VALUE ANALYSIS ACTIVITIES IN THE SPRINT PROGRAMME OF THE EUROPEAN COMMUNITY



European Community Programme for Innovation and Technology Transfer



Value Analysis activities promoted by the SPRINT programme. Progress report

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1. Background

Innovation management techniques are a key factor in safeguarding the competitiveness of companies, in particular SMEs, and hence their long-term potential. Moreover, a proper application of such management techniques facilitates the revision of company's organisational structures and strategies entailed, quite often, by the introduction of new technologies.

These innovation management techniques include, inter alia,

- strategic planning
- technology watch
- quality management
- Industrial Property Rights (IPR) management
- value analysis
- design
- and the marketing of innovations.

Although they are rather common among large firms, to increase competitiveness and, in particular, supporting their technological development policies, their knowledge and use by SMEs is rather limited.

Appropriate advice could thus significantly increase their rate of assimilation among SMEs. Although most Member States count with schemes to strengthen their use by SMEs, the level of application of these techniques varies very much according to region, industrial sector and size of enterprise.

Moreover for certain new techniques there are still differences throughout Member Sates (e.g. terminology, standards, certification). These variations hinder, in particular, the process of technological integration in the European Union. In this respect it is worthwhile underlining that research shows a constant and progressive use in subcontracting activities, of these innovation management techniques in the relationships between large firms and their auxiliary companies. This trend will be strengthened within the Internal Market thus affecting more and more company's cross borders contracts.

2. <u>Value Analysis</u>

Value Analysis can be defined as a management technique which analyses by means of a systematic approach how to reduce cost, while taking into account customer requirements. Value Analysis assesses not only the degree of innovation desired or allowed for in the product or service, but also covers the implementation and follow-up of solutions proposed and thus strengthens companies' innovative capacity and competitiveness.

This methodology has been going through a process of evolution, and has passed from the stage of "Value Analysis" to become a system of "Value Management" which can be considered as the combination of problem-solving methods with project and management policy tools.

Value Analysis methods have been under-utilised in the Community, though their use has been growing in relations between customers and suppliers, particularly across borders. In view of this SPRINT set up a working group to gather together all the associations or representative organisations established in the Member States of the European Union (the national members of this group are listed under point 3).

3. Activities promoted by the SPRINT programme.

A number of activities are being promoted with the support, where appropriate, of the value analysis working group:

3.1. Community Report/Surveys on Value Analysis

The latest published contains Success Stories on Value Analysis. Under the title "Better Management through Value Analysis", it presents case-studies covering a wide range of applications of the value analysis methodology

This report is the fifth publication in a series aimed at fostering awareness and use of this management technique. The titles of the four previous publications are as follows :

- * "Value Analysis in the European Community. A tool for Value Management"
- * "Value Analysis Glossary"
- * "The European Market for Value Analysis"
- * "Survey on training activities in Value Analysis"

A second edition of the VA success stories report is being prepared by the Italian Association for VA, with the support of other European associations. This report will review new case studies of VA applications in firms.

3.2. <u>Support to European Conferences on Value Analysis and, where appropriate, to</u> <u>national events in less favoured regions :</u>

The forthcoming 6th European Conference on Value Analysis will be held in Lisbon late in 1996. It will be organised by the Portuguese Association for Value Analysis with the support of other European associations, and in particular it will facilitate a review of the issues at stake surrounding the introduction of VA and its absorption by companies in the less favoured regions.

A Community steering programme committee will be set up to develop in consultation with the Commission services the programme of this conference.

Further information can be obtained from

Mr Sergio d'Espiney APAV President L.N.E.T.I. Azinhaga dos Lameiros à Estrada do Paço do Lumiar Edificio J P-1699 LISBOA Codex

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3.3. Harmonisation of Community standards in Value Analysis

The current project on **Pre-standards in Value Analysis** is promoted by the French and German associations for Value Analysis with the support of all Community VA associations. It aimed at continuing the harmonisation process on Value Analysis and to prepare pre-standards in this field, which will be put forward to the competent technical committee in this area set up by the CEN/CENELEC for further consideration.

Three levels have been identified in the organisation of the work programme :

- First level : Value Management. An overview
- <u>Second level</u> : Value Management system, covering the concepts and applications of Value Management
- <u>Third level</u>: Tools for the Value Management application (for example Value Analysis, Functional Analysis, Functional Performance specifications, etc.)

Although the final report of this project, titled "Value Management Handbook" has been delivered, it is now being edited and proofed before the dissemination campaign. It is expected that this Value Management Handbook will provide a common European reference to all practitionars as well as interested parties in this technique. Further information can be obtained from the lead partners of this project

Association Française pour l'Analyse de la Valeur Monsieur G. QUINTAA Tour de l'Europe, cedex 07 F-92049 PARIS, LA DEFENSE Fax n° (33) 1 42 91 56 56

VDI Zentrum Wertanalise Mr V. WANDUCH Postfach 101139 D-40002 DÜSSELDORF Fax n° (49) 211 621 45 75

3.4. Managing the integration of New Technology (MINT)

MINT is a SPRINT initiative aimed at promoting the absorption of new technology through the use of consultants experienced in the management of innovation. This is a co-ordinated attempt by the Member States and the Community to exchange good practice and share the results of a common approach so as to create awareness, and stimulate use of innovation and technology management techniques including value analysis as an element.

It has therefore been integrated in MINT as a diagnostical tool.

Further information about this initiative can be obtained from:

Mr Robino Technical Assistance Unit of SPRINT 119, Avenue de la Faïencerie L-1511 LUXEMBOURG

Tel. (352) 46 55 88 Fax. (352) 46 55 50

3.5 Sprint project RA 393

This project brings together two national associations promoting Value Analysis (the German and British), a contract Research institute experienced in innovation in the production area (Fraunhofer Gesellschaft) and two regional technology development agencies (the Irish and the Andalusian Institutes of technology).

This project is aimed at the development of complementary elements of VA methodology for use in the introduction and improvement of concepts for quality management, quality control and quality assurance in SME's. Further information can be obtained from :

Mr WENGEL Fraunhofer Gesellschaft ISI - FHG Breslauer Strasse 48 D-76139 KARLSRUHE

3.6 <u>Forthcoming activities: Project to develop a European Value Management and</u> <u>Certification Procedure</u>

A project, put forward by the UK Institute for Value Management, with the support of six European associations (D, F, E, I, P and B), will be started in January 1995 to develop, test and subsequently put into place a system to ensure consistent levels of VA training across all Member States and a procedure to recognise individual competence in VA through certification.

The foreseen duration of this project to be started in January 1995, will be of 30 months. Further information can be obtained from:

Mr Michael Dallas The Institute of Value Management Hanscomb Limited 5, Upper Belgrave Street UK-LONDON SW1X 8BD

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