

Glossary of Value Methodology (VM) Terms

The following is a summary of VM related terms which are more fully discussed throughout the Value Methodology Memory Jogger (Second Edition).

	VM Term	Definition
1	Cost	The expenditure of all resources needed to produce a project, product, or process. In business, cost is usually a monetary valuation of effort, material, resources, time and utilities consumed, risks incurred, and opportunity forgone in production and delivery of a project, product, or process.
2	Critical Function Logic Path	One of the set of basic and required secondary functions oriented horizontally on a FAST diagram that meet the 'how' and 'why' logic, forming a path of essential functions without which the project, product, or process would not perform.
3	Facilitator	One who is substantively neutral and has no substantive decision-making authority, which enables a group to improve how it identifies and solves problems and makes decisions, and increases the group's effectiveness. In the context of VM, one who leads the group through the VM Job Plan; preferably a Certified Value Specialist (CVS®).
4	FAST Diagram	Function Analysis System Technique - Developed by Charles W. Bytheway, a structured precedent logic technique that models the dependent relationships of functions within a project, product, or process. The diagram helps to identify and analyze functions to stimulate creativity and innovative thinking.
5	Function	That which a project, product, or process must do to make it work and meet the customer's needs. A function identifies "what it does" independent of "what it is" or "how" it is to be accomplished. It is expressed in a two-word active verb and measurable noun structure. The verb answers the question, "What does it do?" and the noun answers the question, "What does it do it to?"
6	Function Analysis	A detailed examination of the elements of a project, process, or product to identify, classify, and organize its functions, allocate resources, and prioritize functions for value improvement. NOT to be confused with <i>Functional</i> Analysis which is a mathematical technique but sometimes mistakenly used instead of Function Analysis.
7	Function Classifications	The overall categories of functions that are included on FAST diagrams: Basic, Required Secondary, Secondary, Unwanted Secondary, Higher Order, and Lower Order, Design Objective, One-Time, and All-the-Time.

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8	Function Models	Models focused on functions related to the customer or other stakeholder of a project, product or process. May also be models that highlight various resources such as cost, life cycle cost, space, time, energy, performance, risk, etc.
9	Function, All-the-Time	Secondary Functions that happen all the time, anywhere in the performance of the project, product, or process.
10	Function, basic	The specific purpose(s) for which a project, product, or process exists and answers the question, "what must it do?"
11	Function, higher order	The specific goals or needs for which the basic function exists and is outside the scope of the subject under study.
12	Function, lower order	The function that is selected to initiate the value study (an input) and is outside the scope of the subject under study.
13	Function, One-Time	A secondary function that occurs only once
14	Function, secondary	A function that supports the basic function or required secondary functions and results from the specific design approach to achieve the basic function.
15	Function, sell (aesthetic)	A function that provides a subjective expression of something that is to be achieved. In Function Analysis, sell functions are usually qualitative and are described using a passive verb and a non-measurable noun. Sell functions are also sometimes referred to as "aesthetic" or "esteem" functions and attract a customer/user to the project, product, or process.
16	Function, Unwanted Secondary	A negative function caused by the method used to achieve the basic or secondary functions, [e.g.; heat generated from lighting which often must be mitigated].
17	Function, work (use)	A function that provides an objective expression of something that is to be accomplished. In Function Analysis, work functions are usually quantitative and are described using an active verb and a measurable noun. Work functions are also sometimes referred to as "use" functions.
18	Job Plan	A sequential approach for conducting a value study used during the workshop stage of the value methodology consisting of the following six sequential phases: 1) Information, 2) Function Analysis, 3) Creative, 4) Evaluation, 5) Development, and 6) Presentation.
19	Life Cycle Cost (LCC)	The sum of all initial development, acquisition, production, or construction, annual operations, maintenance, energy, or use; cost of periodic replacement of components, and disposal or salvage costs for a product or project over a specified period of time. Costs are adjusted based on the time value of money to determine the total life cycle cost. LCC is measured in net present value (present worth) or annualized cost.

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20	Performance	The capacity of a project, product, or process to fulfill its intended function. Factors such as reliability, maintainability, quality, and appearance contribute to performance.
21	Price	An amount of money that will purchase a finite quantity, weight, or other measure of a good or service. As the consideration given in exchange for transfer of ownership, price forms the essential basis of commercial transactions (e.g. selling price, acquisition cost, purchase price).
22	Process	A sequence of activities that delivers a project, product, or an outcome.
23	Product	A good, service, idea, method, information, or object created as a result of a process or project and serves a need or satisfies a want. In a VM context, a product is usually a manufactured item.
24	Project	A set of interrelated tasks to be executed over a fixed period of time and within certain cost and other limitations. For the purpose of Value Studies, a project is the subject of the study which may be a physical product, a structure, system, process, or an organization.
25	Project Objectives	Similar and interchangeable with 'subject objectives' and 'design objectives,' these functions express specific compulsory requirements of the project, product, or process.
26	Resources	All expenditures of cost, time, energy, space, materials, labor, price, etc. required to accomplish a function. This is the denominator of the Value equation.
27	Risk	An uncertain event that could have a significant impact on the cost, schedule, or performance of a project, product or process. Risks can either be positive (opportunities) or negative (threats). VM must consider the impact of risks to value.
28	Scope	The portion of the overall project, product, or process that is selected as the subject of the value study. The analysis accepts everything within the defined scope in order to focus attention on the functions within those limits. In a FAST diagram, the scope is everything between the Higher Order and Lower Order functions.
29	Value	An expression of the relationship between function and resources where function is measured by the reliable performance of functional requirements of the customer and resources are measured in costs, materials, labor, price, time, etc. required to accomplish those functions. Value = Function / Resources or Value = Function / Cost or Value = Performance / Resources. These expressions are equivalent.
30	Value Analysis (VA)	See Value Methodology. Often the application of value methodology to an existing project, product or process to achieve value improvement.

	VM Term	Definition
31	Value Engineering (VE)	See Value Methodology. Often the application of a value methodology to a planned or conceptual project, product or process to achieve value improvement.
32	Value Engineering Change Proposal (VECP)	A change submitted by a contractor, pursuant to a contract provision, for the purpose of reducing the contract price or life cycle cost of the product under contract.
33	Value Enhancing Methods (VEM)	Characterized as formal, repeatable, best practices that are properly documented and utilized to improve the Value of projects, products or processes.
34	Value Management	See Value Methodology. Often the application of value methodology by an organization to achieve strategic value improvement.
35	Value Methodology (VM)	A systematic process used by a multidisciplinary team to improve the value of a project, product, or process through the analysis of functions. The value methodology is applied during the three stages of a value study: 1) Pre-Workshop, 2) Workshop (Using the Six-Phase VM Job Plan), and 3) Post-Workshop.
36	Value Proposal (Alternative)	A recommendation, resulting from the application of the value methodology during a value study, to increase the value of a project, product, or process so as to improve function and/or decrease the resources required. It is a deliverable of the development phase and may result in a VECP.
37	Value Study	A structured effort to improve the value of a project, product, or process by the application of the value methodology by a multidisciplinary team led or facilitated by one who is competent in VM techniques and is qualified to lead a study team following the VM Job Plan (e.g. CVS®).