

WHAT'S THE DIFFERENCE?

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ABSTRACT

This paper examines some of the differences between different applications of the Value Method (Value Engineering, Value Analysis, Value Management) and other product improvement, management, and decision processes. Some of the key differences between some of the more popular quality and value inducing products are evaluated and compared to the Value Method. While these other approaches are very good and have produced excellent results, arguments for the client to use the Value Method are explored and discussed.

INTRODUCTION

Professionals using the Value Method compete with other decisionmaking processes. Potential customers are interested in both what the Value Method can do for them and why it should be used instead of another method. Every customer already has some form of decision process in place. Managers are constantly being bombarded with viewpoints from consultants who "have a better way." To many, every year a new process hits the streets and people cite it as the way to meet the demands of today's marketplace. Bookstores bombard us with texts on the latest method; the media buzzes with the latest success story. In this market environment, we must be able to answer the question, "What's the difference?"

SELLING A DIFFERENT DECISIONMAKING PROCESS

Every person and organization has gathered a set of tools to help them make decisions. We use the "seat of the pants" method for some, and a more detailed process for others. Organizations, whether they are in government or private, or working for profit or non-profit purposes, all have generated and come to depend upon decisionmaking processes. Some of these techniques were adopted after learning some lessons from hard and difficult-to-forget decision failures.

The competition between use of the Value Method versus other techniques is very intense. Selling the Value Method is no different than selling any other method to improve profit, manage quality, or efficiency strategies. We must persuade people that it is worth the cost (has value). In this regard, the Value Method is no different than Total Quality Management (TQM), reinvention/reengineering, or any variety of other methods for profit improvement, quality management, or similar business strategy enrichment systems. Every technique has its proponents and success stories. The concepts and success potential encompassed in many processes are not just impressive, they are stunning. As a result, many Value Method professionals regularly study these new concepts.

THE VALUE METHOD HAS SURVIVED THE TEST OF TIME

Today's basic procedures are similar to those generated and used by Mr. Miles in the late 1940's. However, the process is much richer now. The Value Method process has more than 50-years of use and refinement. Every process will go through a development process, which plays up its errors or other problems. Most techniques do not survive this development period. Thus, many of us who observe and use management processes and techniques become skeptical of the claims. Today's hot topic often appears to be tomorrow's bust. The Value Method has survived both the user and the proponents' test of time.

THE VALUE METHOD IS A COMPLETE PROCESS THAT WORKS WELL FOR ALL SITUATIONS

All decisionmaking techniques were generated in response to the need for good decisions in a particular setting. This is true of the Value Method as well. It began as a functional procedure to secure products, became a procurement and product improvement tool,

and eventually graduated to its present multi-faceted form. This is probably part of the reason why it has so many names. It is hard to name something appropriately, when its use keeps expanding into other areas.

The 50-year plus refinement has generated a rich process; complete and containing an abundance of techniques that is unparalleled in most other decisionmaking processes. The Value Method started as a great concept, but it did not stop there. It has grown from both within itself and from others. Borrowing from the best of many different disciplines and management processes, it is probably the most complete process available. The Value Method is a balanced process that is just the ticket almost any application needs. To ensure that attaining good value is virtually certain, it contains a core process that must be used. It also has options that allow its user to customize activities. This combination produces a prime group of proposals with a high investment return.

This broad applicability demonstrates a key difference between the Value Method and other approaches. The Value Method has been used in almost any activity conceivable. Put a group of Value Method practitioners together in a room from more than one industry, and it would be difficult to find an activity that someone in the room has not used the Value Method on it, or something very similar to it, complete with results demonstrating success and independent contacts. Few, if any, other process can make that claim. Their parts can, but not the process as a whole.

THE VALUE METHOD IS GENERALLY ACCEPTED

Those who have heard of the Value Method invariably recognize that it contains general precepts that are required for its use. Even if a person has a negative view of it, they will usually grant that it has been used with some significant success in some areas. They may be skeptical of its claims but often even the skeptic can cite some highly successful uses. Further, the claims by the Federal government must be reasonably acceptable, as they are often verified through independent audits.

While most other techniques are advocated by the inventors or small organizational proponents, the Value Method has grown past that point. It is a process that has world-wide acceptance. Its use, basic components, and structure are not governed by a small group but by governmental and professional association standards of practice. People who apply it professionally are required to obtain basic minimum education and experience in its application. Acceptance as a professional in its use also

requires passing a written examination and undergoing a qualifications review by a committee made up of respected professionals in the Value Method field. Whether the certification of practice ability is given by the association or through one of the government oversight groups, the Value Method enjoys a level of acceptance that other approaches don't.

THE VALUE METHOD CONTAINS SAFEGUARDS FOR AVOIDING FAILURE

The Value Method requires use of several elements. This is done to ensure that the user and client obtain a satisfactory decisionmaking product. Most other processes do not include safeguards. Value Method safeguards include: its functional approach in generating concept understanding, using a job plan that includes all the phases of good decisionmaking, verification procedures to ensure that the pertinent client needs are evaluated and met, a decision structure during concept comparisons (to optimize results and avoid going beyond what people can comprehend), and result(s) that have an appropriate feedback requirement. These safeguards are why, if the Value Method rules are followed, success is virtually guaranteed.

IT WORKS

While it may seem trite to Value Method professionals, it is significant to mention to clients that the Value Method really works. Other processes also have excellent qualities and results for their particular use. Most Value Method professionals are very big fans of Steven Covey, W. Edward Deming, Tom Peters, Robert Waterman, and a host of others. We are often fans because we believe that they have captured some clear perspectives of ways of doing business. Their approaches have very good potential for helping people and organizations to meet their needs and goals. We read their writings, attend their classes, and cheer their successes. We also incorporate what we feel are the best of their concepts into our activities and practice of the Value Method. However, most of us Value Method professionals stay with the Value Method because we feel that the Value Method consistently produces a higher overall success rate. We have learned that it will work for our clients, providing a much lower risk of failure.

KEY COMPONENTS TO REMEMBER

The job plan is the Value Method's unique key component. This is the glue that binds all the crucial good decisionmaking elements into a reliable step-by-step process. People can depend on the job plan, and through it, measure the validity of a Value Method study. Clients don't even need to know much about it to assess the consultant's performance. Although the Value

Method has several job plans available, all contain the basic elements that meet the steps of good decisionmaking. Therefore, when it is performed, managers may check the job plan used, verify that it was actually done and properly documented. If it was, they often assume that success is virtually guaranteed.

The keys to remember for comparing the Value Method to other techniques are contained within the phases of the job plan. The commonly cited six-step job plan, for example, uses the information phase to ensure that client needs are properly examined, analyzed, and understood. This frames the governing value-base for both the activity and potential Value Method application. (This is often broken into two phases, selection and information.) Only when the activity is framed and the value-base understood does the creativity phase begin. During this phase, the job plan requirement strives to generate a large quantity of concepts. Experience has shown that quantity stimulates the maximum potential for high quality results. The price for creative productivity is that the results need to be shifted and gleaned so that the more difficult and costly efforts, to generate high quality proposal results for the decisionmaker, are confined only to the concepts with best potential for high value enhancement. The analysis phase procedures are tuned to produce just such a result, in a minimum amount of time. In the Value Method, the analysis results are, by definition, worthy of more detailed examination and development. Thus, during the development phase, each of the remaining concepts are further analyzed and examined in a decision process that allows the two key components governing any decision to be clearly understood: the benefits we hope to gain and what we must pay to obtain them. Of course payment is always in three forms: (1.) what we must put up with (disadvantages), (2.) what risk we may be accepting, and (3.) the amount of money we must pay. The presentation phase is required in the Value Method. This is fairly unique. The basic reasons for its presence is to safeguard that, by documenting its results, it verifies use of the process, gives the final decisionmakers a strong basis to use during decisions, and gives people something to refer to for support after the decisions are implemented. One of the most overlooked elements in decisionmaking is feedback. Missing this important element lays the foundation for most of the surprise type business failures. Nothing was done to correct faulty decisions until it was too late to recover. The implementation phase not only includes the

efforts to enact the results, but includes feedback to ensure that the proposals are fairly considered. If a result was not beneficial, it is used to determine what went wrong so that future Value Method activities can benefit from it. (Some refer to the second part of this phase as the verification phase.) All successful management and decision processes include some of these elements. However, only the Value Method incorporates all of them as required phases and provides the tools to generate the needed clarity for analysis.

The Value Method considers human dynamics. Certified classes require a section on human dynamics and behaviors. The Value Method uses procedures that stresses the positive aspects such as: high-performing team concepts, creative capacity, matching of activity to disciplines, and focusing on the cooperative human spirit. It avoids negative effects such as: inability to keep more than three to six features in mind at the same time, being drawn off into decision cul-de-sacs, over-reliance on shortcuts, being sidetracked by concerns that do not relate to the decision issue, and tendencies to stay with the status-quo rather than pioneering new directions.

CASE COMPARISONS

Since a very large number of concepts, management and decisionmaking philosophies, and processes are advocated everyday, it would be impractical to compare more than a few. However, each of them, including the Value Method, have similar elements. Some focus principally to management or business philosophies and do not give specific tasks on how to achieve their objectives. Reengineering tends to be one of these. It has excellent ideas and case histories of success, but in general, it does not give a clear implementation plan with steps to attain the results. Thus, its application is left to case-by-case interpretations. Seven habits (Covey) and similar philosophies plans, give excellent guidelines to follow, but focus mainly on human interactions. Comparing these with task oriented methods would not prove as helpful. Few approaches have a clear step by step, with incremental intermediate steps, program to successfully apply the advocated philosophy.

Three major popular processes use some measure of task orientation: Total Quality Management (TQM), lean-thinking, and decision-trapping philosophies. Table 1 shows a comparison of their steps (abbreviated) with the Value Method and its job plan.

Value Method Job Plan Phase - Subsets	TQM - Deming's 14-points of Management	Lean Thinking - Womack and Jones Model	Decision Trapping - Russo and Schoemaker Model
Selection Phase - Project - Team - Objective	1. Consistency of purpose 2. Adopt the new philosophy 7. Institute leadership	- Find a change agent - Get the knowledge - Expand your scope	- Framing
Information Phase - Briefing/Review - Criteria/Limits - Component/Costs - Functions - FAST	3. Cease dependence on inspection to obtain quality. 4. End price tag performance 9. Break down barriers	- Get the knowledge - Find or create a lever - Forget, temporarily, grand strategy - Map value streams - Expand your scope - Develop accounting	- Framing - Gathering intelligence
Creativity Phase - Quantity Driven	5. Improve constantly 13. Institute self-improvement	- Find or create a lever - Expand your scope	- Gathering intelligence - Coming to conclusions
Analysis Phase - Meet needs - Measurement - Action Plans		- Map value streams - "Right-size" the tools	- Gathering intelligence - Coming to conclusions
Development Phase - Viable - Benefits - Cost (Disadvantages, Risks and Money)	5. Improve constantly	- Map value streams - Once fixed, fix again	- Gathering intelligence - Coming to conclusions
Presentation Phase - Document - Inform/ Clarify		- Begin soon and visibly	- Gathering intelligence - Coming to conclusions - Learning from feedback
Implementation Phase - Enact	12. Remove Barriers	- Demand immediate results	- Coming to conclusions - Learning from feedback
Verification Phase - Feedback - Improve	13. Institute self-improvement	- Channel your streams - Benchmark self only	- Learning from feedback - Framing
Human relations emphasis in training, philosophy, etcetera	8. Drive out fear 13. Institute self-improvement	- Install systems to encourage - Use bottom-up initiatives	
	6. Institute training on the job 10. Eliminate slogans 11. Eliminate standards 14. Teach and involve everyone	- Find a change agent - Create an organization to propagate - Teach and involve everyone - Think global application	

Table 1. Comparison of the Value Method job plan an some of the incremental steps with other decision techniques.

Most people who follow TQM use the excellent Deming 14-points. While other objectives are discussed, TQM leaves out guideposts to meet the objectives of analysis, development, and presentation phases. (However, others are filling these gaps with processes that are yet to be considered "standard.") TQM also focuses so heavily on quality that the question of whether the customer will pay for the quality attained is not fully addressed.

Decision-trapping philosophies such as the "ten barriers," point out the common decision mistakes people make. Their publications point out common discussion and managerial errors with far greater clarity than Value Method publications, which tends to focus on case studies for this aspect. In decision-trapping philosophies the human relations aspects are not as extensive as the Value Method, TQM, or Covey. However, the spectrum in decision-trapping is broad and complete enough to cover all areas of the job plan. Unfortunately, its decisionmaking steps tend to be more broad and lack incremental guide steps.

The lean-thinking philosophy is, in many ways, a form of reengineering taken to a higher level of development. Incremental steps are discussed. However, the models to perform the steps are left mainly to the organization. Nonetheless, this management model is probably more broad than the Value Method and it is value-based too. At present, the means to generate the value base (the tools) are not present in most literature on the subject.

SUMMARY

The Value Method is a decisionmaking process competes heavily with many other decision and management processes. It almost always represents a

change in doing business. Most of the existing decision processes in use within a specific organization were generated by the organization or the person asked to consider changing to the Value Method. Other decision processes and management philosophies from outside the organization are sell a change from the status quo. Some of these have excellent viewpoints and techniques. Use of other processes should not be discouraged. Further, it is often appropriate to encourage their use. However, Value Method professionals need to be prepared to respond to potential clients about the differences and benefits between various processes.

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