

VAVE and Thinking outside the Box

By Mike Huszar

THERE ARE THREE REASONS

Recently, we had the pleasure of facilitating a Value Analysis / Value Engineering (VAVE) event for a client. It was a highly successful event where we identified design changes that will result in a 10% reduction in COGS. What continually amazes me is the power generated by the dedication of time to an event such as this in which all functions are integrated to accomplish an objective. Interestingly, a majority of the ideas for improvement came from the client. Cost reduction had been a business objective for them for a very long time, so why didn't these ideas surface before? I believe three reasons exist for why these ideas never surfaced before: the lack of an excellent creative process, failure to dedicate the time necessary to accomplish the goal, and little to no cross-functional alignment.

EXCELLENT CREATIVE PROCESS

First, VAVE has always been a creative exercise. Typically, it is not highly technical unless prototyping and testing are needed down the line. So, we incorporate brain teaser exercises into the event to "get the juices flowing." We have often given teams materials with which to create an "egg pod" and then test the soundness of their designs by jettisoning the egg and egg pod system from a roof. Since I didn't bring the materials for the exercise with me on the plane, we utilized one of several other brain teaser exercises. I believe this exercise, accomplished on the first morning of the event, set the stage for the entire event. We then walked the teams through a process that had them thinking about things they may have never considered before. In this case, the Chief Engineer of the organization was skeptical at first. He had been responsible for and successful with achieving cost reductions for years. He believed he had reduced cost so effectively that few additional reduction options would be discovered. Following the event he stated, "This process of targeting function and looking at everything (versus the high cost items only) has changed my thinking about cost reduction." Just by presenting a different process, participants are able to see things differently and the effects become more profound. This is the power of process. The old paradigm was to focus cost improvement on high ticket items only. The new paradigm is to focus cost improvement on everything that reduces cost and has an ROI.

DEDICATE THE TIME

Additionally, these events are so successful because they create cross-functional participation and alignment around one objective (increasing value). In the past, design changes to reduce cost were seen as a function of the engineering department. Now it is seen as a "way of life" for the entire organization. For example, one particular cross-functional team was considering a high work-content item that required two pieces of tube steel to be cut, and then welded together at a 90 degree angle. In order to close the opening on the tube steel, a cover had to be cut and welded in place. A person who does not even work in that specific area proposed cutting the two pieces of steel as a miter (45 degree



DEDICATE THE TIME, CONTINUED...

angles), thus avoiding the need for the cover and the additional welding. It is quite common to witness people who are not in traditional design and engineering roles (HR, operators, accountants) to develop ideas or ask questions many of us overlook. For this reason, LMSPI does not perform VAVE events with organizations that do not ensure cross-functional participation.

CROSS-FUNCTIONAL ALIGNMENT

Finally, these events are so successful because the team simply invests the time necessary to focus on nothing but value enhancing implementation (to enhance value, one must either increase function, decrease cost, or both). The power of uninterrupted focus on a common objective cannot be underestimated. We facilitated these events in two weeks with about one month between week one and week two. We knew the organization would be quite busy between events, so we did not expect much work to be accomplished between events. However, NO VAVE work was accomplished between the events at all. The fact that nothing was accomplished in that one month period of time between events demonstrates how quickly the tyranny of the urgent can overwhelm us and override our best intentions of improving the business. During the second week, we actually modified the event into a “working” meeting in which we accomplished improvements (uninterrupted) that had been presented on the improvement plan. Twenty percent of the planned improvements were accomplished within one month. This proved to the team that the dedication of time, or people, or both to this initiative was necessary. Two engineers were freed up to focus on the plan full-time, while others carved out specific time each week to accomplish their tasks.

To move from ordinary to extraordinary, consider the three keys to success noted here:

- 1) A brilliant process that enhances creativity
- 2) Cross-functional involvement focused on ONE objective
- 3) Time specifically dedicated to accomplishing the goal

For further information on VAVE or other improvement methodologies, please contact LMSPI at 865-323-3491.