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Value Management

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English Version

Value Management

Management par la valeur Value Management

This European Standard was approved by CEN on 27 October 2019.

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European foreword

This document (EN 12973:2020) has been prepared by Technical Committee CEN/TC 279 “Value management, value analysis, function analysis”, the secretariat of which is held by BSI.

This European Standard shall be given the status of a national standard, either by publication of an identical text or by endorsement, at the latest by July 2020, and conflicting national standards shall be withdrawn at the latest by July 2020.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. CEN shall not be held responsible for identifying any or all such patent rights.

This document supersedes EN 12973:2000.

This document updates, extends and supersedes the previous document EN 12973:2000. New subject matter has been developed to address Value Management within the context of existing management systems and organizational culture. This standard significantly extends guidance for what an organization should do or may do to optimize performance in its current situation and to develop capability and approaches to secure future value improvement. The document also augments previous standard guidance on a common basis for practice and methods.

According to the CEN-CENELEC Internal Regulations, the national standards organisations of the following countries are bound to implement this European Standard: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Republic of North Macedonia, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Introduction

The aim of this standard is to present, define and explain Value Management and provide guidance for the introduction of the basic concepts, approaches, essential principles, drivers (levers), methods and tools for effective Value Management.

Value Management is all about:

"Organizational Improvement, setting clear goals, improving productivity, creativity and return on investment."

This standard sets out guidance on the essential elements of Value Management, which improve value, competitiveness and performance for an organization and support leadership, cross-disciplinary work and operational management.

Value Management in an organization is about proactively increasing value, it being the relationship between the satisfaction of needs and the consumption of resources used in satisfying the needs. The fewer resources used or/and the greater the satisfaction of needs, the greater the value. The application of Value Management approaches and underpinning principles throughout an organization helps strengthen the awareness and understanding among its members and teams of the factors which influence value for that organization, while making decisions on a consistent basis.

This standard presents Value Management within the context of existing management systems and an organizational culture: with value at the forefront of thinking and behavior. It aims to give specific guidance as to what an organization should do, or may do to improve performance. It addresses the concepts of 'value culture' (attitudes and understanding of value for the organization), 'Value Management' (the underlying concept of the discipline), the 'Value Management approach' (the way the organization works to apply the four principles of Value Management), and the deployment of 'Value Management methods' (specific value methods and tools such as Function Analysis, Value Analysis, Value Engineering, as well as other methods and tools). The standard gives guidance on developing capability for any organization including supply chains and delivering innovative solutions.

The four principles of Value Management underpinning the Value Management approaches, namely strengthen value orientation, apply function thinking, apply a structured, holistic approach and manage complexity, risk and uncertainty complement and support other management standards being implemented in the organization, for example, quality, risk and dependability. Crucially, the leadership in the organization will be able to carry out their own informal, formal or study-based Value Management approach to improve the organization and its products. European accredited training in Value Management is available to support organizations and individuals.

WHAT is VALUE MANAGEMENT?

Value Management is an underlying concept applied within existing management systems and approaches based on value and function-oriented thinking, behavior and methods, particularly dedicated to motivating people, developing skills, promoting synergies and innovation, with the aim of maximizing the overall performance of the organization.

Value culture implicitly combines function thinking with identifying the needs and finding the best ways to satisfy these. When an organization aspires, and strives for a mature value culture, that culture naturally aligns human behavior to improve value. Value culture using Value Management approaches underpinned by Value Management principles, particularly function thinking, and drivers (levers) and methods as described in this standard support organizations and people in increasing value.

Value Management is inherent within organizational culture, management approaches, selection of methods and tools and decision-making with the aim of maximizing performance. Value Management enables the organizational culture to enhance creativity and effectiveness in addressing the means to satisfy the needs, from the users' and customers' perspective.

WHY use VALUE MANAGEMENT?

Value Management as a concept includes the organization's Value Management approach considering its four essential principles and four drivers (levers), supported by Value Management methods and tools.

In parallel with the evolution of Value Management there has been widespread development of system standards and guidance to support organizations. Value Management contributes to and strengthens these systems to help maximize the performance of the organization.

In simple environments, a focus on functional needs and value as a basis for decision-making sets clear direction towards a sustainable solution for the organization. In dynamic or volatile environments, consideration of uncertainty and complexity and development of a holistic approach to accommodate multiple scenarios may become a guiding principle that sets a direction towards a sustainable solution for the organization.

External or internal customers and users may all hold differing views in prioritizing the needs. Effective Value Management will recognize, respect and integrate these perspectives as far as is relevant to improve value.

The most visible benefits arising from effective Value Management include:

— better business decisions, which can be supported by customers and users by providing decision-makers with a sound basis for their choices;

— increased effectiveness by organizing and using limited time and resources to best effect; delivering better environmental, social, economic, and financial outcomes;

— improved products for users and customers by clearly understanding, prioritizing and satisfying their real needs;

— enhanced competitiveness by facilitating technical and organizational innovation and resource efficiency;

— aligning members of the organization to its goals, critical success factors and values through improved internal communication and knowledge; and

— enhancing communication and efficiency through multi-disciplinary and multi-task teamwork.

The benefits of Value Management are available to all: providers and consumers in all sectors of society, individuals, organizations, networks and governments.

WHO is VALUE MANAGEMENT primarily addressed to?

— any person aiming to achieve, deliver or improve sustainable performance;

— executive leaders and authorities seeking to increase satisfaction for users, customers and stakeholders to enhance the performance of their organization;

— managers and people, at all levels, who use a Value Management approach to support decision-making; and

— all those involved in Value Management development, deployment or training.

HOW is VALUE MANAGEMENT practiced?

The Value Management approach is the way an organization, which aims to deliver value, applies the four essential Value Management principles and the four drivers (levers) for Value Management to strengthen its approach. This standard sets out guidance for informal, formal and study-based Value Management approaches to apply the Value Management principles and drivers (levers) for Value Management, relevant for the organization within specific circumstances and scenarios with the aim of maximizing the overall performance of the organization. The essence of a successful approach is based on establishing a clear understanding of the relationship between the satisfaction of need and the resources used to satisfy it.

The development of the value culture within the organization is fundamental to optimizing performance. The development of this culture requires training in function thinking appropriate to the activities, responsibilities and accountability of the individuals.

A mature value culture shapes attitudes and working practices and encourages groups to collaborate and tackle challenges to achieve agreed goals. An appropriate value culture reduces waste and unnecessary effort and encourages the focus of limited resources on those areas which will give the greatest value.

Value Management embraces specific management tools, which may be applied in a rigorous and systematic manner to address all kinds of issues ranging from design or production of a single component or service to addressing vision, mission and/or development of strategic goals.

In larger organizations, a structured framework should be created and introduced to assist managers in applying Value Management approaches, principles, drivers (levers) and methods consistently across the organization. In such organizations, individuals may have specific and well-defined roles within the process. In smaller organizations (such as Small and Medium-sized Enterprises), such roles may be less defined, and an individual may effectively perform several of these as part of their duties.

This standard includes guidance for:

— successful Value Management;

— improving the contributions which Value Management can make for an organization;

— making sustainable decisions not only about environmental resources and responsibilities, but also regarding social, and economic well-being of communities and financial performance of the organization; and

— balancing and aligning the needs of customers and users of a product and other stakeholders with an interest in or influence on a product.

Throughout this document the word ‘product‘ has a wide meaning, which embraces any tangible or intangible result of activities or processes, including any goods, intellectual property, process, service, system, strategy or organization.

1 Scope

This document aims to:

a) guide and give ideas for leaders, managers, and teams to plan the deployment of Value Management approaches and the effective application of Value Management core / specific methods;

b) help organizations improve performance, productivity, profitability and effectiveness;

c) address Value Management at the managerial level;

d) support people in strengthening value culture;

e) give guidance for strengthening Value Management and Value Management methods at different levels within the organization;

f) identify the conditions for effective Value Management;

g) give guidance for value-based decision-making;

h) stimulate and support innovation; and

i) establish a basis for developing training and certifying procedures for individual competences in Value Management.

Figure 1 presents the envisaged organization of documents relative to the Value Management field and the standards available at the CEN level for all users of this document.

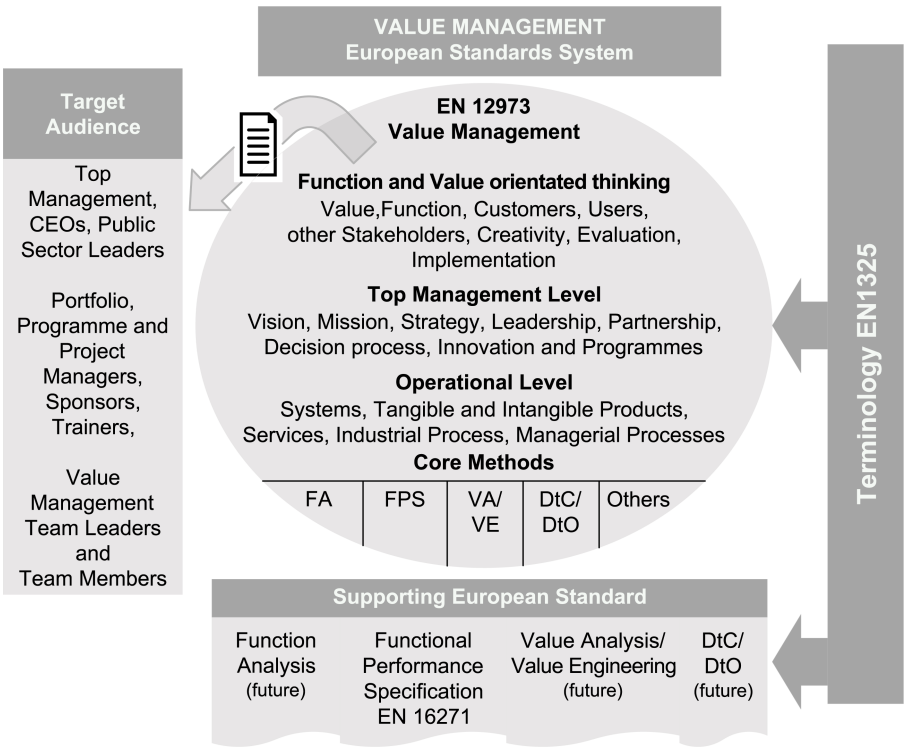

Figure 1 — Documents in relation to Value Management

A system for certification of individual professional competence is maintained by the National Value Associations in Europe. The qualification “Professional in Value Management” (PVM) is recognized across Europe by National Value Associations as an indicator of competence. This qualification is also recognized in other countries outside Europe.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

EN 1325, *Value Management - Vocabulary - Terms and definitions*

EN 16271, *Value management - Functional expression of the need and functional performance specification - Requirements for expressing and validating the need to be satisfied within the process of purchasing or obtaining a product*

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