

VA Shopping List: What the Consultants Offer

New York—Booming interest in value analysis is turning the field into a profitable business for management consulting firms whose fees for "how to" in-plant training seminars may run as high as \$17,000.

Value analysis/value engineering consultants offer P.A.s and their management a broad selection of services that cover organizing and implementing a complete value program, management orientation, management consultation, in-plant training, and product evaluation studies.

At present, the field is dominated by four consulting firms:

• **Industrial Value Services, Inc.**, Roslyn, N. Y. Newest entrant among the top four, IVS is concentrating on clients in the eastern area of the country. The firm offers 40- and 16-hour in-plant seminars and also conducts a 40-hour, 16-evening VA skill training seminar.

• **Value Analysis, Inc.**, Schenectady, N. Y. This firm was the first to offer VA techniques to industry. Its five-phase program includes 36- and 40-hour seminars. A special product evaluation service for companies of 100 or fewer employees is provided at no charge to the client unless suggested savings are adopted.

• **Value Engineering, Inc.**, Boston, Mass. Preparation of VE and VA programs for inclusion in military proposals are part of the management consultation service offered by this company on a per diem charge basis. Other services feature 4- to 16-hour orientation lectures and a basic 40-hour plant seminar.

• **Value Programs for Industry, Inc.**, Schenectady, N. Y. VPI provides 52- and 80-hour plant seminars plus a lecture course on creativity and idea development, cost reduction programming, and value consulting for sales organization. The firm also has done considerable work for the U. S. Navy.

Added push in VA popularity stems from the new government Armed Services Procurement Regulations that require formal VE programs for fixed price military contracts of \$100,000 and up (see P/W, Jan. 28, '63, p. 9). Any of the prime contractors requesting that subcontractors follow through with VA programs too.

Different Emphasis

The various in-plant seminar training programs follow the same general pattern. However, according to one value analysis chief who participated in sessions run by different consultants, "each one tends to place emphasis in a different area and do things in a different way." Seminars range from 16 to 80 hours, some are scheduled on a half-day basis to accommodate employers who don't want to take employees away from their jobs for a full day.

Sol Mendelsohn, president of Industrial Value Services, claims in-plant training offers more advantages over outside seminars. Mendelsohn, whose firm conducts evening VA seminars, gives these reasons: Things are more in line with actual working conditions; it is easier to visualize what can be done and each recommendation may be more easily verified, most important, it becomes evident to all that the program has management's full support.

Generally 40%-50% of the time is spent on lectures with the remainder devoted to actual project assignments with cost reduction targets pegged from 20% to 40%.

The in-plant training seminars offered by VA/VE consulting firms are priced on a flat fee basis and some are part of a package deal that includes management orientation, selection of projects,

etc. Number of hours, number of participants, and other variables all shape the price tag. One New York purchasing executive who shopped around before selecting such a program reports that a seminar of about 50 hours falls in the \$12,000-\$15,000 category.

Woodward, president of Value Engineering, says his firm's in-plant (40-hour) workshop costs "run up to \$6,000 for 20 and to \$10,000 for 50 trainees." For seminars of 52 or 80 hours, Roy E. Fountain, president of Value Programs for Industry, estimates

\$13,000 to \$17,000 with participants ranging from 30 to 100. The cost, he explains, also is influenced by such variables as whether a management orientation session is included.

Howard L. C. Leslie, executive vice president of Value Analysis, Inc., reports his firm's in-plant training seminars (36 and 40 hours) are part of a three-phase package that includes management orientation, selection of projects and a six-month follow-up. For a group up to 50, the charge for this would be in the neighborhood of \$13,000-\$14,000.

As for the returns from such in-plant training, Woodward es-

timates that short-range cost reduction within five to six months after such a program usually yields a firm five to six times as much in savings as the cost of the seminar. Fountain cited one project that was thought to be a real test of VA because it had been in production for a long time and had undergone a considerable amount of cost reduction attention. "The results of this project have now been implemented, and the gross savings are in excess of \$225,000. The net savings after liquidation of all engineering effort, tooling charges, and capital equipment are in excess of \$150,000," he reported.