

Value systematic analysis and evaluation of techniques and



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Value analysis can be defined as: “ An organised creative approach which has, as its objective, the efficient identification of unnecessary cost — cost, which provides neither quality nor use nor life nor appearance nor customer features.” Value analysis can be defined as a technique which examines all the facts of a function and cost of a product in order to determine whether the cost can be reduced or altogether eliminated while retaining all the features of performance and or quality of a product. Value analysis can be defined as a systematic analysis and evaluation of techniques and functions in various areas of a concern with a view to exploring channels of performance improvement so that the value attached to a particular product or service may be improved. It endeavours to achieve the maximum possible value for a given cost by a continuous process of planned action and aims at cost reduction from the point of view of value. Although initially the group of techniques aimed at the systematic identification of unnecessary costs and exploring channels of performance improvement, was used mostly in the engineering field which gave it the name of value engineering.

It is now used in the various areas of concern such as marketing, purchasing, financing etc. Keeping in view, the wide applicability of this technique, value analysis is now used instead of value engineering. Value analysis involves a creative approach for finding out unnecessary costs. Such costs are those costs which though incurred on a product or service, are unnecessary and do not improve its quality and efficiency, give it a better appearance, prolong its life, nor provide any additional satisfaction to the customer. By eliminating these costs, the cost of the product or service can be reduced and the sales and the resulting profit proportionately increase.

Value analysis is an effective for cost reduction. Cost reduction may be achieved by economising expenditure and increasing productivity whereas value analysis, probes into the economic attributes of value. In value analysis, it is possible to improve performance, increase the value of a product and thus reduce costs by a continuous process of planned action. Value analysis lays emphasis on searching out new ideas while cost reduction is usually confined to already known facts.

Hence, value analysis is not a substitution for cost reduction methods but it is a completely different procedure for accomplishment of greater results leading to the elimination of unnecessary costs and value improvement of a product or service. If properly planned and implemented, value analysis results in: 1. Lower product defects, improved reliability and increased efficiency. 2. Creating better ways of performing a function. 3. Greater customer satisfaction. 4.

Creating better product. 5. Increased profits.

6. Optimising resource utilisation. Value analysis embodies in the main six basic principles viz., functional analysis, value analysis, value thinking, systematic method, organised group work, integrated product planning and rationalisation and accelerated completion. In functional analysis, the function of the product is detached from its existing design and form.

After this detachment, and with the help of functional thinking, isolated from the product, many alternatives for solving the prescribed function fulfillment may be devised and those which are the most valuable and which best

perform the function, may be followed up. Value analysis is also called value engineering or value management, value assurance or value control.