Value Methodology Standard Reference

The Value Methodology (VM) Standard Reference is intended to provide the basic guidance required for applying VM as recognized by SAVE International®. VM can be applied to a wide variety of subjects, including industrial or consumer products, construction projects, manufacturing processes, business procedures, services, and organizations. VM is commonly referred to by the terms value analysis, value engineering, and value management. These terms may be used interchangeably with Value Methodology throughout this standard.

The VM Standard Reference will assist managers, value program managers, practitioners, and trainers in applying VM in their organizations in a consistent, standard manner. It may also assist those who procure VM services to develop proposal requests that ensure they receive good results conducted in a professional manner. Key terms include:

**Value** – An expression of the relationship between the performance of functions relative to the resources required to realize them. This can be expressed as

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\text{Value} = \frac{\text{Function Performance}}{\text{Resources}}
\]

**Value Methodology (VM)** – A systematic process used by a multidisciplinary team, led by a qualified VM facilitator, to improve the value of a project, product, process, service, or organization through the analysis of functions.

**VM Job Plan** – A sequential approach for applying the Value Methodology, consisting of the following eight phases:

**Preparation Phase** – A pre-study meeting is held to identify the VM study subject, goals and objectives, participants, schedule, information, and logistics.

**Information Phase** – The VM study team reviews the study subject’s scope, schedule, cost, performance, quality, and risk. Various modeling techniques are applied to develop an understanding of this information.

**Function Analysis Phase** – The VM study team defines the project functions using a two-word abridgement. The VM study team reviews and analyzes these functions, using recognized techniques such as random function identification, FAST diagrams, function resource allocation, and function performance specification to define functions, allocate performance and resources, and select functions for value improvement.

**Creativity Phase** – The VM study team employs creativity techniques to generate ideas to perform the subject’s function(s).

**Evaluation Phase** – The VM study team follows a structured evaluation process to select those ideas that offer the greatest potential for value improvement while delivering the project's function(s) considering performance, quality, schedule, cost, and risk.

**Development Phase** – The VM study team develops the selected ideas into VM proposals with enough documentation to allow decision makers to determine if they should be implemented.

**Presentation Phase** – The VM facilitator develops a report and/or presentation that documents and conveys the conclusions and results of the VM study.

**Implementation Phase** – The sponsoring organization reviews the results of the VM study and decides which VM proposals to implement. An implementation plan is developed and executed in order to actualize the value improvements.

**VM study** – A structured effort to improve the value of a project, product, process, service, or organization through the application of the Value Methodology by a multidisciplinary team facilitated by one who is competent in VM techniques, ideally a Certified Value Specialist® (CVS®).

The VM Standard Reference has not been prepared as a legal document. If the user intends to use the VM Standard for procurement purposes, the user should consult expertise familiar with contract language, including seeking legal guidance.