

PD 6663: Guidelines to BS EN 12973: Value management — Practical guidance to its use and intent

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National foreword

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This Published Document is not to be regarded as a British Standard.

Committees responsible for this Published Document

The preparation of this Published Document was entrusted to Technical Committee DS/1, Dependability and terotechnology, upon which the following bodies were represented:

- Association for Project Management
- Association of Consulting Engineers
- Association of Insurance and Risk Management
- British Railways Board
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- British Telecommunications plc
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Summary of pages

This document comprises a front cover, an inside front cover, pages 1 to 18, an inside back cover and a back cover.

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PD 6663:2000 Guide to the use of BS EN 12973: Value management

The European Commission recognized the power of Value Management (VM) in delivering competitive advantage to its users. This led to the development of the VM standard.

This guide explains the standard.

The guide can be used at three levels

- *as a quick overview using the margin notes;*
- *as a free standing précis of the standard;*
- *in conjunction with the standard.*

Case studies illustrate key messages.

The background to, and purpose of, this document

The development of European Standard EN 12973 began in 1991 and involved the active cooperation of no fewer than eight European countries, each of which had different experience and standards in the use of Value Management. The European Commission recognized the power of Value Management in delivering competitive advantage to its users. They saw the diversity of practice as a barrier to its wider use. They commissioned a number of initiatives under their Innovation programme to promote its use. This effort resulted in a document that reflected best practice across all communities and economic sectors. The standard represents a consensus of views and provides a benchmark of best practice. It does not purport to be restrictive or confined to any single commercial sector. It captures the essence of Value Management and provides a framework for its application. It does not advocate the use of any particular techniques but encourages the selection of the most appropriate methods to achieve the desired outcome.

This guide seeks to explain and clarify the underlying messages within the standard. It may be used at three levels.

1. The notes in the margins allow the reader to capture the main messages within the standard.
2. The main text provides a stand-alone précis of the standard with simplified diagrams to aid understanding.
3. This document should be read in conjunction with the standard to understand it fully.

The clause numbering and figure numbering exactly correspond with the standard.

Short illustrations based upon successful case studies are included to assist understanding of some of the key messages contained within the standard.

*The British Standard
BS EN 12973:2000
presents an outline of best
practice in VM across
Europe.*

*It is relevant to all levels of
the organization.*

*Clause 4 outlines the
benefits for the
organization.*

Foreword to EN 12973

The Technical Committee CEN/TC 279 comprising members from eight European nations prepared this standard.

The aim of the standard is to present an understanding of best practice in Value Management and to introduce some of the techniques which may be used.

Value Management has evolved from the concepts of Value Analysis. It is now applied to virtually all activities and sectors of the modern community.

The standard primarily addresses three groups:

- Senior Managers seeking to enhance value within their organizations and for their customers;
- people involved in its application;
- those involved in training and development.

The document progresses from an introduction outlining the benefits for management, through the underlying concepts to their application. It ends with a discussion of some of the techniques that may be useful.

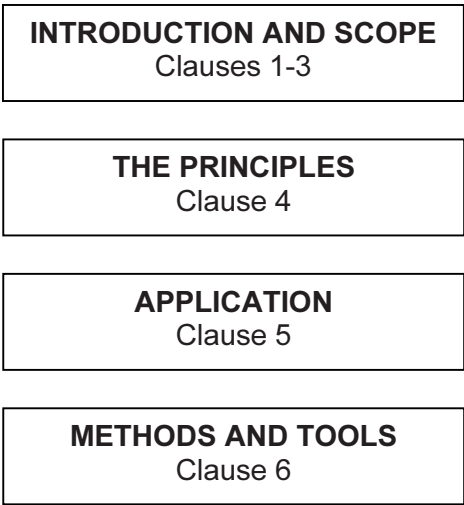


Figure 1 – Simplified structure of the standard

Introduction

The standard describes Value as a relationship between needs and expectations on the one side and resources to achieve them on the other.

The concept of Value is based on the relationship between satisfying needs and expectations and the resources required to achieve them. The aim of Value Management is to reconcile all stakeholders' views and to achieve the best ratio (the value ratio) between satisfied needs and resources.

VM reconciles differing priorities to deliver best value for all stakeholders

When integrated with the management of organizations, Value Management harnesses many familiar management techniques within a simple framework, to deliver effective results at all levels.

VM requires people to work constructively together.

Value Management enables organizations to adopt a consistent approach towards decision making, taking into account the needs of the business, the environment within which it is operating, and the people who may be involved.

The standard lists the benefits of such an approach applicable to all sectors of our society.

Value Management is based on three root principles:

VM is based on the principles of adding measurable value, focusing on objectives and concentrating on function (the purpose of things) to enhance innovation.

- a continuous awareness of value, and the establishment of measures to enable determining, monitoring and adding value;
- a focus on objectives and targets against which measures of improvement are assessed;
- a focus on the function (the purpose of the product, system or service) as the key to innovation and achieving better value.

Case Study: A change of role for an international trade institute

A long established international trade institute used Value Management to respond to a recognition that the needs of its members had changed. A comprehensive survey of its members established their priorities for the future. These were collated into a model representing the main functions that they wished the institute to deliver. Extrapolation of this model enabled the institute to make its mission statement more relevant and redefine its services to its members. This model has been used by other agencies to review the value of their services to the public.

The standard allows the approach to be applied to different circumstances whilst retaining a rigorous approach.

The frameworks described in the standard allow Value Management to be implemented intuitively, as an ongoing discipline as well as formally, involving set piece workshops.

The development of a VM culture is essential and will result in positive changes in attitude.

The standard envisages the role of a Value Manager to champion the process within larger organizations. This role may be less well defined or shared in smaller organizations.

The development of a Value Management culture ensures its application at all levels and triggers positive changes in attitude and working practices. This results in better value and fewer wasteful practices.

The standard establishes a benchmark for the implementation of VM and a basis for certification of organizations.

1 Scope

The purpose of BS EN 12973 is to:

- establish a common basis for practice;
- provide guidelines for those involved;
- provide a basis for training and assessing competence;
- provide a benchmark for providers of value services;
- enable the certification of organizations;
- improve quality of service and stimulate innovation in delivery;
- improve communication through common terminology.

It facilitates the dissemination, understanding and effective participation in Value Management practice in an organization.

2 References to other related standards

BS EN 1325-1:1997 *Value Management, Value Analysis, Functional Analysis vocabulary – Part 1: Value Analysis and Functional Analysis*.

BS EN ISO 8402:1995, *Quality management and quality assurance – Vocabulary (Second Edition)* covers Quality Assurance.

3 Terms and definitions

3.1 Value Management (VM)

VM is a management approach to help maximize the overall performance of an organization.

A management approach to help in maximizing the overall performance of an organization.

3.2 Value Culture

This embraces awareness and understanding of what Value represents in an organization and implies an understanding of the structures and methods used to enable Value Management to flourish.

3.3 Value Management Programme

A structured plan that enables the development, implementation and sustenance of an organization's Value Management Policy.

3.4 Value Management Study

The application of Value Management to a specific topic involving the use of one or more methods.

3.5 Value Manager

The person who is responsible for a Value Management programme. (The Value Manager may also lead a Value Management Study).

NOTE 1 BS EN 1325-1:1997 allows the use of the term Value Engineering as synonymous with Value Analysis – the term used widely in Europe and throughout the standard. Since Value Engineering is used commonly in UK we have combined the terms throughout this guide and use the term Value Engineering/Analysis (VE/A). (See 6.2.1 for a description of VE/A.) Likewise the standard uses the term Functional Analysis in place of Function Analysis (FA), which is in common usage in UK and elsewhere. (See 6.2.2 for a description of FA.) This document uses the latter term.

NOTE 2 BS EN 1325-1:1997 states that a Product can include services, hardware, processed materials, software or any combination thereof. Throughout this document the term 'Product, System or Service' is used to make it clear that Value Management applies to any of these.

NOTE 3 In this document, the term Stakeholder is used to describe any person or organization with a genuine interest in the Product, System or Service which forms the subject of a Value Management Study.

4 The Principles of Value Management

Relevance to senior management

Through its focus on outcomes, Value Management integrates corporate efforts to obtain optimum value, taking into account the interests of the organization, customers and stakeholders. It helps define and validate corporate objectives and translates them into effective operational responses.

Individual managers' responsibilities vary. Value Management provides a common focus throughout the organization from the perspective of value.

4.1 Key principles

Value Management is distinct from most other management systems in that it combines four key principles:

- a management style based on value;
- positive human dynamics;
- consideration of the organizational environment;
- effective use of methods and tools.

All stakeholders will benefit from increased competitive advantage brought about from added value to their products or services.

VM is a unique combination of four key principles.