

USING THE VALUE METHOD THROUGHOUT AN ACTIVITY'S LIFE CYCLE

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ABSTRACT

This paper explores ways the Value Method (Value Engineering, Value Analysis, Value Management) could be employed sequentially to improve value and effective decisionmaking over the life of an activity. Although the iterative application of the Value Methodology throughout the various stages in the life of an activity has long been recognized as an effective means of constant improvement by its practitioners, some clients continue to believe that one study is more than enough. This paper suggests a way of applying the Value Method by incorporating the value process as an integral part of the activity to maximize it's benefits over the life of the activity.

INTRODUCTION

Any value seeking professional's first step to a successful study is to convince the potential customer that the process will profit from study and that they should divert time and money from the existing activity demands to incorporate the Value Method. Having overcome probably the most significant obstacle to the concept of value, the more difficult challenge of convincing a reluctant client that even greater benefits can be achieved through multiple applications of the Value Method may be too daunting. We can make this argument successfully, however, if we employ the same level of commitment and planning we used to make the initial "sale." Simply put, we must emphasize the advantages of employing a process with a *proven track record of success that embodies a comprehensive decisionmaking process, draws strength from a diverse spectrum of participants, which can be applied at any point* in the life of an activity, and has the added bonus

that *it can continue to extract additional value* throughout the stages of an activity's life.

THERE REALLY IS MORE VALUE TO EXTRACT

Although all activities are susceptible to the iterative application of the Value Method, the level of success and Return on Investment (ROI) for multiple studies will vary by activity. One important point to remember is that because the Value Method is inherently limited in time and resources, it is typically impossible to harvest even all the low hanging fruit in a single study. Typically, some of the areas where improvement may be possible remain untouched. If we choose the activities and the timing for the "iterative studies" with the same care we normally employ in selecting activities for single studies the ROI of each "study" should not be any lower for sequential applications than it would be for a single application of the Value Method. Accordingly, in selecting an activity for study or identifying which of its phases have the greatest potential for value improvement, we should employ the same techniques and criteria we normally use to select any project for study. Specifically, some of the criteria that can highlight activities or phases with good potential for value improvement are: (1) repetitive elements where even a small improvement in an element will be magnified by its repetition, (2) significant, expensive elements that may have limited availability or competition, (3) customized or tailor-made elements that may be replaced by off-the-shelf items, (4) the significance of an element's function is out of proportion to its cost, (5) the appearance of elements that do not contribute to achieving specific functional requirements, (6) the appearance of redundant or unwarranted elements that do not appear to support the stated

mission, (7) the choice of a specific element(s) that increase the long term operation or maintenance costs of the activity, or (8) element(s) appear to be much more complex or exacting than normally demanded by their function.

FOCUS THE VALUE METHOD ON EACH PHASE

As the variety of names given to the specific applications of the Value Methodology (value planning, value management, value analysis, etcetera) would suggest, the value method has virtually unlimited applicability to the full range of decisionmaking problems. Similarly, we know that the method can be applied effectively at any stage in the life of an activity. Accordingly, the Value Method can contribute effectively at each activity phase by focussing attention on the functions of that phase and making specific proposals for improvement based on timely information and with the advantage of the information available from the preceding phase(s).

INTEGRATING THE ITERATIVE PROCESS

Once the activity and the phases to be studied have been selected, some basic choices need to be made on how to incorporate the Value Method in the activity, such as (1) should there be a permanent core value team, should a new value team be created in response to each need, or could a core team be supplemented by independent teams for specific phases? and (2) should the teams be formed outside or integral to the activity's organization? Permanent core teams range from a responsible person to a small group of three or four, and provide the advantages of continuity. Conversely, new teams bring a less encumbered view to the study but need to be educated on the activity background and current situation. These options, advantages, and disadvantages are not new, but two aspects of the team's nature are exaggerated by applying the value method over the life of an activity. They are: (1) the partnership between the "doers" and the "studiers" must be established immediately and preserved over the entire life of the application and (2) the members of the team must remain impartial, unencumbered, and on an equal footing with the other members of the activity staff. One means of codifying the partnership and equality may be to establish a permanent core value team that reports directly to the manager responsible for the activity's success at same time the other organizational assignments are made. If the activity will be staffed

from a number of organizational departments, however, the value professional could be identified as a contemporary with the other members of the activity's staff. By establishing the value seeking philosophy early and making the task of applying the value method an integral part of the activity, the chances of success have probably increased significantly because of the perception that management intends to give credibility to the value product and has made a long term commitment to the process.

WHAT ARE THE ADVANTAGES OF THE INTEGRATED, ITERATIVE APPLICATION

The integrated, iterative application of the Value Method has a broad range of potential benefits. One clear advantage of applying the method in sequence is that it reinforces the tracking function and helps to make timely and appropriate course corrections. It establishes the timing for key progress reviews where routine problems that typically arise during the life of any activity, can be identified and solved. By keeping the Value Method active throughout the life of the activity, the team can act as a sounding board or consultant in those instances where a formal study is not necessary but the team remains immediately available to respond to the dynamics of the activity. When changes in priorities, costs or environment occur, a standing value team is available to develop an appropriate response. An active team could function as a living audit of the activity's process and progress. By integrating the Value Method with all the activity's other management functions, the decisionmaking process is consciously kept at the forefront of the activity.

CLOSING THOUGHTS

As value professionals, we must overcome the unfortunate perception that the Value Method is a competitor rather than a partner, and take up the challenge of convincing clients that we should be integrated as partners, not left outside the activity and only brought out to perform "the study." Only then can we participate fully in the activity from beginning to end. To become full participants, we must broaden our horizons to include when and how our process could be integrated and how a partnership can be forged between all the elements of an activity to capitalize on every opportunity for maximizing value over the life of the activity.