway: customer satisfaction 4.5 (out of 5)



Outline

- Why Best Value approach?
- How does Best Value approach work?
- What are the results?
 - Case study: Fast track program (European legislation)
- Q&A





THERE IS ALWAYS SOMEONE...



... WHO WILL DO IT CHEAPER!

THE PROBLEM IS NOT (EUROPEAN) TENDERING
PROCEDURES

BUT

THE WAY WE APPLY THEM!!

AND

THE WAY WE DO PROJECT MANAGEMENT

Why Best Value?

- 98% On-time, On-Budget, Customer satisfaction
- 5% Increase in Vendor profit
- High quality & low price go hand-in-hand

– Source: PBSRG

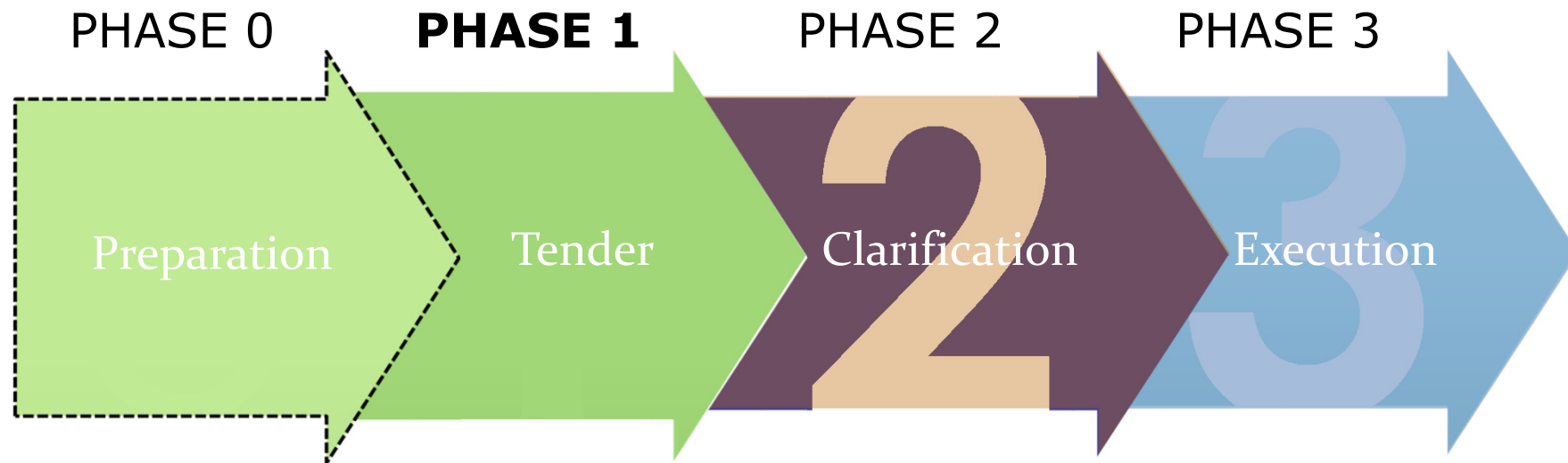
Validity

- Conducting research since 1994
- 1600+ Projects
- \$4.4 Billion Services & Construction

What's new?

Traditional contracting	Best Value
Manage, direct, control	Autonomy, freedom and accountability
Relationships, incentives	Transparency
“Your wish is my command”	Utilize expertise
Use client expertise to assess bids (in MEAT)	Use dominant information to assess bids
Focus on contract and risk transfer	Focus on risk mitigation

How does it work?



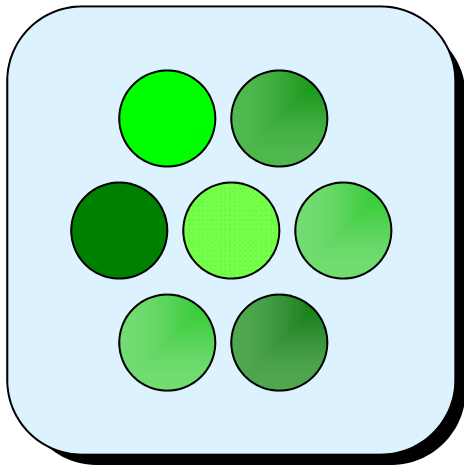
Evaluating proposals

Within selection, what are we trying to accomplish?

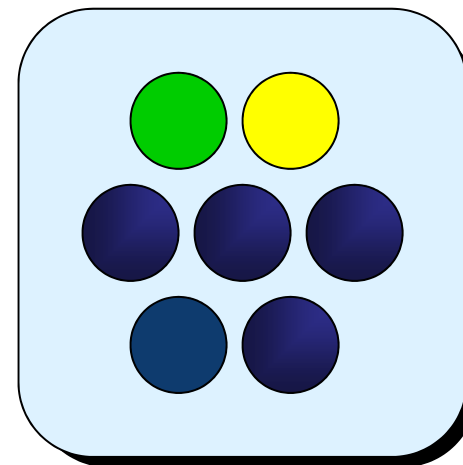
Question:

If Purchasing wants to buy a “green circle”, in which scenario is hiring the right “green circle” easiest to justify?

Scenario 1



Scenario 2



BVP award Criteria and Weights

- Performance 15%
- Risk and Risk Mitigation 20%
- Value Added 10%

- Price 25%

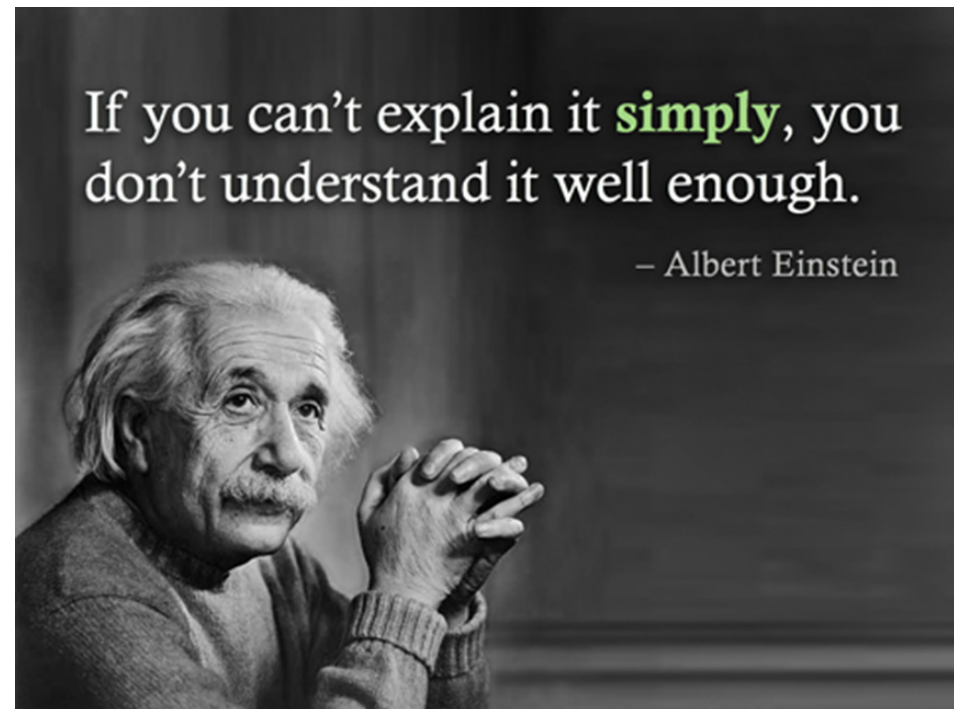
- Interviews 30%

Dominant information

Goal: Transparency, everyone understands, no client expertise needed, less communication, less litigation!

Requirements:

- Simple
- Non-technical
- Verifiable



Example of dominant information

Who has the most expertise as a mountain guide for this specific mountain?



- # years experience as guide: 14
- # mountains climbed: 11
- # times climbed this specific mountain: 5
- # people safely to the top: 44
- # accidents: 0
- # client satisfaction: 9.0 (10.0)



- # years experience as guide: 25
- # mountains climbed: 21

Results: high quality & low price go hand-in-hand

Quality \ Price	#3 in quality	# 2 in quality	#1 in quality
Lowest price	1	1	10
Nex to lowest price	-	2	6
Second to lowest price	-	3	5

28 out of 28 projects in Price Top 3

27 out of 28 projects #1 or # 2 in quality

10 out of 28 projects #1 in quality and #1 in price

Fast track program: the problem





Priority Road Investment Programme

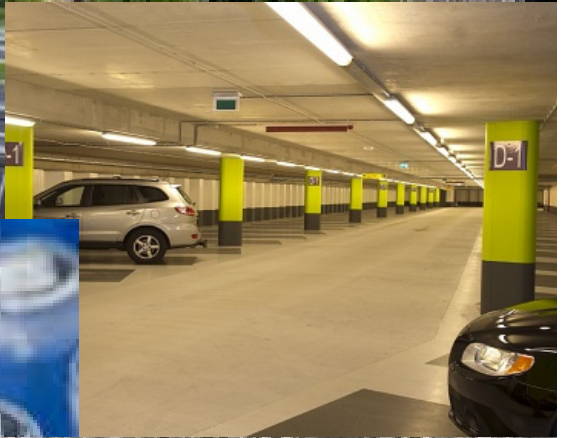
- Ambition from Minister of Infrastructure and the Environment: 30 starts of work of road widenings and rush hour lanes and 10 openings for road users before June 2011
- Start september 2008
- May 2011:
 - 30 ‘shovel hits the ground’
 - 10 ‘cutting the tape’



Launching project: Fast Track Project

- Program results: 15 projects finished (expectation was 10)
- Delivery time of projects accelerated by 25%
- Transaction costs and time reduced by 50-60% for both vendors and client
- 95% of deviations were caused by Rijkswaterstaat or external [not vendor caused]
- Ministry of Transport wins prestigious Dutch Sourcing Award





Norwegian effort



Q&A

More info?

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