

# VALUE-ABLE NEWS

**SAVE National Capital Chapter Newsletter**

**April 2003**



SAVE International's National Capital Chapter (NCC) proudly sponsors its **14<sup>th</sup> Congressional Education Reception** on Wednesday, September 10, 2003 in the Caucus Room of the Cannon House Office Building on Capitol Hill. This opportunity has been offered over the past 20 years to educate our Members of Congress and their staff in the benefits, applications, and success stories of Value Engineering.

We have typically had more than 350 participants at these receptions. Senators and Representatives and their staff visit the exhibit booths and offer their words of encouragement in the formal part of the evening. Congressman David Dreier (R-CA) sponsors this year's event. He and his co-sponsors will present the *Golden Shears Awards* to this year's recipients.

Many activities prompt the Chapter's enthusiasm for the Reception this year.

- The NCC is working with OMB to update OMB Circular A-131, Value Engineering.
- GAO recently issued a draft report on its review of DoD's VE program. This is SAVE's opportunity to communicate with the MOC and committee staffers who are interested in VE to discuss the report and the next action items.
- DoD has rejuvenated its Value Engineering Management Advisory Group under the leadership of Dr. Jay Mandelbaum, Defense Systems, Systems Engineering in the Office of the Secretary of Defense. This group includes programs at the Army and Army Corps of Engineers, Navy, Air Force, Defense Logistics Agency, Defense Contract Management Agency, Defense Missile Agency, and Defense Finance and Accounting Service.

- VE is being considered for inclusion in the Services Acquisition Reform Act sponsored by Chairman Tom Davis of Northern Virginia.
- DoD, OMB, and Congress are all considering legislation and regulations for such things as efficiency/shared savings and share-in-savings programs, which would benefit from the value methodology and which could ultimately lead to significant savings for the government and the government contractor; and ultimately to new opportunities for the value consultant.
- As part of DoD's legislative initiative, language has been proposed to Congress to change the Defense Modernization Account to provide a direct authorization of funds into this account specifically for projects to improve the life cycle cost of new or existing systems. This would provide a source of start-up funds for ownership cost reduction initiatives. It is specifically geared towards VECs.
- This year's DoD Awards Ceremony will be held at the Pentagon on June - Secretary Rumsfeld has been asked to personally bestow the awards!

In other words, much is happening. With a limited number of exhibit booth spaces, we encourage you to register now. Join the Army, the State Department, the Defense Logistics Agency, the Corps of Engineers, Raytheon Missile Systems, Lewis & Zimmerman Associates, PMSI, and only nine others for this exciting night. The Reception will be by invitation.

Should you wish to volunteer to assist in the preparations or register for exhibit space, please call Mary Ann Lewis at 301/984-9590 or email [lewisma@lza.com](mailto:lewisma@lza.com).

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## 2003 DoD VE Awards Announced

The 2003 DoD VE Achievement Awards have been announced. The Awards Ceremony will take place June 18, 2003, at 2:30 PM in the Pentagon Auditorium. The Honorable Mike Wynne, Principal Deputy Under Secretary of Defense (Acquisition, Technology, and Logistics) will give the keynote address and present the awards.

Congratulations to the following winners:

### ARMY

Project/ Program US Army Corps of Engineers, Chicago District  
Person/ Team William James Zeigler, Los Angeles District, US Army Corps of Engineers  
Org US Army Communications-Electronics Command, Ft. Monmouth, NJ  
Contractor Goodyear Tire and Rubber Company, St. Mary's, OH  
Special Vicki A. Loewen, US Army Aviation and Missile Command

### NAVY

Project/ Program Tomahawk Program Office, Naval Air Systems Command  
Org Pyro/Demo and Small Caliber Ammunition Branch  
Person/ Team Tactical Acoustic Measurement and Decision Aid Environmental Sonobuoy TEam  
Contractor Lewis & Zimmerman Associates, Inc.  
Special Spray Cooling of Commercial Off the Shelf Electronics Team Advanced Amphibious Assault Vehicle Program

### AIR FORCE

Project/ Program Minuteman III Guidance Replacement Program  
Org Global Command and Control System, Air Force Transition Team  
Person/ Team Ms. Helen M. Rico, Air Force Research Laboratory

### DEFENSE LOGISTICS AGENCY

Project/ Program Advanced Technology Institute X-IT Project Team, Defense Supply Center Richmond  
Person/ Team Value Engineering Team, Defense Supply Center Richmond  
Org Defense Supply Center Columbus  
Special Mr. John T. Dignam, Defense Supply Center Philadelphia

### MISSILE DEFENSE AGENCY

Project/ Program Theater High Altitude Area Defense Project Office  
Person/ Team PAC-3 and Quality/Product Assurance Division, Lower Tier Air and Missile Defense Project Management Office  
Special Theater High Altitude Area Defense Government/Contractor Integrated Product Team

### DFAS

Project/ Program Electronic Commerce Office/the myPay System Team  
Person/ Team Commercial Pay Services Team  
Special Defense Cash Accountability System Team

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## **\$10 Million Saved on COE Project**

An 18-member VE team recommended more than \$10 million in savings on an auxiliary lock extension project at the J.T. Myers and Greenup Locks on the Ohio River. The 600-foot lock extension would upgrade existing facilities constructed in 1962. The VE team was comprised of individuals from eight different organizations, including the Louisville, Huntington, and St. Paul Districts of the Corps of Engineers, as well as OVEST.

Corps of Engineers' VE proposals of the 80's and early 90's have become commonplace in current designs. Yet, the Greenup project shows that Value Management / Value Engineering can continue to enhance efforts, even after very cost-effective design effort (over \$25 million in cost effective ideas were recommended by original designers BEFORE VM/VE).

A very-open Value Management - led effort of diverse professionals and stake-holders helped create the roadmap for future project design, without affecting schedule, and saved or avoided an additional \$10 million in the process. It is just one example of how the Corps uses Value Management / Value Engineering to continue to ensure top stewardship of taxpayer resources.



*Photo from Huntington District USACE website.*



## **New COE Circular Expands VE**

A new Corps of Engineers Circular provides general policy, procedures, and a framework for the execution of VM/VE elements with the Corps. The Circular applies to all VM/VE activities including all procurement acquisitions that are Federally funded and managed by the Corps of Engineers. This includes civil works and military construction, environmental, HTRW, ordnance explosive, formerly used defense sites, and remedial action plans with a cost of \$1 million or more (\$2 million for construction).

The Circular "distributes guidance which has the same effect as a regulation, but with a sunset date in two years. The guidance will be revised as appropriate, and become a regulation in two years," explains Michael Holt, PE, CVS, VE Program Manager for the Corps of Engineers and Board Member of the NCC.

*Courtesy of Value Digest, March 2003.*

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## **VE Breaks Through in Argentina**

### **First Experiences in Value Engineering**

By Juan DeVincenti, RA, CVS Life  
SAVE International Director for Latin America

Buenos Aires - In the midst of the present economic turmoil, Value Engineering is making progress in Argentina, as I was able to see in a recent trip to this country, last November.

Rodolfo Seminario, president of Seminario & Associates, an Argentine engineering firm and now a representative of CAS Interamericana in Argentina, tells us about his first experiences in VE through a letter addressed to me as SAVE International Director for Latin America. I thought it was worth sharing it with our readers. Mr. Seminario wrote:

"I had my first contact with VE in 1995 while reading a book about Construction Management, where I had the opportunity to see a chapter dedicated to Value Engineering. I was profoundly impressed by the possibilities of applying this methodology to eliminate unnecessary construction costs in Argentina."

"In 1997, one of our clients, Bank of Boston Argentina, was considering building two office buildings for their headquarters in Buenos Aires. I remember being contacted about doing a VE study."

"We told them that we did not have any experience in the use of this methodology -this was before we joined SAVE International and associated with CAS Interamericana- but that we knew what had to be done. In the absence of other viable alternatives, we were hired to advance with the study."

"We followed the basic VE methodology and after two weeks of work we presented our preliminary report, suggesting alternatives with savings of about 20 percent of the estimated budget, and a reduction in construction time of about ten percent."

"One of the suggested alternatives consisted in changing the traditional air conditioning system for variable volume refrigerant, a good idea that however, was rejected by the owner's engineers. Here we failed to follow up the idea as recommended, due to our lack of experience."

"Anyway, the results were surprising. The design architects were favorable impressed by the results of the VE procedure."

"During my regular lectures on Construction Management at the University of Buenos Aires (UBA), I always asked if anybody had heard of VE. No more than five percent responded in the affirmative."

"Given this low awareness about VE and its impact, the University thought it appropriate to start a trial graduate course with only 21 classroom hours, where we will try to present the basic concepts and develop some examples."

The results of this trial, taught at the Production and Technology graduate course, have been very satisfactory, given the level of interest and participation shown by the students. We now are looking forward to a full 40hs workshop with certified teachers."

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## Lessons to Learn from Geese... Yes, Geese!

- As each Goose flaps its wings, it creates an "uplift" for the birds that follow. By flying in a "V" formation, the whole flock adds 71% greater flying range than if each bird flew alone.

LESSON: People who share a common direction and sense of community can get where they are going more quickly and easily because they are traveling on the thrust of one another.

- When the lead Goose tires, it rotates to the back of the formation and another Goose flies to the point position.

LESSON: It pays to take turns doing the hard tasks and sharing leadership. As with Geese, people are interdependent on each other's skills, capabilities, and unique talents.

*Courtesy of Thoreaufare, January 31, 2003.*



## NCC Website Up and Running

The National Capital Chapter has finally created its own website. The address is [www.ncc-save.org](http://www.ncc-save.org). Some portions of the website are available to SAVE members only, so you will need to create an account with a username and password. Directions on how to do so are on the site.

Thanks to Waller Poage and James Gray for their dedication and hard work!



## Mark Your Calendars...

- April 30..... Board meeting
- May 7..... **Dick Horrworth** to speak at Chapter Meeting
- June 7-11..... Conference in Scottsdale
- June 16..... Dinner - Awards Ceremony
- June 18..... DoD VE Awards Ceremony
- Sept 10..... Congressional Reception

## NCC Board of Directors

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