

1. At the beginning
2. VE (value engineering) System and Cost Table
 - o VE will gain its firm root for the first time when it has been used in a cost-target program. In managing a business while using VE in cost-target, every kind of information becomes necessary, especially information on cost being the most important. Cost table is to supply this information, and it constitutes one of foundations for the management of cost-table program.
 - o Main roles cost table is playing in VE system are:
 - 1) Planning and designing of new products
Supply of cost information for better planning and designing.
 - 2) Stage of cost estimate of a new product
Supply of information to estimate the product's price.
 - 3) Stage of every kind of value engineering....
Supply of VE idea and evaluation of VE plan.
 - 4) Stage of calculating processing cost
Supply of information on process, method of process and time required for the process.

- 5) Stage of newly-bought parts Establish-
ment of standard price for buying parts.
- 6) Stage of parts to use in common at
present ... Evaluation of buying price, and
cost level of parts suppliers.

3. What is Demanded of Cost Table

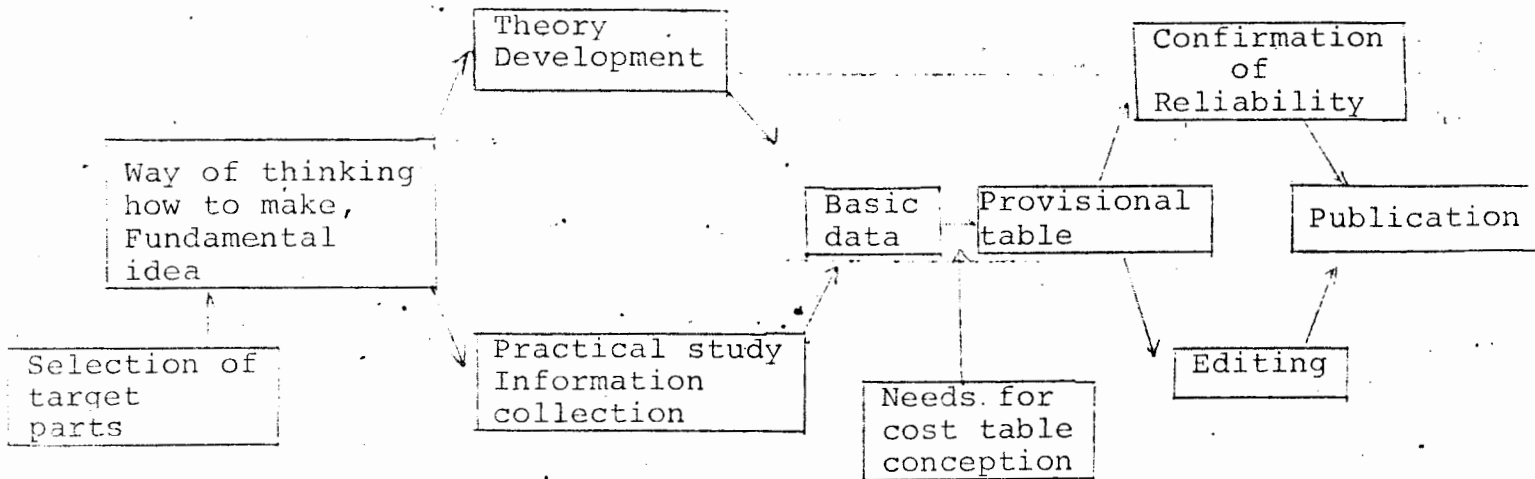
- o Data to be afforded by cost table have to be correct, needless to say. Data must be of such kinds as roughly divided below:
 - 1) Concerning cost and expenditure.
 - 2) Data of yielding rate such as material utility and rate of inferior products.
 - 3) Data regarding way and means of process.
 - 4) Data concerning processing capacity and time required for the work.
 - 5) Data on allotment expenses.
- o Conditions necessary for making these data correct:
 - 1) Data may vary each other in accordance with the difference of their practising method or personal views on them. There should be only one correct data to be supplied, always.
 - 2) Data have to be scientifically endorsed.
 - 3) The information collection must come from reliable sources, and the processing method must be of commonly agreeable one.

- o Cost to be carried in cost table means it is a reliable one grasped from the real cause of expenses of a product that had to be spent as acknowledged commonly by the public in disregard of the maker's original scheme and course of process. Cost is not to be assessed from the appearance of a product, and the calculation must be based on a standard.
- o Conditions required for practical cost table:
 - 1) Supply of correct data.
 - 2) Applicability in wide range This is absolutely necessary for using the cost table as a source of information.
 - 3) Simplicity and convenience to use.
 - 4) Easiness for preservation ... Adaptability immediately to the change of one-established standard of situation.
 - 5) Definiteness of using purpose.
 - 6) Adaptability to actuality ... Actuality can't be ignored.
 - 7) High reliability.
 - 8) Shortness of period required for making out.

Practical cost table makes it its first mission to be really usable and helpful for the enterprise.

4. Drafting of Cost Table

- o Process to make out a cost table (fundamental steps):



- o Decisive selection of parts to be subjected for preparing the table (Preparing shall be made in the order of their fitness for conditions as mentioned in the following:)

- 1) Costing high when buying them from outside makers.
- 2) Big utility.
- 3) To be used exclusively by this company
(Changeable in accordance with this company's solo decision.)
- 4) To be instable, problematic, and questionable in price.

- 5) To be of long prospect ~~in the future.~~
- 6) To be complicate, and its cost must be difficult to estimate by its appearance.
- 7) To be capable of being included as data to make out the table.
- 8) Others which are instructed or requested by the management to make out or process.

- o Price system Omitted.
- o Producing work in concrete terms . . . Omitted.

5. Usage of Cost Table

- 1) Estimate of price: Estimate newly-designed parts and establish standard of buying price.
- 2) Evaluation of price: Check the price of parts that have been bought.
- 3) Evaluation of parts-suppliers' cost level: Evaluate their cost level capacity by way of analyzing statistically their supplying price.
- 4) Evaluation of VE scheme.
- 5) Driving forward of VE, its chance to bring in the idea: To use as the source of cost information.
- 6) Diagnosing of suppliers' business manangement: As inspection of special cost.

6. Preservation and Popularization

- o A cost table, once worked out, is available for two or three years provided that numerical value of final cost is maintained unchanged by way of modifying various cost items. This, however, is unsuitable for using data partially.

An all-out checking is necessary when there develops any fault even in one point only.

- o It is the best way for the popularization of cost table to dutify the using of it in daily business practice. Or, otherwise, supplementally, as following:
 - 1) Opening of meeting for workers to explain them how to use it.
 - 2) Establishing of regular lecture meeting for company employees in general.
 - 3) Opening of special educational meeting for specialists.
 - 4) Sponsoring an estimating contest with the use of cost table.

7. Conclusion Omitted.