

The Value Methodology

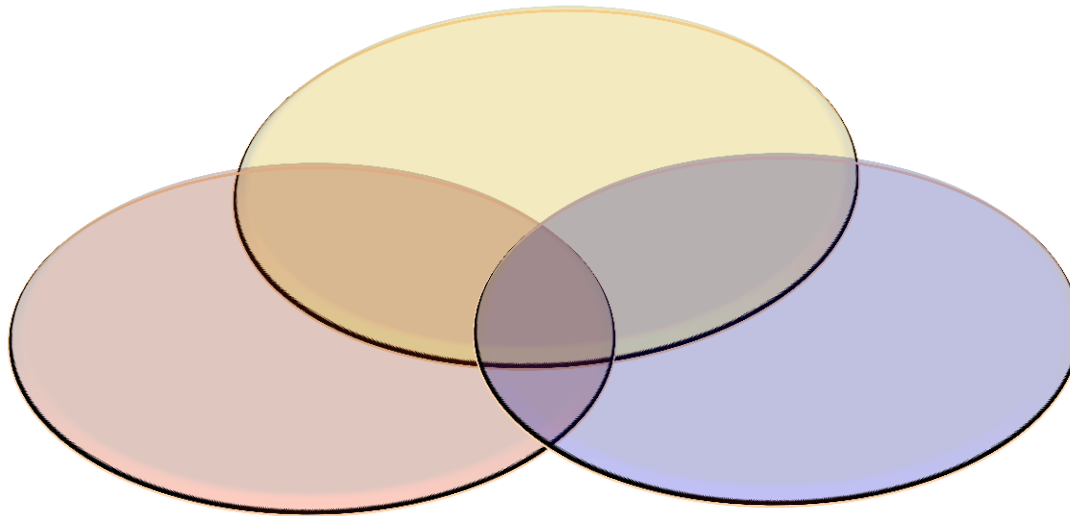




The Value Methodology

- What is the value methodology?
 - The value methodology (VM) is known as value engineering, value analysis, and value management
 - A function-based, systematic approach to improve a project, process, or product that can optimize costs while maintaining or improving performance and quality

The Value Methodology



Optimizing function, performance, and costs for project, products, and processes



The Value Methodology

- Markets
 - Manufacturing
 - Construction
 - Process improvement
 - Healthcare
 - Other



The Value Methodology

- Common misconceptions
 - Cost reduction
 - Creates adversity
 - Ignores the design concept

The Value Methodology

- How does VM work?
 - Reduce complicated elements into basic components by analyzing functions
 - Identifying the functions of components and systems creates opportunities to review alternative concepts to meet functional requirements

The Value Methodology

- What differentiates VM?
- Focus on function
 - The primary or intended purpose that a product, project or process is expected to perform
 - Review and analysis of function to optimize performance



The Value Methodology

- The owner's perspective
 - The budget is fixed
 - No change orders
 - Time is of the essence

The Value Methodology

- The owner's perspective
 - Adherence to adopted standards
 - Meet project or process requirements
 - Minimize complications

The Value Methodology

- The designer's perspective
 - Accurately aligning anticipated cost and scope is a challenge
 - Project scope and budget likely set prior to the current market condition
 - Pride of ownership

The Value Methodology

- Benefits of value studies
 - Confirm program requirements
 - Confirm functional requirements
 - Generate alternative solutions
 - Analyze proposed improvements

The Value Methodology

- Benefits of value studies
 - Identify process improvements
 - Review and establish cost targets early
 - Stakeholder buy-in on design and cost

The Value Methodology

- The VM plan
 - Emphasizes team collaboration
 - Focus on improvement
 - Development of common goals
 - Develop a budget strategy

The Value Methodology

- How VM defines value
 - The reliable performance which a product or process must do to make it work and sell at the least practical cost
 - $\text{Value} = \text{Function} / \text{Cost}$

The Value Methodology

- How VM handles cost
 - Opportunities
 - Understand function requirements
 - Identify alternative ways meet functional requirements
 - Determine the best value

The Value Methodology

- The VM job plan
 - Information gathering
 - Review of the project, process, or product
 - Identify goals, objectives, and scope
 - Collect required background information
 - Function analysis
 - Define study elements by what do they do and what they must do to meet requirements

The Value Methodology

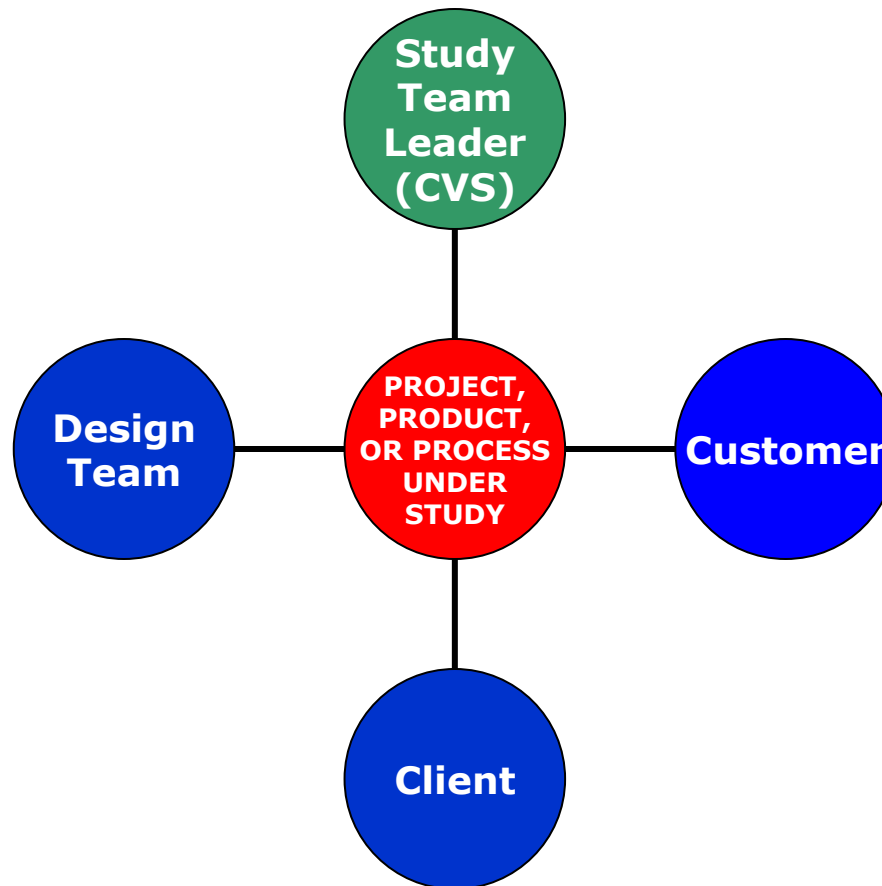
- The VM job plan
 - Creative speculation/alternate idea generation
 - Creative techniques to identify alternative approaches
 - Evaluation
 - A structured process to select alternative approaches that could best meet project functional requirements

The Value Methodology

- The VM job plan
 - Development
 - Document selected alternatives
 - Implementation
 - Present alternative proposals
 - Assist in decision-making
 - Reporting

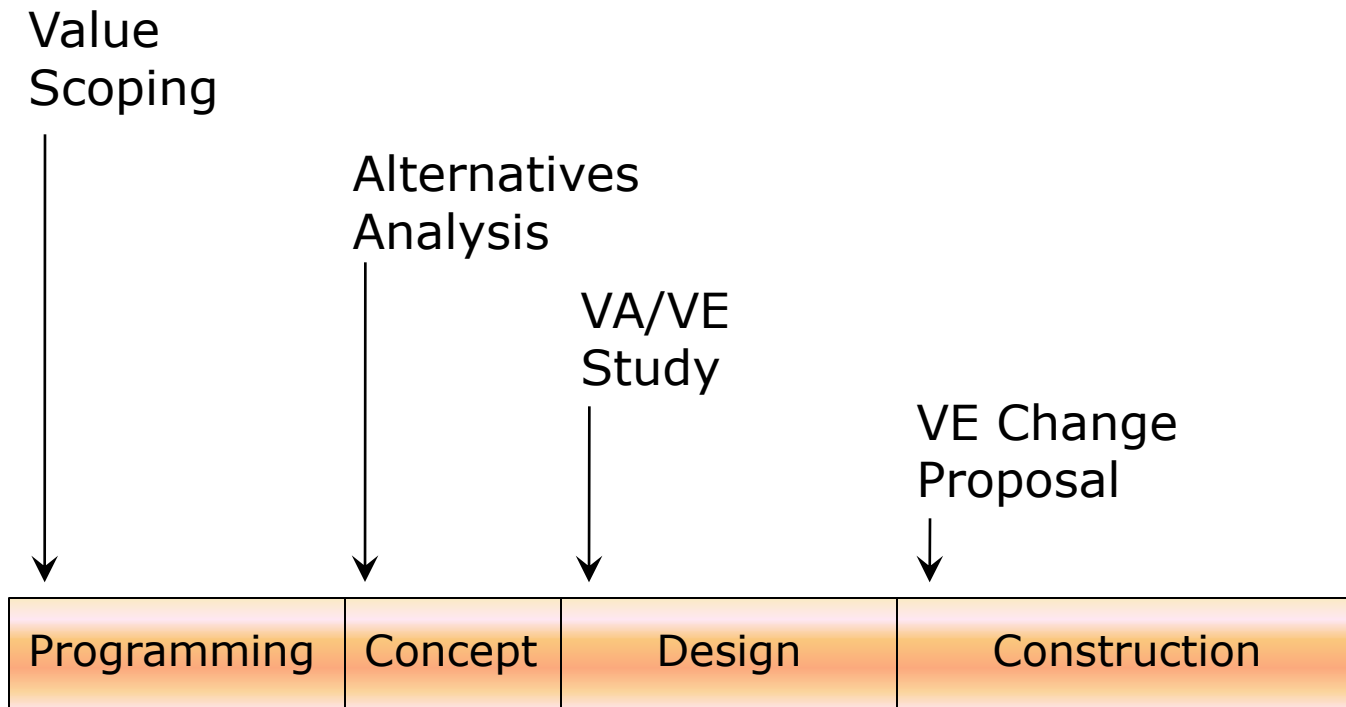
The Value Methodology

VM team makeup



The Value Methodology

Value study timing options





The Value Methodology

- VM results
 - Improves efficiency
 - Improved Reliability

The Value Methodology

- Cost Reliability means:
 - Basic Function $\Rightarrow$ Common Sense
 - Common Sense $\Rightarrow$ Cost Reliability
 - Cost Reliability $\Rightarrow$ Improved Value

The Value Methodology

Summary of Past VE Savings Federal-Aid Highway Program

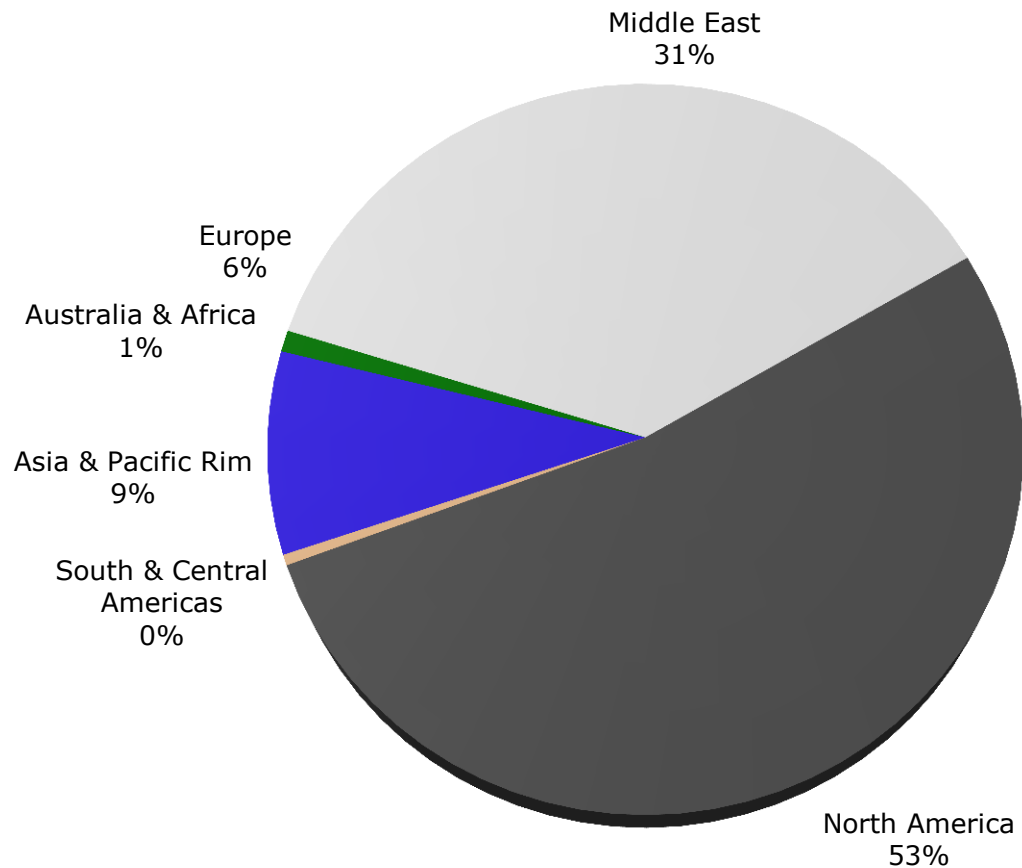
	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Number of VE Studies	382	316	251	300	324
Cost of VE Studies Plus Administrative Costs	\$12.34M	\$12.54M	\$8.15M	\$9.80M	\$7.67M
Estimated Construction Cost of Projects Studied	\$29.60B	\$24.81B	\$21.53B	\$31.58B	\$18.7B
Total No. of Recommendations	2978	2861	1924	2427	1794
Total Value of Recommendations	\$6.57B	\$4.60B	\$3.06B	\$6.76B	\$3.04B
No. of Approved Recommendations	\$1308	1233	996	1077	793
Value of Approved Recommendations	\$2.53B	\$1.97B	\$1.78B	\$3.19B	\$1.12B
Return on Investment	205:1	157:1	219:1	325:1	145:1



About SAVE International®

- Established in 1959.
- Founding professional association promoting the interests of value engineering and the advancement of VM.
- Currently has approximately 2000 members residing in over 30 countries.
- Affiliated with VM associations in Hungary, India, Japan, Korea, Taiwan.

Membership Distribution



SAVE International® Membership

- Individual Member – US\$175/year.
- Corporate Membership Options
 - **Bronze:** includes 5 individuals with more persons for only \$90/year each and 1 free conference registration.
 - **Silver:** includes 25 individuals with more persons for only \$90/year each and 2 free conference registrations
 - **Gold:** includes 100 individuals with more persons for only \$90/year each and 3 free conference registrations
 - **Platinum:** included unlimited individuals and 5 free conference registrations

Membership Benefits

- Subscription to InterActions newsletter
- Subscription to Value World journal
- Free access to reference materials in the SAVE Knowledge Bank
- Discounts to SAVE bookstore
- Access to topic-based discussion groups
- Discounts on annual conference registration
- Discounts on educational programs
- Discounts on certification program
- Access to affinity programs



Affinity Programs

- Discounts on air fare, car rentals, and hotel reservations through Fare Buzz.
- Discounts on teleconference and web conferencing through Connex Int'l.
- Discounts on business and consumer goods and services through AchieveLinks.
- Preferred rates on paycheck processing services through ADP.



SAVE International® Programs

- Certification program
- Annual conference
- Online continuing education seminars

Certification Program Levels

- Associate Value Specialist (AVS)
 - Entry level – a stepping stone to advanced certification
 - Requires Module I workshop attendance
 - Requires passing scores on Parts I and II of the certification exam
 - As of November 1, 2012, must recertify every four years
 - Initial application fees: \$120 member, \$600 non-member
 - Recertification application fees: \$240 member; \$720 non-member

Certification Program Levels

- Value Methodology Practitioner (VMP)
 - Intermediate or journeyman level
 - For professionals whose careers do not focus on conducting value studies
 - Requires Module I and Module II certification training courses, practical experience, continuing education, and outreach activities.
 - Requires passing scores on Parts I – IV of the certification exam.
 - Must re-certify every four years.
 - Initial and recertification application fees: \$360 member; \$720 non-member.

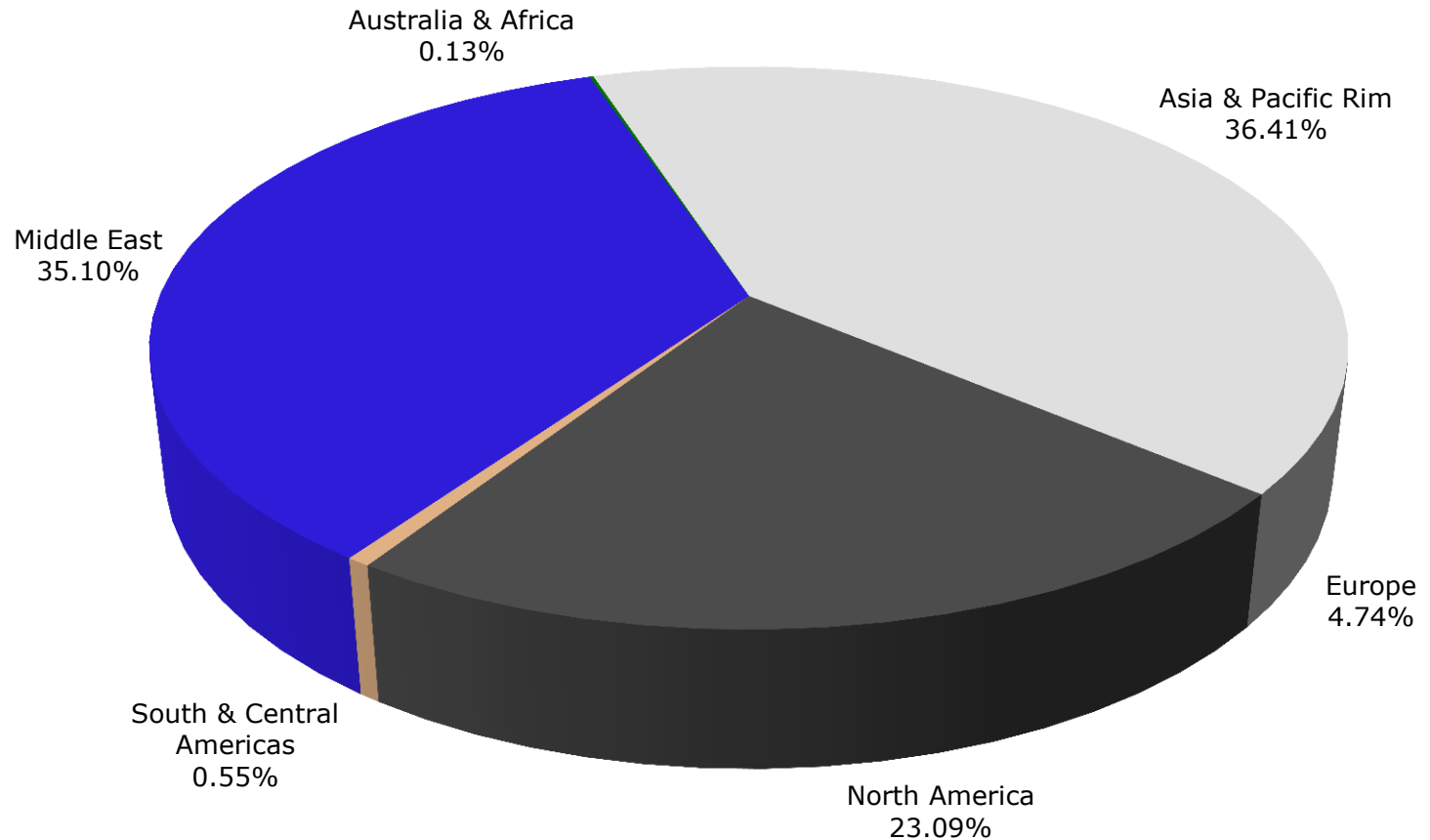
Certification Program Levels

- Certified Value Specialist® (CVS®)
 - Advanced or professional level
 - Requires Module I and Module II training courses, practical experience, continuing education, outreach activities, and scholarly paper.
 - Requires passing scores on all Parts I – VII of the certification exam.
 - Must re-certify every four years.
 - Initial and recertification application fees: \$360 member; \$960 non-member

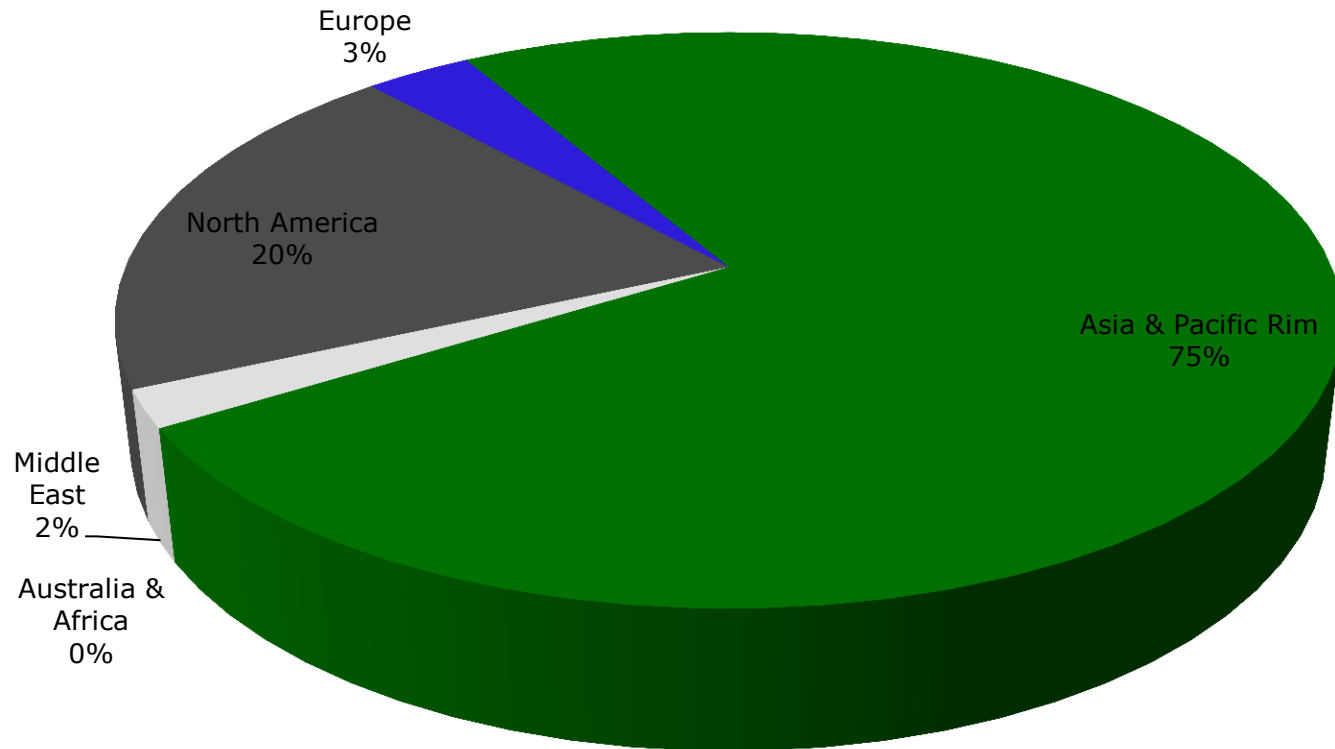
Certification Program

- Certification Totals (active as of 9/18/2014)
 - AVS™
 - 2364 Worldwide
 - 1541 SAVE Members
 - VMP™
 - 3 Worldwide
 - 3 SAVE Members
 - CVS®
 - 1036 Worldwide
 - 221 SAVE Members

Certification Distribution - AVS



Certification Distribution – CVS®



Certification Program

○ Course Instructors

- Must be CVS[®] in good standing
- Must be approved by SAVE International[®] to have course accepted for certification program.
- Course approvals valid for only four years.
- Course application fee: \$150 members, \$180 non-members.



Online Learning Series

- Open to the public.
- Served through Verified Learning platform.
- Seminars include end-of-session testing.
- Can be claimed toward certification credit.



Value Summit

- Program includes several pre-conference workshops and seminars that can be claimed for certification credit.
- Technical program runs 2½ days.
- Program includes:
 - On-site Workshops & VE Training
 - Benchmarking Tours & Site Visits
 - Interactive Forums & Technical Presentations
 - Honors & Awards Presentation
- Attendance can be claimed for certification credit.
- Call for papers closes December 30.



Value Summit

- 2016 Value Summit
 - June 5 - 7
 - Niagara Falls, ON, Canada.
 - Pre-conference workshops and seminars
- Integrated skills training workshops
- For conference information:
<http://www.value-eng-conference.org>

For more information

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- Email info@value-eng.org
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