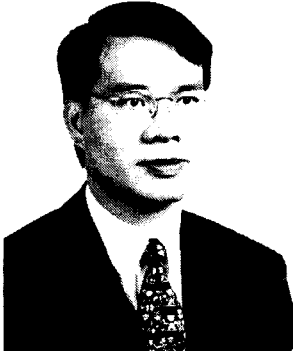


## WHAT DO VALUE PRACTITIONERS THINK ABOUT VALUE METHODOLOGY?

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### ABSTRACT

Value methodology has been applied in almost all walks of life for nearly five decades. There are many practitioners who are practicing in this field for many years. But how do they evaluate value methodology from insiders' points of view? Does value methodology really achieve what it has been claiming in many publications. This is the first study of its kind on how value practitioners see value methodology themselves. The study is based on a questionnaire survey carried out in December 1996 to 112 value engineering consultants listed in the 1996/97 SAVE International Consultants Directory. 60% of the consultants has responded to the survey. This paper gives a detailed analysis on how value practitioners perceive value methodology. The survey itself acts as a self evaluation exercise that could help to improve the image and acceptance of value methodology in the 21st century. From the survey results, recommendations are made on how to improve value methodology which in turn may boost its usage in industries.

### INTRODUCTION

Value methodology (VM) has been in use in different industries since it was developed in late 1940s. It embraces the terms value engineering, value analysis and value management. People adopted value methodology in their projects, products or processes for different reasons. However, after almost 50 years, the popularity that value methodology gained is in no way comparable with other business buzzwords. To name a few, they are business process reengineering (BPR), benchmarking or total quality management (TQM).

People may wonder why certain management ideas or tools achieve widespread popularity, bring fame and fortune to their writers and practitioners, while value methodology does not?

Those ideas that have achieved celebrity status are taught in business schools, on in-company seminars or on executive development programs. These ideas are discussed in books and journal articles of other writers; sections of their writings appear in books or

other publications. However, it seems that VM is not so well accepted and people still find it a myth.

The authors, through a questionnaire survey, intend to find out how value practitioners see value methodology from insiders' perspectives. Through this self-evaluation exercise, improvements can be suggested. In addition, the authors propose five key points that could help VM to increase its fame and popularity.

THE RESEARCH SURVEY

In December 1996, a questionnaire about how value practitioners think about value methodology was designed, and sent to named persons in professional firms listed in the SAVE International consultants' directory 1996. There were 67 returns out of 112, that was about 60%. Most of them came from USA (59 out of 67). Some of them were from Canada (4), England (1), Australia (1), Indonesia (1) and Korea (1).

Why Used VM?

Firstly, a question was directed to the reasons for consultants adopting value methodology in their projects. The results showed that many consultants (52%) adopted value methodology in their projects because it can reduce the project cost.

Cost saving, as revealed in the results, is virtually the primary function of value methodology. So it is not surprising that over half of the consultants chose cost saving as the reason of adopting value methodology in their projects.

**Table 1 - Reasons of Adopting Value Methodology**

<i>Reasons (can choose more than one reason)</i>	<i>%</i>
No reply	4
Government or company's policy	34
Cost saving	52
Client's requirement	40
Time saving	24
Others	36

If cost saving is the primary function of value methodology, why only half of the consultants choose this answer? It seemed that consultants adopting value methodology in their projects had

other reasons such as 'client's requirement', 'government or company's policy', etc.

So even within the VM practitioners' circle, the tool has been used widely as a cost saving technique. This unfortunate phenomenon has limited the full potential of VM.

Discussions are included in latter section that VM has more potential than just doing cost saving.

Enhance Creativity

When consultants were asked for their opinions in terms of creativity enhancing by value methodology, most consultants (96%) thought that value methodology can enhance the creativeness of a project to 'a large extent'. This result showed that the use of value methodology actually enhanced the creativity of the team.

Enhance Understanding of Projects

Consultants were asked whether value methodology can allow them to have access to more information, 53% 'completely agreed' and 38% 'agreed' value methodology can allow them to gain access to more information. Only 9% of consultants thought that value methodology had neutral effect on accessibility to more information. None of them thought value methodology cannot help to gain access to more information. This result showed that by using value methodology, it can help to gain more information for the project.

All consultants 'strongly agreed' or 'agreed' that value methodology can help them to have a better understanding of the project.

87% of the consultants thought that function analysis, the important elements of value methodology, can help them to have a deeper understanding of a project to 'a large extent'. No one thought that function analysis has a negative effect on the understanding of the projects.

VM can allow the designers to have access to more information, which in turn, can enhance the understanding of the projects. If we can have more understanding about the project, we may identify more problems in the project at the outset. We can have more time to think of and search for solutions so that a better solution would likely be made.

Use of Function Analysis

The previous result showed that function analysis can help to achieve a deeper understanding of the project. The next question was whether it is difficult to perform. In fact, 60% of the consultants 'disagreed' that it is difficult to perform function analysis.

**Table 2 - Is It Difficult to Perform Function Analysis?**

	%
Disagree	60
Agree	27
Strongly agree	11
No comment	2

One of the important techniques of function analysis is verb-noun descriptions. It is used to identify the basic and secondary functions of each element in a project. 71% of the consultants thought that this technique was 'very useful' in identifying the functions of each element in a project, and 24% of the consultants thought it was 'useful' in doing that task.

All consultants agreed that those identified functions by verb-noun descriptions were 'very helpful' or 'helpful' for them to generate ideas in the creative stage.

By using function analysis, 67% of the consultants found that it could generate 'much more' ideas than 'traditional methods', while 22% consultants thought it can even generate 'a lot more' ideas comparing with traditional methods.

**Table 3 - Can It Generate More Ideas Than Traditional Methods?**

	%
Much more	67
A lot more	22
A little more	9
Normal	2
No effect	0

This showed that the verb-noun description is very useful in identifying the basic and secondary functions of each component of a project. Besides, these functions are helpful to them in generating more ideas. It can generate more ideas than traditional methods and it is not difficult to perform.

Multi-Disciplinary Team Approach

A value team which consists of diverse fields can stimulate each other to generate ideas. 80% of the consultants agreed that value team members from different fields can make them generate more ideas compared with those coming from the same field.

Performance of VM

From the result, it indicated that the performance of members in the VM team were affected by 'organizational culture' (75%), 'technical knowledge' (69%), 'knowledge of value methodology' (54%) and 'practical experience of value methodology' (69%). Each items was chosen by over half of the consultants. (Table 4)

**Table 4 - Causes of VM Performance**

<i>Causes</i>	%
Organization culture	75
Technical knowledge	69
Knowledge of VM	54
Experience of VM	69
Others	12

The small variation in percentages in table 4 may indicate each factor had certain influence on the performance of the members. The organizational culture would affect the attitude of their workers towards the problems. Some companies are more progressive. They are eager to take risks in order to gain a larger market share. Their staff would tend to accept more new things. Some companies are conservative. They would tend to keep all things unchanged. Their staff usually tend to resist changes because new things would create anxiety. These attitudes would largely affect the performance of the member. As a result, it would affect the creativity of the members.

Value methodology is a good problem solving tool. Some techniques are different from other traditional methods, such as function analysis. Though it showed that function analysis was not difficult to perform by 60% of the respondents. Still 38% of the consultants 'agreed' or 'strongly agreed' that it is difficult to perform function analysis. As function analysis is the most important element in value

methodology, more emphasis should be directed to train people up in this area.

Usually the implementation of these ideas would result in cost saving (96%), time saving (67%) and technology invention (43%).

**Table 5 - Results of the Implemented Solutions**

<i>Results</i>	<i>%</i>
Cost saving	96
Time saving	67
Technology innovation	43
Failure	1
Others	33

The survey findings show that VM practitioners practicing what they preach and thriving on it. The survey itself acts as a self-evaluation device to find out whether VM practitioners are satisfied with the methodology they are currently using. In addition, it reveals where improvement can be made and what VM can offer over and above other techniques.

The important issue is if we are not convinced that VM works, we cannot convince others that it works for them. Besides we can sharpen up the techniques that are currently in use by improving on different aspects, it also provides room to see what other tools can help in the value process. It requires a continuous effort to make VM a widely accepted management concept in all fields. An old Chinese proverb says, "know yourself and your enemies, you can win thousands of battles".

HOW TO SURVIVE IN THE COMPETING MANAGEMENT WAVE?

For value methodology to secure fame and survive in the wave of competing management ideas. The authors propose five criteria that could help VM to grow and prosper.

Timeliness

That is, value methodology should address itself to the problems of the age. VM began its journey almost five decades ago, sadly to say that, in some areas, its applications have been diminishing. Instead, value methodology should grow like an evergreen tree that will not wither or drowned under the competing management wave. Interestingly, in 1988,

when value engineering was celebrating its tenth anniversary in China, President Jiang Ze Min, President of The Peoples Republic of China, wrote to the Shanghai Value Engineering Society commenting "the more we use value engineering, the more refreshing it will be".

In addition, one way to revive the trend is rather than using value methodology as a reactive tool, it should be used more proactively. It has the full potential to help organizations to shape their organizational objectives or strategies. Many authors and practitioners in the VM field already in the march for the early use of VM, i.e. at strategic stage or strategic value management. People are too comfortably dwelling on the tool itself but forgetting the bigger picture surrounding it. Using the creative essence of VM can help to stretch it to a field farther apart.

Promotion

Value methodology should be brought to the attention of its potential audience. Ideas do not promote themselves. Using the analogy of Christian churches worldwide, members of VM societies, as advocates and ambassadors of the methodology, should spread the VM good news or gospels to the non-believers. By preaching the VM gospel to the converted will not enlarge the VM communities or congregation. On the other hand, due to complacency and lack of visions, the community will shrink and fade away.

It is observed through real life experiences that for popular management ideas to get across to wider audiences, they are usually taught in business schools. It does not mean that business schools are more important than other schools or faculties in universities. However, business schools have more influences on the succeeding management fads. Moreover, peoples' perception of earlier terminology like "value analysis" or "value methodology" are only for purchasing, engineering or product development disciplines, have some detrimental effects to its acceptance. They cannot see any link between business and management and value methodology.

Academics, management consultancies, VM societies and training and publishing companies play an important role in the dissemination of the VM idea. Of course, last but not the least, each VM members can play a vital role in spreading the gospel of VM.

### Managers' Needs

Value methodology should address organizational requirements in a way that meets the individual needs and concerns of the managers at whom it is addressed.

Even up to now, journal articles, books or other media have put undue emphasis on or still advocate it as a cost saving tool. Cost saving has been seen as the only thing VM can competently achieve. During economic recession or under other climates, this can be a useful way to attract people to the methodology. However, for some organizations, cost saving does not appeal to them as a criteria for choosing a technique to solve their problems. By keeping on telling people one side of a story can kill the opportunities of using the technique for other arena. According to a senior government official in the Hong Kong Special Administrative Region Government, cost saving has never been their motive in applying VM, other issues like time saving, reduce re-work, facilitate teamwork, challenge assumptions etc. can be more important than cost saving.

### Idea Benefits

Value methodology should possess the essential ingredients which allow potential users to perceive it as relevant to meeting their needs.

VM is an interdisciplinary tool, that is, it combines tools from different disciplines. For examples, creativity, teamwork or group facilitation from the organizational behavior discipline, multi-criteria evaluation from the management science or operational research discipline. The only tool that is unique to VM is function analysis. However, function analysis is constantly under abuse by outsiders and experienced practitioners. Many complaints have been launched by potential users of VM that one consultant can tell him that function analysis is the heart of VM, but others can say that it is not important, not only its usage but also in the way it is conducted. These confusing messages have bewildered some of the potential customers/users who want to get something out of VM. Needless to say, the differences in practice among countries make people wonder whether we can get the methodology right.

As from previous sections, function analysis is a powerful tool to gain access to more information and have a better understanding of a project. To eliminate

function analysis in a study not only give a bad name to value methodology, it also loses the power of untangling the function components in a simplified and systematic way.

### Presentation

Value methodology should be verbally presentable in an engaging way. It is not because the majority of managers will learn about it at a public presentation session. It is because today's business managers are so busy that they may not have time to watch video or read through paper-based materials about it. Using the analogy of sharing the Christian gospel with a friend, you may only have a few minutes to tell him about the gospel and the life changing events after conversion. He may not have time to sit down with you and look through bible passages. By the same token, the gospel of VM may be preached over business lunches or short conversations. It is really up to us whether we could convey a crisp, short and sharp message about VM to them as opportunities may not come back again in the lifetime.

SAVE International's effort in producing those VM pamphlets should be congratulated as it becomes handy materials to give out to organizations or business contacts. They serve the same purpose as small leaflets or tracks people used to spread the gospel in the street.

## CONCLUSION

VM is a creative group problem solving tool that can help organizations to address their immediate needs whether it is time, cost, quality or other objectives.

By changing the image of value methodology from cost saving to something like "value for money", "value added", "value enhancement" or even "more for less" is of utmost importance.

It is prudent to use VM as a strategic tool in a proactive as well as reactive way. Whether VM can survive or wither in the next decade is entirely in our capable hands.

Last but not the least, we should label ourselves as the evangelists of value methodology and go and make disciplines of all nations.