

VE Guidance No. 2 (What Constitutes an Acceptable Value Engineering Study)

1. The purpose of this report is to provide guidance on what constitutes an acceptable value engineering study for crediting and policy compliance purposes.

2. The following references and related quotes are used in constructing the definition of an acceptable value engineering study provided in paragraph 3.

(1). Basic document which mandates value engineering:

Reference: Office of Management and Budget Circular No. A-131 dated 21 May 1993, subject: Value Engineering.

Quotes: Section 8.b. (2). "Dollar amount thresholds for projects/programs requiring the application of VE. The minimum threshold for agency projects and programs which require the application of VE is \$1 million..."

Section 6.g. "Value Engineering. An organized effort directed at analyzing the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety. These organized efforts can be performed by both in-house agency personnel and by contractor personnel."

(2). HQUSACE document which implements above basic document:

Reference: CEMP-EV memo dated 10 December 1993, subject: U.S. Army Corps of Engineers Value Engineering Program

Quote: "...This will significantly increase the number of required studies... ..The present VE study threshold of 2 million dollars for construction projects will be retained, but on all other VE applications the threshold will be lowered to 1 million dollars in accordance with the circular..."

(3). HQUSACE documents which implement above quoted HQUSACE document to civil works and Army programs.

References: HQUSACE Value Engineering policy letters dated February 1996

Quote: "...A formal VE study (defined as a team study) shall be performed on all..."

(4). HQUSACE document which defines what constitutes a value engineering study:

Reference: CEMP-EV memo dated 10 August 1991, subject: Guidance for What Constitutes a VE study?

Quote: "...Although the definition of a value engineering study team states a team will be a group of people, proposals submitted by an individual are acceptable provided the other requirements noted in this policy letter are met... ..To obtain credit for the work, the individual or team must formally announce plans to do the study, receive approval from the VEO to proceed, and then begin the study using VE methodology..."

3. Definition of a what constitutes an acceptable value engineering study for crediting and policy compliance purposes: One has a large amount of flexibility in what constitutes a value engineering study. Acceptable examples are a 6 to 8 man team working one week at a TDY location to a single individual working in his office for a day or two. Here's the criteria which needs to be satisfied,

(1). "Team" must be lead by a facilitator formally trained in value engineering. Preferable but not mandatory, to have a facilitator licensed by the Society of American Value Engineers (i.e., CVS).

(2). Before onset effort must formally be announced as a value engineering study.

(3). Must receive approval from the VEO before it proceeds.

(4). Must follow the five/six step approved value engineering job plan.

(5). If study done by an individual, must be done in his office environment where he has direct access to other technical personnel for advice and input.

(6). Must be done in an environment where team has access to sufficient technical resources to develop proposals (i.e. technical text books, pricing information, etc.)

(7). Team size and manpower need to be scaled to ensure proper coverage of project studied.

(8). Like projects many be bundled into one study effort.