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Aug 8, 1977

Mr Akira Kodama, secretary general, SJVE
IBAM
6-39-15 Todoroki, Setagaya
Tokyo, Japan - 158

Dear Akira Kodama;

Re: Information Summary and Survey Data

This is a remarkably well thought out and presented report. I have studied it all and will comment when I have an idea that may be constructive.

Info slide 2 - Basic Objectives and Functions. Excellent. Might be timely to establish an effective way to "Increase the Quality of VE Work and Achievement of Each VE'er". Experience has shown that as time passes, without further study or emphasis, many VE's fall into habits of using only a part of their techniques so tend to become contributors much lower than their full potential. Of course the same applies to other specialists, many of whom are required to take periodic additional instruction in order to maintain their skills and status.

Info slide 3 - Organization. It is vital to Japan, and to any country depending upon its ability to win in competition, that the use of the VE thinking systems be expanded each year, and that not only quantity, but also quality of usage be increased. It might be well to provide a "Measurement" activity, with the task of "knowing" the quality of usage of the techniques.

Info slide 6. SJVE Special Study Committees. Excellent communication of activities. I'll raise a few questions - not to be answered to me, but for consideration.

What followed the study groups? For instance in purchasing, in design Eng., in Manufacturing, in F A S T, etc. Is training developed and continuously implemented thereafter? USA experience shows that in five years, those men are gone to other jobs. Do the men who now do this work have the skills which were taught initially? Often not. Hence, often the same training needs to be given over and over, spaced by a few years. Otherwise great potential increase in benefits slip away unobserved.

A study group might study the Retention of the VE Skills, and use of them in the work, both from the viewpoint of the man (VE) in a new job situation, and the job which has benefited by a trained man, and now receives an un-VE-trained man.

Info slide 7 - 1977 Emphasis - Items 1 to 7 all timely and excellent. Some suggestions for 1978 follow:
Item 2 includes "more active training of VE'rs". I'm not sure whether this means additional training of VE's, or original training of VE's. My suggestion is that in 1978 it have two strong emphases, 1. More and better continued training for working VE's. 2. Sufficient good training for others in all

areas who are starting to learn the VE approaches.

Suggestion 2. Get VA/E established as a full credit undergraduate course in universities, so that graduates receive a degree in VA/E, rather than in law, Elec Engrg, medicine, or whatever. Nowadays, achieving functions economically by using either materials or people, is mandatory, and that's the name of the game VE's learn.

Suggestion 3. Also get college courses established which will require a degree in some solid course such as engineering, chemistry, electronics, business etc for entry, and which will give an intensive one years training - some theory and some practice - in VE, and provide a meaningful additional degree.

Suggestion 4. Develop a means for measuring the effectiveness with which the whole system of VE is being applied, and to identify the concepts and techniques which are not being used so that training can add what is lacking.

Suggestion 5. Endeavor to achieve "Full Company" participation in a few cases. This means that from the top general manager or president, right down thru his staff and their people, into the technical and administrative and sales areas and into the factory, the straight forward, realistic, function based techniques are understood and used to identify and solve the problems of the business and to meet its opportunities.

I will quote the words of the first general manager, head of a factory and business, who took three weeks full time to fully learn and master the system and methods of VA/E. Mr W.K Booth, "If all of our management people would fully learn, use and teach the system and methods of VA/E, most of the serious problems on which we spend most of our time would disappear".

Suggestion 6. This applies to your item 1 - More VE initiative by top management. It has developed that by all odds, the greatest achievements in communicating to top management, has been accomplished by general managers, presidents and Board Chairmen. Providing them with encouragement and assistance, and with definite assignments of communication has secured some landmark results.

The chart "How Japanese Industry has adopted VA/VE since 1959", and the survey results, charts 1 through 8, have helped me to understand, and to have confidence in the suggestions I have made.

Finally, from the report, I cannot be sure how fully the enormous potential of use of the Purchasing Value Analysis techniques is being developed in Japan. In our country, the use of the name Society of American Value "Engineers", while it brought great benefits, caused thousands of people in Purchasing to feel un-included, and the potential benefits have been largely undeveloped. Accordingly I'll include copies of past issues of Purchasing World in which I am writing monthly to teach Purchasing VA principles.

Sincerely presented.

SOCIETY OF JAPANESE VALUE ENGINEERS

Organized: In April 1965

Membership (as of April 1977):

- Corporate-member companies - 210
- Personal members - 18

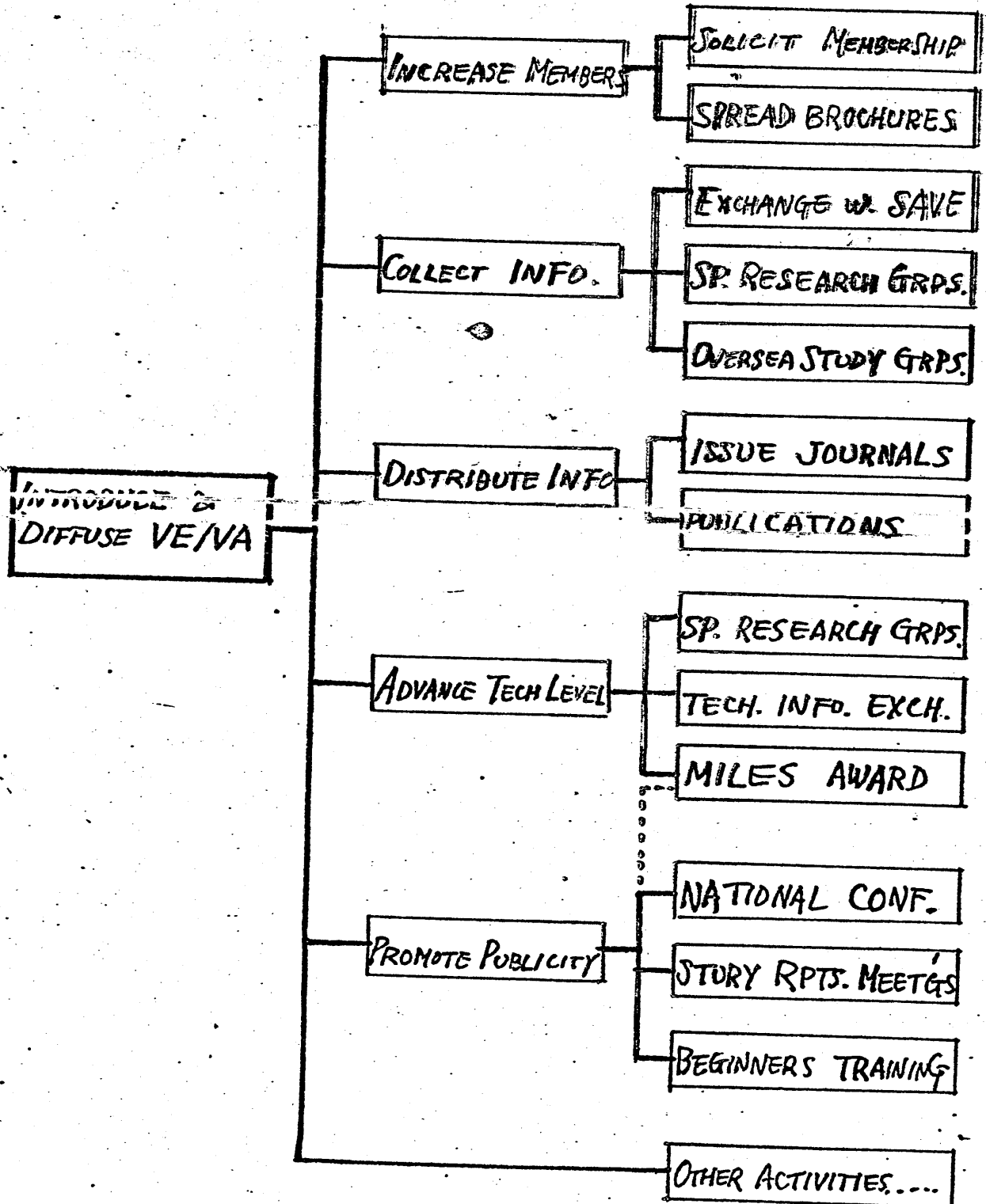
SJVE National Officers:

- President - Ichiro Ueno
(Chairman, Institute of
Business Admin. & Mgt.)
- Secretary General - Akira Kodama
- 27 National Board Directors

Nat'l Business Office:

c/o IBAM
Todoroki, Setagaya
Tokyo, Japan
(03) 704-1111

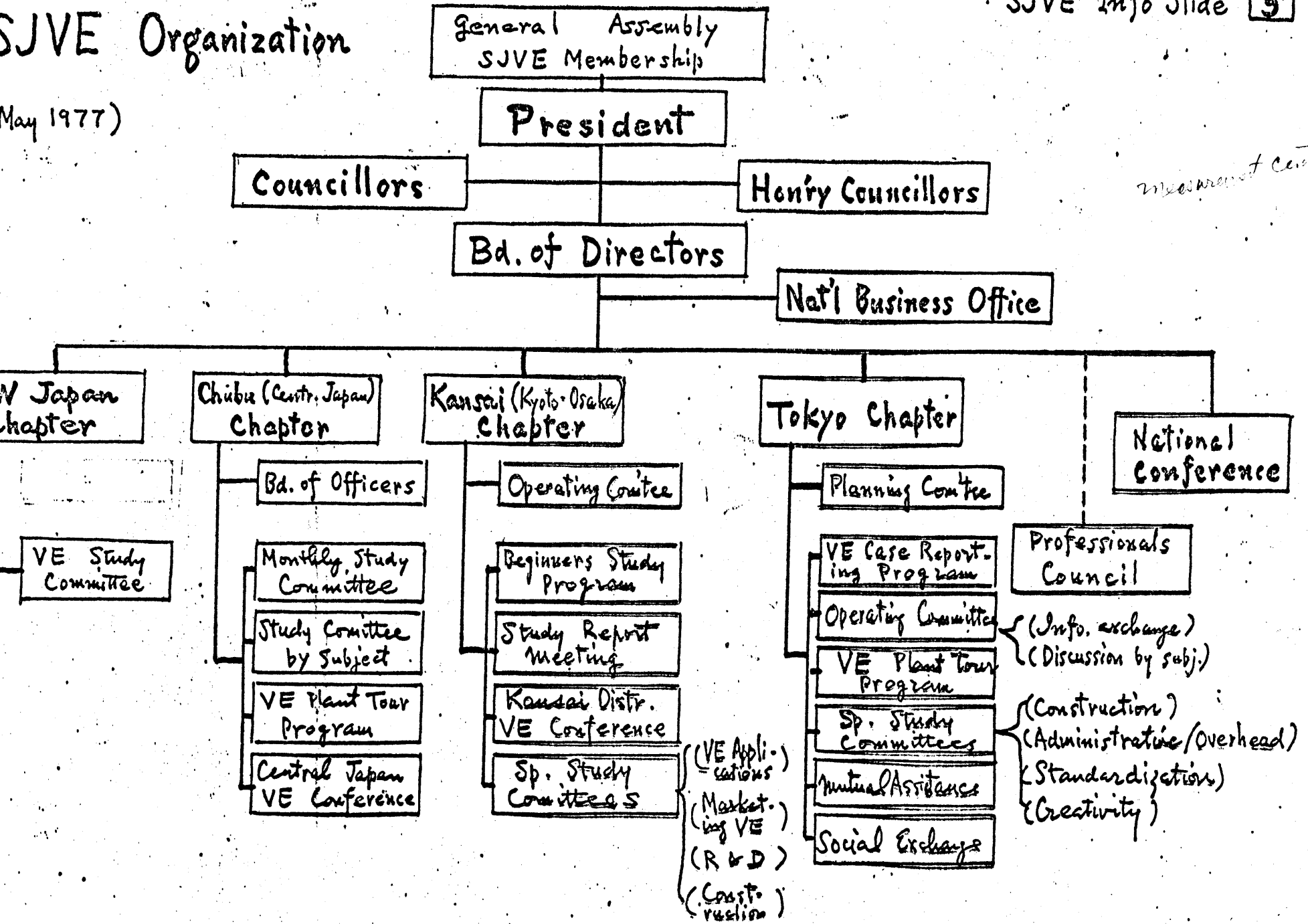
SJVE : Basic Objective & Functions



SJVE Organization

May 1977)

measurement center



HOW JAPAN HAS COME TO KNOW VE/VA

- 1 -

- 1955 A JAPAN PROD'TY CETER TOUR DELEGATION STUDIED PURCHASING ENGINEERING.
- 1957 THE DELEGATION'S STUDY REPORT INTRODUCED V. A. CONCEPT.
- 1960 PURCH. ENG. SEMINARS IN TOKYO/OSAKA. BY MR. S.F. HEINLITZ, N.A.P.A. AUTO INDUSTRY RECOGNIZED THE VALUE.
- 1961 I.B.A.M. STARTED OFFERING V.A. SEMINARS.
- 1963 IBAM AND ITS DELEGATION IN CONTACT WITH SAVE CONF/LEADERS. ELEC. INDUSTRY BEGINS TO ADOPT VE.
- 1964 IBAM STARTED OFFERING VE WORKSHOP SEMINAR PROGRAMS.
- 1965 S.J.V.E. ORGANIZED. JPN. DEFENSE AGENCY ADOPTED VEC P SYSTEM.
- 1967 INT'L VE WORKSHOP SEMINER BY MR. F. SHERWIN, RAYTHEON. JPN. TEL & TEL CORP. STARTED VE.
- 1968 FIRST SJVE CONFERENCE HELD & FEATURED BY MR. A. TOCCO, TRW.

SJVE MEMBERSHIP

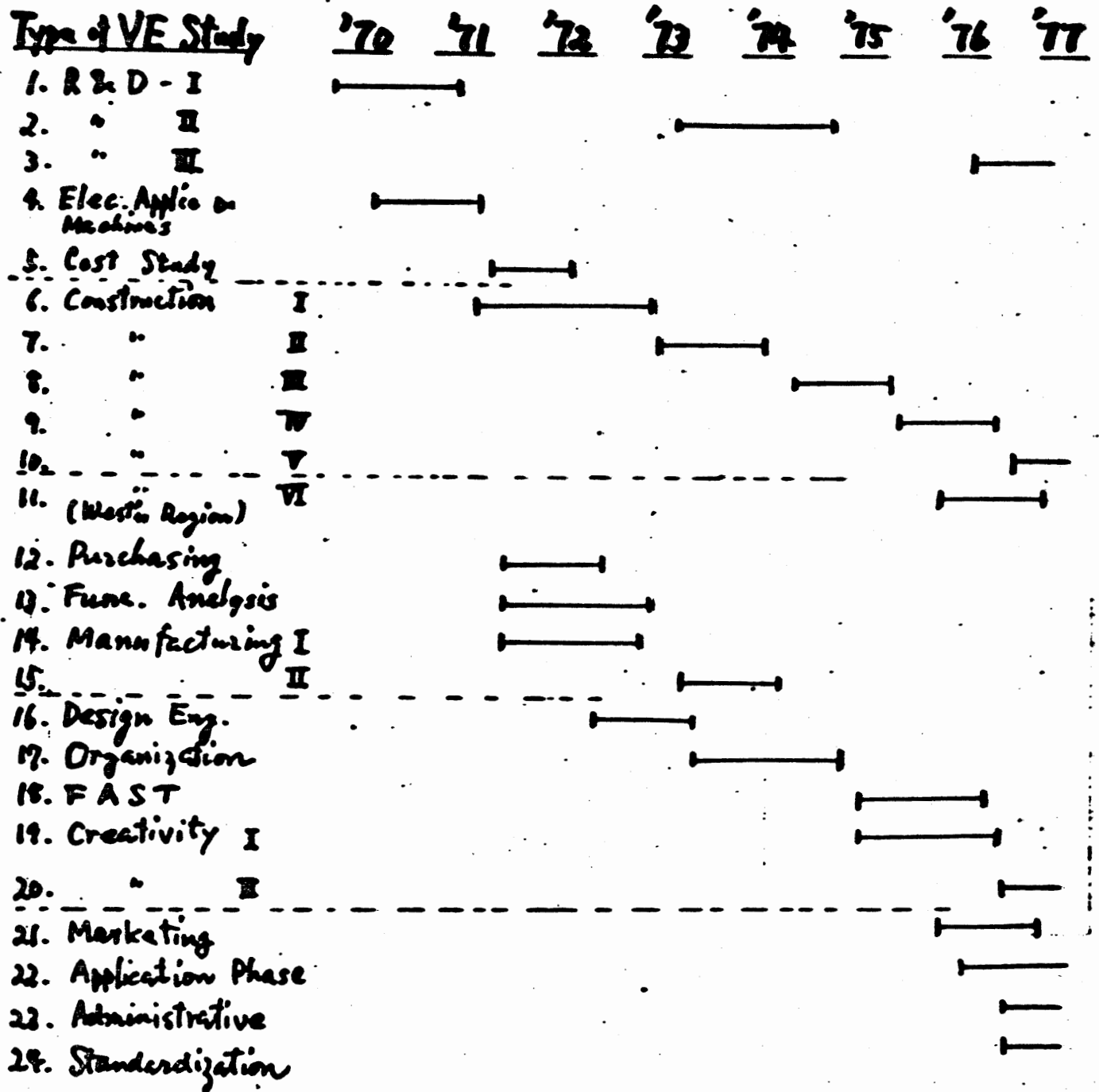
13 Firms

132

164

SJVE SPECIAL STUDY COMMITTEES

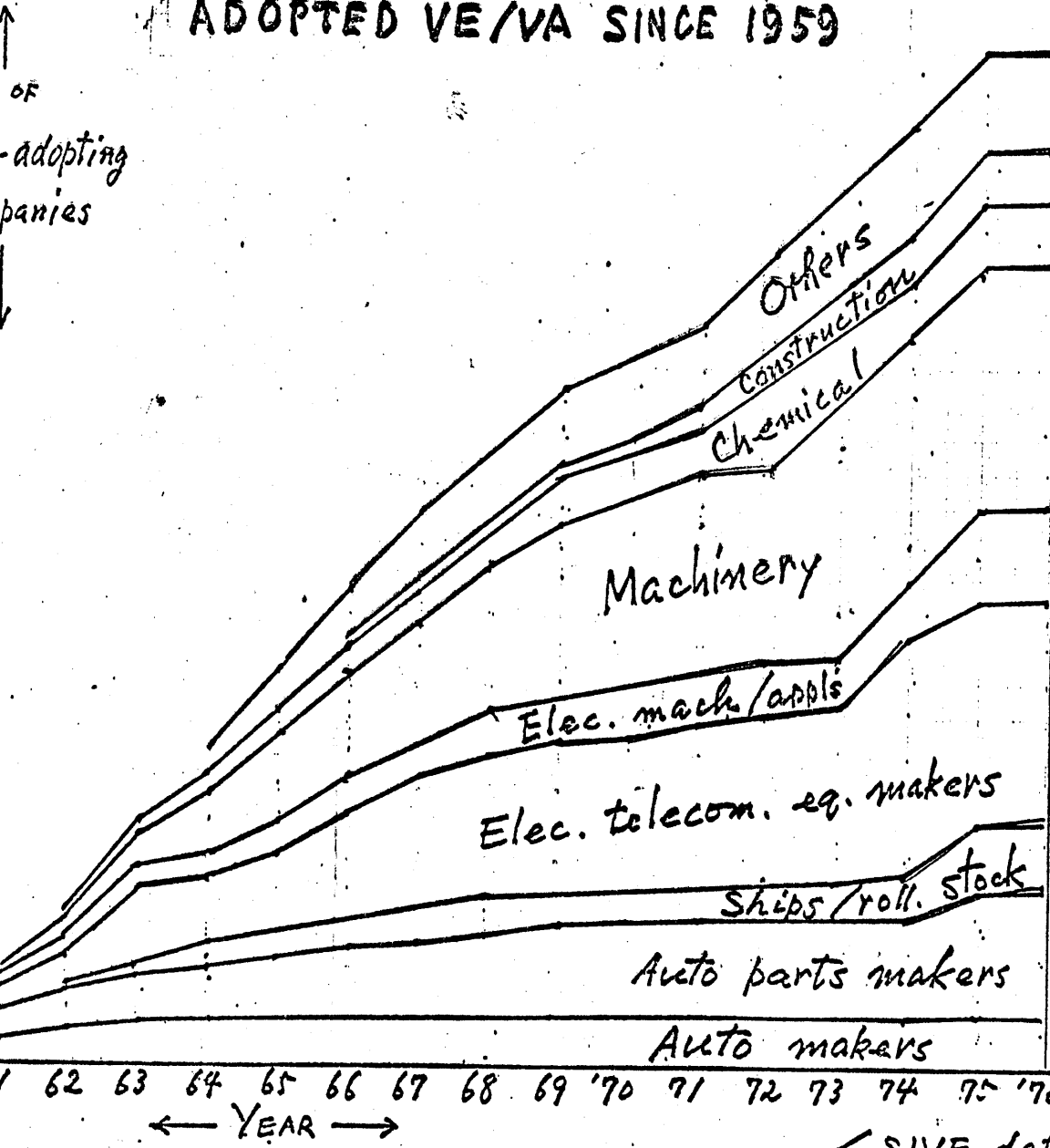
1970 ~ 1977



1977 EMPHASES - V.E. IN JAPAN

1. More VE initiative by top management
2. VE-specialized units/centers increasing and more active training of VE's.
3. 'Taskforce project'-centered VE activities
4. VE application to Design Engineering
5. VE application to Software aspects
6. Mfg. VE more active ~ to absorb QC circles
7. Strengthening VE proposals control :
 - Proposals from the line.
 - Proposals from the outside (contractors, affiliated firms, etc. ... VE Contracts)

HOW JAPANESE INDUSTRY HAS ADOPTED VE/VA SINCE 1959



Breakdown by type of industry -

		%
Automobile	15	18.2
Auto parts/acc's	38	
Ships/roll. stock	17	5.8
Telecom. eq.	64	31.6
Elec. mach./appl's	28	
Machinery	68	23.4
Chemical	18	6.2
Construction	13	4.5
Others	30	10.3
TOTAL	291	100

< SJVE data >

SJVE Conference, Oct. '76

Survey Data ①

JAPANESE VALUE ENGINEERS
BY AGE GROUP

<u>Age Group</u>	<u>No. of VE's</u>
21 ~ 25	14
26 ~ 30	56
31 ~ 35	76
36 ~ 40	71
41 ~ 45	31
46 ~ 50	16
51 ~	5

Total of respondents: 273

Survey Data ②

JAPANESE VALUE ENGINEERS
BY POSITION LEVEL

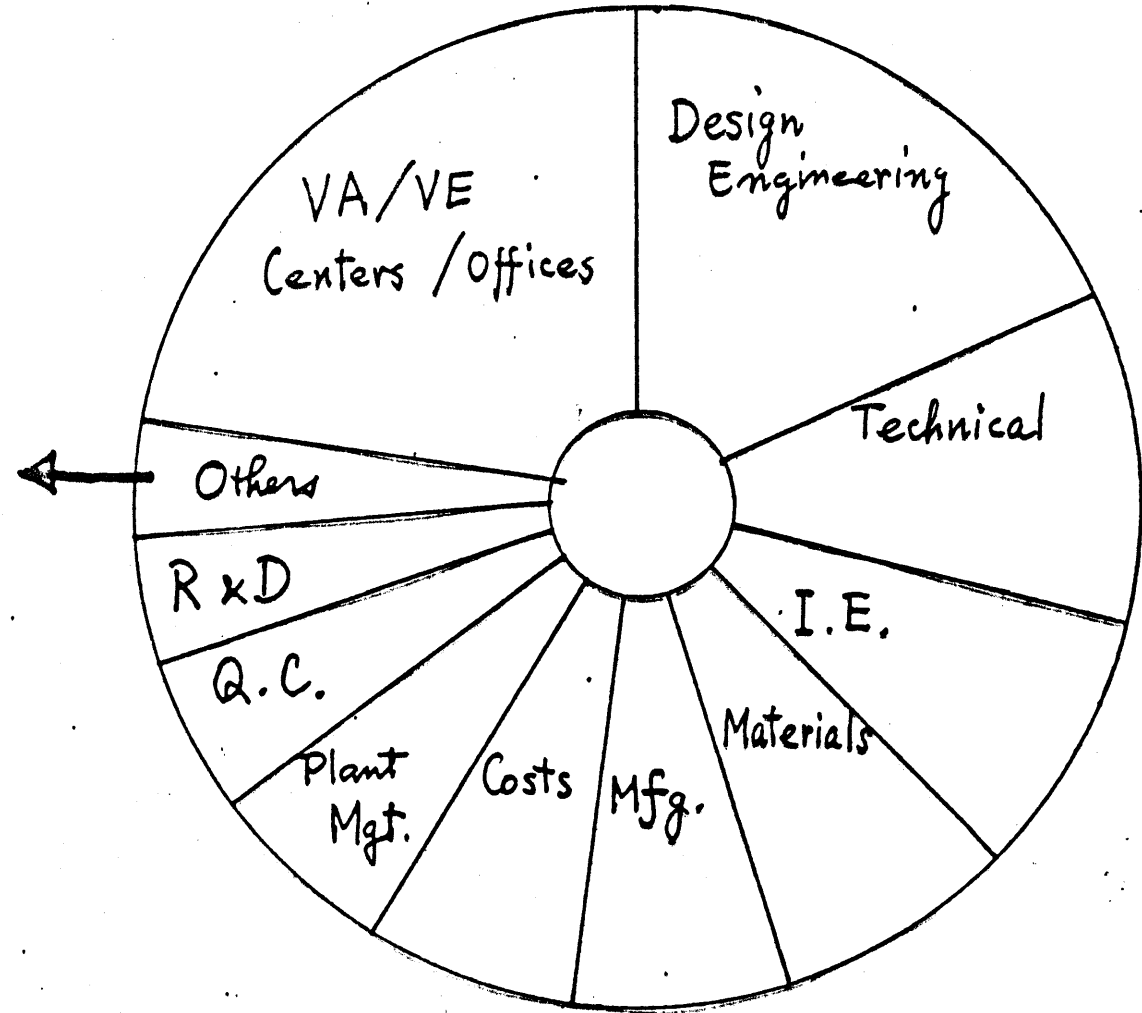
<u>Position held</u>	<u>No. of VE's</u>
Corp. director	2
Dept. head (bucho)	5
Asst. dept. head	15
Section head (kacho)	63
Asst. Section head	7
Group chief (kakaricho)	45
Supervisor (shumin)	69
Others	132

Total of respondents: 338

SJVE Conference, Oct. '76
 Survey Data ③

JAPANESE VALUE ENGINEERS
 POSITION IN ORGANIZATION

Sales/Marketing	6
Planning	4
Maintenance/ Utility	3
Training & Development	2
Financial	1
Administrative	1
Committee Staff	1
Misc.	3
	↑
	Nr. of VE's



Total number of VE's (respondents) : 383

SJVE Conference, Oct. '76 Survey Data ④

WHAT ARE MAJOR JOB ACTIVITIES OF A JAPANESE VE'S?

	<u>%</u>
1. Establishing VE objectives/policies	13.5
2. VE project work, direct	11.8
3. Supporting VE projects	11.2
4. Preparing VE implementation plans	8.8
5. VE training/research	6.8
6. Estimating costs	6.2
7. VE publicity/motivation	5.8
8. Departmental mgt. on VE programs	4.9
9. Control of cost information	4.2
10. VE reporting	4.0
11. Tech. information control	3.3
12. VE projects selection	2.8
13. VE guidance for contractors	2.8
14. Developing cost tables	2.5
15. Evaluating "internal" proposals	1.8
16. Evaluating "external" proposals	0.4
17. Others	9.0

SJVE Conference, Oct. '76

Survey Data ⑥

JAPAN V.E. EMPHASES ON COMPANY AFFILIATES/CONTRACTORS

- | | |
|--------------------------------------|-------|
| 1. Promoting VECP systems | 27.1% |
| 2. Joint VE implementation | 18.7% |
| 3. Conducting VE orientation courses | 13.2% |
| 4. Introducing successful VE cases | 11.0% |
| 5. Practical VE training | 7.7% |
| 6. Others | 2.9% |
| 7. Nothing in particular | 19.4% |

(Total Nr. of respondents: 417)

SJVE Conference, Oct. '76 - Survey Data (7)

V.E. for Affiliated Companies/Contractors

VECP Promotion	Cooperation rec'd	Incentives	%
Positively encouraged 74.1%	Well cooperated 27.0%	Savings fully awarded 16.9%	0
	Cooperating in some way or other 58.2%	Commendation letters, medals, prizes, etc. 43.2%	
		Order priority 14.2%	
Not particularly encouraged 25.9%	No cooperation 14.8%	Others 9.7%	
		No incentives 14.0%	

SJVE Conference, Oct. '76

Survey Data ⑧

Japanese VE's ANNUAL SALARY LEVEL

<u>Level</u>	<u>Nr. of VE's</u>	<u>%</u>
Up to <u>¥1.5 million</u> (\$5,000)	12	3.9
¥1.51 ~ 2 <u>million</u> (\$5,000 ~ 7,000)	40	13.2
¥2.01 ~ 3 <u>million</u> (\$7,000 ~ 10,000)	95	30.3
¥3.01 ~ 4 <u>million</u> (\$10,000 ~ 14,000)	89	29.3
¥4.01 ~ 5 <u>million</u> (\$14,000 ~ 17,000)	53	17.4
¥5 <u>million</u> or over (\$17,000 ~)	15	4.9

Arithmetic Average Salary: ¥3.01 million (\$10,000)

Average Age: 35

Total Number of Respondents: 304