

1993 SAVE PROCEEDINGS

PUTTING VE TO USE AFTER THE WORKSHOP

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ABSTRACT

This paper provides some answers as to what direction is suggested, hopefully to encourage VE Managers to share their training program with other SAVE members and achieve favorable results. That is, historic (graphic-easily understood by anyone) results that can be used to move SAVE forward as a source of statistical information. Corporations could then use this information and apply it to their own economy to visualize what VE can do for them.

The question most frequently asked after the workshop is, "When will we find out the results of what was implemented?" Herein lies the secret of motivation. This is the compelling reason for a live project. There are no cookbook answers. The degree of implementation is not controlled by the instructor or the trainees, but by the engineers and management who are responsible for company decisions. Trainees want to see results. The more results they see, the more projects they will undertake. Results come from well thought out change proposals that are presented with good logic and factual backup both good and bad. My experience shows that the better the proposal, the greater the chances of implementation.

Joy Manufacturing Company's method of training (modular segments) is probably one of the better ways to train participants for the real thing. The people are given the same training in bite sized modules over a longer period. Internally, within a large organization, this can be done and is easier to implement as people are off the job for a shorter period (two to eight hours per module).

For internal training in large companies this makes sense, but for the rest of the world it may not be practical. The VE Training Workshop must be done in a 40 hour period and each participant must produce results - Proposals. Each participant must demonstrate that they can perform the task of doing proposals. Realize, that without this practice and coaching through the process, they may not be able to show their fellow employees what should be required.

A small "canned" Project followed by a "live" project in the 40 hour format may be a better way to get the concepts across and consistently produce better results on the live projects. The canned project demonstrates that even different people with the same information will consistently come up with an almost identical solution as the original team. This builds the first steps of reinforcement and enthusiasm. When the individual then moves into the live project there is a whole new appreciation for what can be achieved. This has only been done with private clients as most don't feel they need a certified course and are only interested in the VE results.

The results of the training can be plotted against the hours of training, number of people trained per year, per month or dollars. The results show up about one year later in some companies. Why? First, there is the time required to redesign and test. Next, it takes time to retool and get the new product into production and shipped. Lastly, the results must be audited. One year isn't all that long for the normal routine. When a quick changemust be made it will take less time if everyone gets behind it.

Most changes are made following the normal process within a company. That normal process is about one year for most hardgoods companies, three months in the computer

industry and years where test and retest must be performed to insure public safety.

Three companies I've worked with have followed the one year cycle from training to results: Kohler Company, Joy Manufacturing Company and The Narley Company. Also, the more training that was done the more economic result achieved. Yes, the same thing was true going in the other direction - less training meant less economic return.

One company put VE to the ultimate test. Hearing that product cost could normally be reduced by 20 to 25% the President quoted a job at 5% under his bare cost. The President then contacted the Chairman of mother company and said "Let's put the VE boys feet to the fire". The result? A VE trained team, ontime product delivery, a pleased customer and 20 significant changes that resulted in a 15% profit to the company even after all implementation and training costs. The total results were seen in less than six months. Why? Because it was the only job in house at the time and every person in the company was affected by its outcome. It should also be noted that about 80% of the changes could be used on other products which they manufactured. This made them super competitive in the marketplace as no one else could compete or even come close to their prices. In fact, the competition was waiting to see when they would go broke and close their doors. They didn't! They only got stronger in the marketplace. Other competitors dropped like flies. That made their position even stronger.

The purpose of this paper is not to demonstrate how companies can become more competitive, determine how long it takes to implement changes or show a ratios of savings per training dollar spent. The real purpose is to whet the appetite of VE practitioners to plot their own results (dollar savings) of implementation versus training dollar spent. So that, they might show the results of the VE effort in yet another dimension. In recessionary times training of all types gets cut. Why? Because most trainers can not show that their training programs have any effect on the bottom line. VE training can and does show results on the bottomline. VE training should be expanded during recessionary times, not cut back.

What I would suggest for the VE Program Manager is:

1. Insure that your method of reporting savings is in concert with the finance people in your organization. Lack of proper reporting is one of the biggest reasons for VE programs being eliminated.
2. Think through how records of savings, training time and ratios should be kept. Do some plotting based upon previous records you already have or do some estimating. Get the feel for your ratios, such as, cycle time to implementation, savings (dollars or % of sales) to training dollars or hours. Once you're satisfied with what you are seeing, share it with others, such as, the finance department and other top management types. Ask for their views on reporting these ratios and the format they would like to see. Remember, most of what you want to present can be computer generated.
3. While you don't need to be a Certified Value Specialist to do in house VE training it certainly will help you as an individual doing the training, help the trainees by passing on a broader VE perspective and how it all relates to the corporation and their job security.
4. Always use live projects for VE training. The

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implemented results usually more than pay for the initial training.

5. Establish a method reporting for ex-VE trainees efforts on projects undertaken on their own, as ad hoc teams or special project teams.

6. Communicate the results of training projects with both a initial report (put together by the teams) and a final report by the VE program manager to the team participants and other members of management. Remember, the results will be satisfying to the participants, as well as, the instructor and top management.

7. Encourage the VE trainees to look for possible VE projects to tackle or pass on to a team. Like what?

- a. Problem products, processes or procedures.
- b. High volume products.
- c. New products being introduced.
- d. Grab anything at random.
- e. Try a system or procedure (order entry, purchasing receiving, shipping/billing and etc.)
- f. Scan service parts usage versus new production quantities. A high ratio could indicate a future problem.
- g. A low margin or non-competitive product.

I hope more VE managers will look at what impact the trainee's training has had on the organization after the VE workshop. Further, that they will share their ratios and implementation cycles per given industrial code category, so that, SAVE may publish these figures that will help the submitters see how they stack up with others in their field. These ratios would be useful to managements contemplating the implementation of VE program or at least looking at what VE is and what it could do for them on the average.

It could also be useful to determine differences in instructors (in house trainers or consultant trainers).

Realtors, insurance pros, athletic teams, purchasing organizations and others make sure they let the world know what they are doing or what they have achieved. We in SAVE on the other hand seem to keep everything under wraps. What I'm suggesting would be perfectly legal to publish as these ratios would not give away any insider information and could not be construed as collusion in any way.