

Item	WEDGE MODEL> NPV> Process steps																																																																																																																									
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7																																																																																																																			
Step description	Identification of value areas and value drivers	Identification of KPI's for the value areas and value drivers	Setting the improvement goals (stretch targets)	Analysis of critical success factors (CSFs), the management of which enables improvement goals to be achieved	Developing improvement plans for those CSFs	Implementing & closing-out the improvement plans	Measuring and banking the gains																																																																																																																			
Process	<p>The first task is to identify the primary, high level areas of the opportunity or project in which value can be created for shareholders. Once the primary valuation areas have been identified then any subsidiary value areas are identified. Having established the value areas, the next step is to identify the value drivers in each area. The value drivers are those key elements of an opportunity or project that 'drive' the end result in the value areas.</p> <p>The value drivers are analysed to provide subsets at a level where performance can be measured and action taken.</p>	<p>Once value drivers are defined, KPI's are then determined which are used to set targets for performance achievement in the various areas of the business. They identify both what the business wants to achieve (the target) and what the business is achieving versus the target. They are developed based on what is sensible and useful for the identified value drivers. They can be high level or low level indicators. KPI's and stretch targets can then be developed for each of the selected value drivers that support the value area stretch target.</p>	<p>Stretch targets provide a focus for the team in pursuing the achievement of its vision. A stretch target is an ambitious goal that sets out to obtain performance in ways that were never imagined possible. Stretch targets are often set at three levels as follows:</p> <ul style="list-style-type: none"> - Overall opportunity or project level e.g. NPV gain. - At level of value areas – generating stretch targets in each area that will add up to the overall stretch, e.g. cost reduction target. - At level of value drivers – generating stretch targets against the value. 	<p>The next step is to analyse the selected value drivers and identify the issues that, if managed well, would move the team towards achievement of its targets. These are the CSFs.</p> <p>It is important to note that CSFs change with time as the opportunity or project moves through different phases. Taking each selected value driver in turn, the next step is to examine each one to determine what the critical issues (the CSFs) are that need to be managed in order to achieve the stretch targets.</p>	<p>Improvement plans to address the CSFs:</p> <ul style="list-style-type: none"> - have defined objectives - are laid out in a structured fashion - are achievable with the resources available (or obtain more resources) - have champions for each action - are monitored against a plan for completion - are closed out and documented - are incorporated into cost/schedule forecasts - are revisited at regular intervals - balance process and people issues. 	<p>For the improvement process to succeed it is essential that all improvement actions are completed and documented. Regular reporting on progress to the team management is implemented.</p>																																																																																																																				
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