

Vol. 29 No. 3
March 2004



CONFERENCE CORNER

To: All SAVE International Members
Re: Paper of the Year/Editor of the Year Awards

Once again, it is time to start thinking about selecting winners for the Paper of the Year and Editor of the Year awards. I am contacting all SAVE members to encourage you to solicit submissions from chapter members, prospective members and professional colleagues for these awards. Each chapter should submit copies of its newsletter for consideration.

Paper of the Year

Remember, the winner of this award need not be a member of SAVE International. This award was established to recognize outstanding papers on the subject of the value methodology. Papers presented at the 2003 Annual Conference or in 2003 issues of *Value World* need not be submitted as the judges automatically consider them. However, if you heard a presentation, or you yourself made one, that was not printed in a SAVE International publication and feel that it should be considered for the award, you are invited to submit. All papers will be judged by the Vice President – Marketing, the editors of the SAVE International publications, and myself.

Editor of the Year

The committee for this award will consider newsletters prepared from the period of April 2003 through March 2004, inclusive. Judging will be done by the editors of the SAVE International publications and myself, as chairman. It should be noted that an expensively prepared publication is not a mandate for final consideration, but rather how well your newsletter communicates chapter news and activities and promotes the value methodology among chapter members.

If you require further information about the criteria for these awards, it can be found in the SAVE International Recognition Manual (the Honors and Awards Manual) which is available on-line at www.value-eng.org. The Society Business Office must receive all paper or newsletter submissions **NO LATER THAN April 15, 2004**. Please send five (5) copies of each paper or each issue of the newsletters submitted to:

SAVE International
Paper/Editor of the Year
136 South Keowee Street
Dayton, Ohio 45402

Phone: 937/224-7283; Fax: 937/222-5794; Email: info@value-eng.org

This is your opportunity to achieve recognition for your chapter and its members. I urge your participation in these recognition programs. If you have any questions, you can contact Mark Leuthold at the Society Business Office.

Sincerely,

Joe Otero, CVS
Vice President - Education

Welcome to the fifth article about Conference 2004's host city, Montréal, Quebec, Canada. In addition to the amazing line-up of conference activities, Montreal has a lot to offer around and during the dates of our conference. Here is some information on fun activities you may want to hit during your stay in Montreal. Enjoy!

Le Mondial SAQ – The Montréal Fireworks - 6/21/2004 - 7/30/2004

By far the most prestigious pyrotechnics competition in the world, with 10 shows on the program, each lasting 30 minutes. Centered at La Ronde Recreational Park, but can be seen from many other areas of the city. Jacques-Cartier Bridge is closed to circulation during the event and accessible to spectators.

INFORMATION

(514) 397-2000 (Telephone)

www.lemondialsaq.com

apublique@parcjeandrapeau.com

PRICES (CANADIAN \$)

\$35 to \$45 (for those attending at La Ronde Recreational Park)

25th edition – Festival International de Jazz de Montréal - 7/1/2004 - 7/11/2004

"The best jazz festival in the world" according to the Chicago Tribune. Over 500 shows, including 350 of them free, are presented in the heart of downtown Montréal. This unique city festival presents the greatest artists. Just in time for the closing on Sunday – in front of the Hotel.

INFORMATION

(514) 871-1881 (Telephone)

1 888 515-0515 (Toll Free)

Outdoor shows are presented free of charge, from noon to midnight.

International Nuits d'Afrique Festival of Montréal – 18th edition - 7/15/2004 - 7/25/2004

A world-class music event celebrating the spirit of Africa and the Caribbean. Its 18th edition will greet more than 500 artists from more than 20 countries. Workshops, African market, exotic cuisine.

INFORMATION

(514) 499-FINA (3462) (Telephone)

www.festivalnuitsdafrique.com

info@festivalnuitsdafrique.com

PRICES (CANADIAN \$) \$15 to \$30

Packages available for 3 or 5 shows.

Abacadabra! - 6/17/2002 - 12/31/2005

Children's exhibition that offers an initiation to the principal aspects of magic and magicians.

INFORMATION

(514) 845-4000 (Telephone)

www.hahaha.com

PRICES (CANADIAN \$) \$6

Group Rates available.

Closed on Monday.

***Complementary Faculty Registration
for the
44th Annual SAVE International Conference
on
Value Engineering***

The Lawrence D. Miles Value Foundation is offering 20 complementary registrations to full-time college and university professors desiring to know more about the Value Methodology. The Foundation seeks faculty who are interested in formalizing a value engineering course within their schools' engineering, architecture, or business curricula.

Foundation Directors will guide the faculty through the conference and host an information session to introduce our faculty guests to the Foundation's Education Plan.

This is a good opportunity for SAVE Chapters to support a Chapter project to introduce a VE course in one of their local colleges or universities by inviting the professor to attend the SAVE International Conference.

Conference Dates

**Monday, July 12, 2004
through
Thursday, July 15, 2004**

Location

**Montreal, Quebec, Canada
Hyatt Regency Hotel Montreal**

The Foundation will hold a special introductory meeting for Faculty participants; Monday, July 12th at 1:00 p.m.

For additional information on the Foundation's Education program click on the following links:

- Education Plan <http://www.valuefoundation.org/plan.htm>
- Education Agreement <http://www.valuefoundation.org/edagrmt.htm>

At the conference we will have mentors available who can:

- Explain the use of our curricula
- Overview VM theory and fundamentals
- Introduce you to VM experts who can assist you
- Review materials available in the SAVE bookstore

Conference registration is Free for qualified faculty members!

We offer complementary registration for the 44th Annual SAVE International conference for first time conference attendees who are full-time educators (University/College Faculty).

Attendance is Limited

One person per school

Here is how to register:

- Register through the Foundation by completing our 2004 Conference Registration Form found on our website at: <http://www.valuefoundation.org>

Because space is limited register early. The Foundation will confirm all registrants it accepts.

President's Message



John L. Robinson, PE, CVS
President
Phone: 816-220-1105
Fax: 816-220-3050
Email: john@rsrsolutions.com

Last month I had already submitted my article for Interactions when I learned of the passing of a dear friend. Russ Brzezinski was already on the Board of Directors when I joined as a Regional Vice President back 16 or so years ago. As Ginger said in last month's issue, one of my fondest memories was when Russ introduced me to sushi. I never forgave him and he would never let me forget it. We had some great times.

Several of us had been trying to get a hold of Russ in advance of the February board meeting with no success. I think we were all getting concerned because there were a series of phone calls and emails with folks trying to find out if anyone else had had any contact with him. After not hearing from him regarding the board meeting, I was seriously concerned. I knew his health was worse than he would ever acknowledge. I was considering going to Milwaukee to see if I could find out what was going on when I received a message from Mary Ann Lewis. I was deeply saddened by the news.

Russ was so fully dedicated to the advancement of the value methodology and SAVE International. He was a good man with a big heart and I will miss him and I know the Society will miss his influence and contributions as well.

I wish Russ could have been with us at our February Board of Director's meeting because I think he would have been very pleased with the advancements that the board is making. In some ways the meeting was one of the most productive that I have had the pleasure to be a part of. The results of the meeting are highlighted in the following bullet points:

- While staying at the Hyatt Regency Montreal we had the opportunity to visit the conference facilities. I am very excited about the layout of the hotel and the meeting spaces. The primary meeting rooms will be in the hotel's ballroom which is divisible into three breakout rooms. A foyer that extends the width of the ballroom will be used for exhibits and other conference administration functions. Similar to the configuration at Scottsdale, the breakout rooms, exhibits, coffee breaks, and administration are all integrated for maximum efficiency and effectiveness. One minor drawback is the room we will be using for luncheons is separate from the other meeting spaces and is not an ideal configuration. However, I have been assured that it will work to our satisfaction. Another really appealing feature is the integration of the hotel to a shopping mall similar to the 1991 Annual Conference at the Westin in Kansas City. The hotel opens into the mall where there is a food court, restaurants, and of course a wide variety of places to shop. The convenience is great. Thanks to this wonderful feature, I was able to purchase my wife a Valentine card and a gift without leaving the hotel. She was totally surprised to actually get something on Valentines Day. What an accomplishment. I know you all will really enjoy this wonderful hotel. Nice job by the conference committee and the SBO.

- Well it is now official. The President and Executive Vice President terms of office have been extended to two year terms. The board voted unanimously to make the change. Following this approval the board then approved a motion to extend both my term as President and Terry Hays' term as Executive Vice President by one year. To avoid turning this back into a six year commitment, the board also approved a proposed constitutional amendment to remove the position of Immediate Past President from the board of directors. This proposed amendment is on the election ballot. An email has been sent to all members with a link to the web-based election ballot. Please be sure to read the linked document if you need more information on the rationale for this constitutional change.
- As I prepared for the board meeting, I pondered how we were going to address the constitutional requirement for an odd number of board members if the Immediate Past President position were removed. I did not have an answer so I was contemplating what function was missing on the board. The answer came when Joe Otero and I had dinner the evening before the meeting. He told me that he wanted to revisit the decision to have the Director of Conferences report to the President as opposed to the Vice President – Education. I agreed with Joe that the change we had approved in October in the reporting protocol was not working as well as the board had hoped. From a financial perspective, the conference is the single most important activity of the year. The conference is what keeps us going from year to year. It needs high level attention and direct access to the board members – what we need from a functional perspective is to give the conference the board level attention it deserves. From that came an idea which was later ratified by the board to create a new Vice President – Conferences. This resolved Joe's concern that the Director of Conferences did not have the necessary communication link with the board. It also solved my original concern that the Vice President – Education was too consumed by the conference planning activities to effectively and proactively pursue the educational needs of our Society. Therefore, with this new Vice President position, we were able to expand and enhance the functions and responsibilities of the Vice President – Education. This was a somewhat subtle change to the board configuration that I believe is going to have significant benefits to both the annual conference planning and to the educational aspects of SAVE.
- We also approved a new procedure for expediting the approval of the board meeting minutes. In the past, the meeting minutes were sent to the board members a week or two prior to the next board meeting for review. Then, at that next board meeting one of the first items on the agenda in the approval of the minutes from our last meeting. Following the approval, the minutes would then be made available to the membership by posting them on the website. With today's electronic capabilities, this procedure seemed rather outdated. The new procedure requires the minutes from a meeting to be sent via email to the board members within two weeks following the meeting. The board then reviews the minutes electronically and provides any necessary edits. The edits are compiled by the business office and the final version sent, again via email, to the board members for approval. Once approved, the minutes are posted on the website. So now, instead of taking 4-5 months to get minutes published, we will be able to do it in a matter of 4-6 weeks. This also improves the accuracy of the minutes because the board members are able to review the documentation of the meeting while the information is still fresh in their minds. In addition, we decided to attach the various board member reports to the minutes. So often the minutes reference the board members' reports. Under the past procedures, the membership would then only have a partial picture of the discussions at the meeting. Again, another minor and easy change to our procedures that will improve our efficiency and effectiveness.

I am going to cut myself off because once again my article is probably too wordy. There were so many other good things that came from this meeting. Our minutes from this meeting, without the board members' reports, were 19 pages long. Please keep a watch on the website for these minutes and take some time to read through the items of discussion and the decisions your board made on the various issues.

I am really excited about where I see SAVE International going. I believe some of the changes that we have made over the past few months are going to be very beneficial to our focus, our efficiency, and our effectiveness in executing the mission of this organization.

Vice President File

Is 6-Sigma a Value Improving Practice?

SAVE International is THE Value Society. As such, is it not our mission to continually improve value? Of course it is. And the practice of the Value Methodology using the Job Plan continues to be our primary means to improve value. But, it is not the ONLY way to do so. Six-Sigma is another value improving methodology that complements (not replaces, supercedes, or competes against) our Value Methodology.

We have been introduced to Six-Sigma at the last couple of annual conferences in both workshops and technical sessions. Based on the feedback received from these sessions, it appears that there is an interest among our members and conference attendees to move forward with a deeper understanding and practice of Six-Sigma.

At the February Board of Directors meeting, we addressed one of SAVE's strategic goals "To embrace new tools and techniques". The board will better define our intentions about this goal by saying "*SAVE will actively pursue and develop value improving practices*". This is not new to SAVE. In the 1960's (I'm told), SAVE embraced Function Analysis System Technique (FAST) as a new value improving practice to enhance function analysis. I am not suggesting that Six-Sigma is similar to FAST, but it certainly is a proven methodology that improves value by reducing the variation of a desired function.

I and some other interested SAVE members are developing a survey to determine the level of interest you, our members and others interested in improving value, have in actively pursuing this methodology. But, even before the survey, I would be interested to hear from you about your thoughts concerning Six-Sigma and SAVE International, your experiences with Six-Sigma, and most importantly, your interest in actively helping us move forward with Six-Sigma in SAVE, if that is the will of the members. Please feel free to contact me with your feedback.

Drew Algase, CVS
SAVE International - VP, Manufacturing
Master Black Belt, Lean & Six Sigma
Freudenberg-NOK
valuedma@comcast.net

Frequently Asked Questions about Six Sigma (Excerpted from Freudenberg – NOK)

What is Six Sigma?

Six Sigma is several things. First, it is a metric of "standard deviation" that indicates how well a process is performing. Measuring products and service by sigma allows a company to quantify quality. Six Sigma (six standard deviations) is the new corporate goal, which means processes will experience only 3.4 defects per million opportunities, or 99.99966 percent goodness. The higher the sigma value, the better the process is performing. Sigma measures the capability of a process to perform defect free. Using sigma as a metric allows comparisons to be drawn to

similar and dissimilar products, services and processes. The sigma scale of measurement can be applied to anything, regardless of how simple or complex.

Six Sigma is also a business strategy and a philosophy designed to help companies gain a competitive edge. The reason for this is simple, as the sigma rating improves, the product quality improves and the costs go down. Naturally, the customer becomes more satisfied as a result. The goal is to make fewer mistakes in all areas from manufacturing products to filling out a purchase order. Essentially, the philosophy is one of working smarter, not harder.

Six Sigma methodologies allow you to reduce things to a common denominator – defects-per-unit and sigma. In turn, this provides a common language and the ability to benchmark against like products and processes. One of Six Sigma's most compelling aspects is the ability to determine whether or not progress is being made on solving a problem. Progress is not measured anecdotally or subjectively - it is purely quantitative.

What is the Six Sigma Process?

The use of the Six Sigma process is intended to result in “break-through” improvements. That is, achievement of a Six Sigma defect level ≤ 3.4 defects per million opportunities. It consists of a five- step “job plan” often referred to as “DMAIC”:

1. **Define** – project bounding, scope and objectives
2. **Measurement** – characterize the current state
3. **Analysis** – identify and analyze critical input variables
4. **Improvement** – identify, test and implement solutions
5. **Control** – standardize monitor process; “Hold the gains”

Chapter News

Arizona Chapter
Rod Curtis, PE, CVS
Chapter President

Joint Meeting with AACE and SAVE International

February 16, 2004

7:30 PM James Vickers – Speaker (Raytheon Corp. and AZ Chapter member)

Topic: Value Engineering Changes at the DOD

The talk highlighted the changes going on within DOD to promote Value Engineering. The most significant one is that Deputy Under-Secretary Mike Wynne recently released the DOD Strategic Plan for Value Engineering. The plan is the first comprehensive VE plan the DOD ever had. It was developed by Dr. Jay Mandelbaum, who is the Systems Engineering staff under the Director of Defense Systems in the Office of the Under Secretary of Defense for Acquisition Technology and Logistics. James (Jim) Vickers of Raytheon Corporation in Tucson has played a significant role in providing contractor insights that were useful in developing the plan.

The VE plan is part of the Office of Secretary of Defense (OSD) efforts to Reduce Total Ownership Costs (RTOC) of defense systems. The plan calls for achieving an annual 1.5% cost savings or avoidance in total obligation authority by FY06. It also calls for processing 90% of all VECs within 180 days of submittal by FY06 and training 500 DOD personnel through the Defense Acquisition University (DAU) continued education program by FY06. Also to be completed by FY06 is a community of practice in DOD involving at least 250 people who are actively practicing VE.

Jim also spoke on some new VE-related initiatives in Government such as Share In Savings and Efficiency Savings and some older ones like the Title III programs.

Jim Vickers is currently Senior Manager of Contract Support for Raytheon Missile Systems. As such he is responsible for the company's contract compliance and leads its Value Engineering efforts. His efforts have resulted in more than \$75 million in Value Engineering Incentives being paid to Raytheon. With more than 25 years experience in procurement beginning as a Naval Material Command Intern in Long Beach, California, Jim has worked as an international contract negotiator for Harris Corporation in Melbourne, Florida negotiating contracts for the sale of computer multiplexing systems and was also head of Contracts for Hughes NASA Systems Division where he negotiated the contract for the Galileo Jupiter Probe. Jim also is a retired Naval Reserve Commander. He holds an MBA from California State University, a J.D. from LaVerne University and is a member of the California State Bar. He also has completed the course requirements for a Doctorate in Management Science at the Florida Institute of Technology. He is a National Contract Management Association (NCMA) Fellow and a Certified Professional Contract Manager (CPCM).

Seattle Chapter

Brian W. Rapalee, Secretary

General Membership meeting, January 14, 2004

Summary: Discussion of Chapter business was brief and included clarification of future Chapter meeting topics and outline of a Board initiative to promote VE services to the State Legislature. The meeting's main events were two presentations. Peg Drummond of Drummond & Associates led off with an energetic exploration of techniques to improve meeting facilitation. Doug Bors of Sophometrics, LLC, followed with a presentation/round table discussion focused on how to improve decision-making in the design process. Major discussion items are summarized below.

- **Meetings and Schedules:** Gene reviewed the 2004 meeting schedule and topics.

April 14 meeting topic: TBA

May 12 meeting topic: Peg Drummond returns with more insights about preventing meeting madness.

June: No meeting

July 12-15: SAVE International Conference in Montreal, Canada

- **VE Promotion to Legislature Initiative:** Gene summarized progress on a new Board of Directors initiative to increase VE opportunities at the State level. The Board has just begun to explore how to best promote VE services to the Legislature. Our first step will be to compile available study data about VE effectiveness at the TIB, GA, OSPI, DOT and Corps to

show demonstrated advantages of using VE. Our concept is to develop some printed material that summarizes and promotes VE in an effective manner to the relevant decision makers. Our goal is to increase opportunities for VE statewide.

- **Presentations:** Presentations are summarized in the January 2004 newsletter posted on the Seattle Chapter website.

General Membership Meeting, February 11, 2004

Summary: Discussion of Chapter business was brief and focused on the Board's initiative to promote VE services to the State Legislature. The meeting's main event preceded dinner: a tour of the new Federal Courthouse by the prime contractor, Absher Construction. Major discussion items are summarized below.

- **Tour of New Federal Courthouse in Downtown Seattle:** Jim Creek, Absher's Project Manager for the Courthouse, began with an informal presentation of the project scope and background. NBBJ is the prime architect for the General Services Administration, owner. After the introduction, he focused on the considerable and successful effort by the owner, designer and contractor to bring the project cost under the \$150 million budget in 2001. Jim passed out detailed summaries of the VE proposals that were generated by the project team and answered questions from attendees. We all were struck by how comprehensively the team had examined every opportunity for increasing project value through redesign/substitution. Savings totaled approximately \$12 million from an original \$162 million construction bid with a large proportion of items ranging from \$ 5,000 to \$30,000. Following the presentation, we toured representative elements of the beautiful building with on-going discussion from Jim Creek and Brad Sayre in response to questions by attendees. Thank you Jim and Brad!
- **VE Promotion to Legislature Initiative:** Gene handed out the current WAC 180-29-085 (governs VE services in Washington) to attendees to review and discuss. The Board is actively exploring how to best promote VE services to the Legislature with a primary goal of increasing opportunities for VE statewide. Gene encouraged members to look for potential updates in the WAC language that SAVE could propose to the State. He suggested focusing on specific items such as the distinction between a VE study and a constructability study and their respective requirements for deliverables. Some individuals discussed this issue informally during dinner. The Board encourages each member to review WAC requirements and suggest improvements. Feel free to contact Gene Haba or Joel Davis with your suggestions and/or for more information.

** Editor's Note - The Seattle and Portland Chapters recently combined to form the Cascadia Chapter to increase SAVE International representation in the Northwest United States.*

Society News

Surface Transportation Reauthorization May Require Value Engineering

As many readers know, there are three bills competing to be the successor to “TEA21”, the act that has authorized and guided transportation funding for the past six years. The Administration, the Senate and the House all have a bill. We are actually in the first year of the new authorization period, but the Department of Transportation is working with temporary authorization until the actual bill becomes law. Of course, the fact that this is a presidential election year complicates things greatly. Acting on some information received informally from the American Council of Engineering Companies (ACEC), we found that the Senate bill has a value engineering requirement that goes beyond the existing one. At present, VE requirements are applied to certain projects on the National Highway System, which includes interstates and other major roadways. The Senate bill, however, would require VE on larger projects on the Federal Aid System, a much larger number of roadways. The act also would allow the feds to require VE on any project deemed appropriate for VE. Unfortunately, perhaps, the Senate bill is also the largest one in terms of money authorized and has drawn fire from the Administration. To our knowledge, the other two bills do not have a value engineering requirement - - but all this is subject to change of course! Check it out at <http://www.fhwa.dot.gov/reauthorization/index.htm> “Legislation” link, then Section 1802.

Doubtless some SAVE members have forgotten more about this than humble Interactions reporter has learned. Please let us know the latest so we can share with the membership!!

International Conferences

The International Conference of Value Engineering and Technology Innovation of Enterprise will be held October 2004 in Hangzhou, China.

It is a forum for scientists, engineers, managers, consultants and practitioners throughout the world to exchange ideas and research results related to the VE/VM/VA or TI (technological innovation) in enterprise. The 1st ICVETI was held in 1999, and the second was originally planned to take place in November 2003, but postponed because of SARS, which affected the submissions.

The conference encourages contributed papers. With your participant, we can make this a world-class conference. If you (or a panel or a team) have experience in the Value Methodology (Value Analysis, Value Engineering, Value Planning) and Technology Innovation, you are encouraged to send a proposal to make a presentation. Also, we want to expand opportunities for networking and partnerships with other disciplines. Thus, we invite experts from related disciplines, such as total quality management, concurrent engineering, creativity, human behavior, communications and other consultant-based methodologies. If you have no paper, you are also welcome to participate in this conference.

We hope to receive your paper. If you have any questions, please contact our Events staff by phone at 0086-571-87951838, or by e-mail at kevinwxy520@sina.com.

Sometimes we don't see the forest for the trees.....

When NASA first started sending up astronauts, they quickly discovered that ball-point pens would not work in zero-gravity. To combat this problem, NASA scientists spent a decade and \$12 billion developing a pen that writes in zero gravity, upside down, on almost any surface including glass and at temperatures ranging from below freezing to over 300 C.

The Russians used a pencil.