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BSI Standards Publication

Value Management — Vocabulary — Terms and definitions

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National foreword

This British Standard is the UK implementation of EN 1325:2014. It supersedes BS EN 1325-1:1997 and BS EN 1325-2:2004 which are withdrawn

The UK participation in its preparation was entrusted to Technical Committee MS/2, Project, programme and portfolio management.

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Foreword

This document (EN 1325:2014) has been prepared by Technical Committee CEN/TC 279 “Value management - Value analysis, functional analysis”, the secretariat of which is held by AFNOR.

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of an identical text or by endorsement, at the latest by September 2014 and conflicting national standards shall be withdrawn at the latest by September 2014.

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

This document supersedes EN 1325-1:1996 and EN 1325-2:2004.

The main technical change compared to the previous versions is the updating of the terms and definitions.

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

Introduction

This European standard defines terms for Value Management (VM), to develop consistent language for use in optimising performance and productivity for organizations, projects, products, and services.

Value Management is founded on the concept of value and on the functional based approach.

Value Management approaches and methods are used on the general management level of companies and organizations, for the development of products and services, or to work out the optimised solution of many kinds of industrial and organizational problems.

The concern of these approaches and methods for the end purposes, or functions, of the matter examined, and their search for the optimisation of these functions in relation to the means, resources or expenditures which are necessary for their attainment, are very important factors of the overall efficiency and competitiveness of companies and organizations.

European Standards are being developed to promote unified concepts and the highest level of expertise and efficacy in the European countries.

In order to achieve a common way of practice of these methods, and a common understanding of the standards it is essential to define and standardise in a vocabulary standard the precise meaning of the specialised terms which are used. If the standards on Value Management methods which are just now being developed require a correction or adaptation of terms and definitions then this will be taken into account by a revision of this standard.

1 Scope

This European Standard defines language for optimising performance and productivity by using Value Management.

This European Standard defines terms in Value Management (VM).

This European Standard aims to:

— Promote and define common language for Optimising Performance and Productivity by using Value Management;

— Define the main terms of the “Value Management (VM), Value Analysis (VA), Function Analysis (FA)” field;

— Define terms for important methods and tools;

— Establish a single source for generic terms;

— Create accessible language for international communication;

— Publish useful definitions for specialists and non specialists;

— Clarify differences which may exist in language where a word in common use is used to signify a specific meaning in Value Management;

— Reduce the risk of inconsistency between standards applied internationally.

2 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

NOTE When a term, which is defined in this vocabulary, is used in the definition of another term, it is printed in bold type.

2.1 General terms related to value

2.1.1
value
measure which expresses how well an organization, project, or **product** satisfies **stakeholders**’ needs in relation to the **resources** consumed

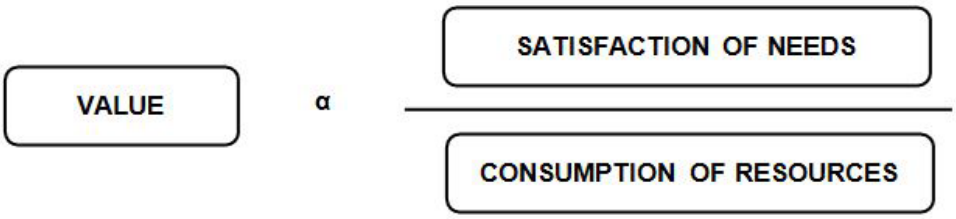

Figure 1 — The concept of value

Note 1 to entry: Value informs assessment (or judgement) of solutions: it is an index of relevance, constituting a decision-making support. The concept is relevant to all possible scenarios and can also include a decrease of negative impacts with constant services, through an increase of services, innovative approaches, and integrating an increase in the services with the reduction of negative impacts.

Note 2 to entry: Value is relevant for any type of object: tangible or non tangible **product**, service, process, organization.

Note 3 to entry: All the combinations of increase / reduction of the provided services and the consumed **resources** are possible, subject to yielding an improvement of the general result. An approach of « cost reduction » does not improve **value** when it entails a reduction of the provided services which is not controlled or an increase of the negative consequences.

Note 4 to entry: Satisfaction of **need** can be assessed only with regard to reference **functions** which define the supposed **needs** or provided services and **constraint**s to be met. This logic fundamentally distinguishes the **value management** approach from any other approach of optimisation, design or more generally of problem solving.

Note 5 to entry: According to the subject of the project, it is relevant to consider satisfaction (or contributions) from a point of view wider than the reference **functions** defining the provided services, and being possibly linked to:

— positive effects for the environment, social, or broader economy;

— gains and advantages for the parties involved in the project;

— uncertainties as to what benefits, foreseen or not (upside potential) may be required or achieved; and

— uncertainties in the balance of risks and opportunities.

Note 6 to entry: According to the subject of the project, such as where the environment comprises human beings the notion of “consumption of **resources**”, due to its more general meaning, can bring a relevant way to evaluate a proposal. It is possible to consider, as for the perceived advantages, the consequences from more global points of view and from various timescales, comprising:

— the consequences on the environment of the subject or of the stakeholders (economic, social, ecological consequences, etc.);

— the identification and the assessment of the resources at stake to cover risks and opportunities associated with choices (market scenario risks and opportunities, possibilities and constraints of the fulfilment of the requirements, project risks and opportunities, risks and opportunities of evolutions of the environment, even of the needs, etc.);

— the uncertainties as to resources which may be consumed, constrained, or present, foreseen or not, balancing upside potential and risk;

— uncertainties in balance of risks and opportunities.

Note 7 to entry: When making an assessment of value some organizations may examine the global perspective as well as the organizational perspective. This implies that, in addition to stakeholders need and consumption of resources, positive and negative impacts beyond the interests of the stakeholders should be considered.

2.1.2
stakeholder
person or organization which has an interest in and influence on a **product** at any time during its life cycle

2.1.3
customer
person or organization who has the potential to be a **user** or enquirer of a **product** at any time during its life cycle

2.1.4
user
person or organization for which the **product** is designed and which exploits at least one of its **functions** at any time during its life cycle

Note 1 to entry: A user can be an external or internal customer.

2.1.5
product
result of activities or processes, any goods, process, service, system, strategy or organization

Note 1 to entry: A product can include service, hardware, processed materials, software or a combination thereof.

Note 2 to entry: A product can be tangible (e.g. assemblies or processed materials) or intangible (e.g. knowledge or concepts), or a combination thereof.

Note 3 to entry: A product can be either intended (e.g. offering to customers) or unintended (e.g. pollutant or unwanted effects).

[SOURCE: EN ISO 9000:2005, EN ISO 14024:2000]

2.1.6
constraint
characteristic result or design feature which is made compulsory or has been prohibited for any reason, with no alternative possibility being left

Note 1 to entry: Constraints are generally restrictions on the choice of solutions in a value study.

Note 2 to entry: The constraints can result from laws, from standards, from the demand of the market. These elements contribute to the characterisation of the functions. It is wise to record the relationship between them and the functions to which they apply (traceability).

Note 3 to entry: Given the importance which the constraints can have on the definition of the **product**, it is good practice to justify any specified constraint.

Note 4 to entry: To facilitate the reading of the results of the Function Analysis, constraints can be included in a particular section of the FNE.

2.1.7
cost
expenditure incurred on, or attributable to, a given **product**

Note 1 to entry: Cost is expressed in terms of money expended by one or more stakeholders.

2.1.8
need
what is necessary for or desired by the **user**

Note 1 to entry: A need can be declared or undeclared; it can be existing or potential.

2.1.9
resources
everything that is required to satisfy the **needs**

Note 1 to entry: Resources include not just cost (both long and short term) but also time, materials and other inputs, whether physical such as materials or abstract such as intellectual property, sustainability and social impact.

Note 2 to entry: Resources used include initial cost plus operation costs plus other considerations such as influence on environment

2.1.10
life cycle
time interval from product inception until its removal from use and disposal

Note 1 to entry: Life cycle encompasses evolution undergone by a product studied in the course of time, from its conceptualisation to its withdrawal. 'Withdrawal' should be understood as the final elimination of the product beyond its withdrawal from service.

Note 2 to entry: Examination of life cycle may consider **product** usage conditions which may be encountered including scenario planning, risk assessment, transport, handling, storage, intended duration of use and other factors.

2.1.11
life situation
product usage condition (for transport, handling, storage, maintenance, various applications, etc.) with the respective occurrences and duration

2.2 General terms for value management

2.2.1
value management
VM
style of management, particularly dedicated to motivating people, developing skills and promoting synergies and innovation, with the aim of maximising the overall performance of an organization

Note 1 to entry: Applied at the Corporate perspective, Value Management relies on a **value culture** taking into account **value** for both **stakeholders** and **customers**. At the operational perspective (including project oriented activities), it implies in addition the use of appropriate methods and tools.

Note 2 to entry: Value Management can also be considered as a framework within which methods and tools are deployed to improve performance. Terms for core tools are defined in this standard.

2.2.2
value culture
attitude, awareness and sufficient knowledge of what the concept of **value** represents for an organization and its **stakeholder**s and of the factors that may affect this **value**

Note 1 to entry: It includes an appropriate knowledge of available methods and tools and an awareness of managerial and environmental conditions which enable **Value Management** to flourish.

Note 2 to entry: It includes the examination of organizational behaviours and climate.

Note 3 to entry: Value Management approaches address both Management by Value, whereby the concepts of **function** and **value** are taken fully into account in management and decision-making, and Management of Value, which is aimed at the successful completion of projects through the use of one or more value management methods. [SOURCE: Value Management Handbook]

2.2.3
value management programme
planned and structured array of activities which enables the development, implementation and maintenance of **Value Management** policy in a sustainable manner

Note 1 to entry: VM is deployed as a framework within an organization, as specific programmes, as projects and as discrete studies within projects.

2.2.4
Roles
2.2.4.1
value manager
person who is responsible for planning, organizing, supervising, and implementing a **Value Management Programme** or value management study

2.2.4.2
enquirer
person or organization in search of a **product** and which is responsible for issuing the Functional Performance Specification, with a view to its purchase or acquisition and use by itself or by others

2.2.4.3
designer
designer-producer
entity responsible for the design of a product and sometimes of its providing

Note 1 to entry: The designer/designer - producer is either an external organization, or a department from the same organization as the **enquirer.**

Note 2 to entry: In certain sectors a designer is called ‘consulting engineer’ or ‘architect’.

2.2.4.4
project owner
entity responsible for the definition of the **need** and for the **specified objective**, which procures the management of the project, the selection of the **designer**(s), pilots the action, and assures, and finances the activity

2.3 Terms related to core methods of value management

Terms related to Core Methods of Value Management are defined below. Guidance on deployment and use of these methods is given in separate standards.

Core methods include:

— Function Analysis;

— Function Cost;

— Functional Performance Specification;

— Value Analysis and Value Engineering;

— Design to Cost and Design to Objective.

2.3.1
function analysis
FA
process that describes completely the **functions** and their relationships, which are systematically characterised, classified and evaluated

Note 1 to entry: The **function structure** is a part of the result of Function Analysis.

Note 2 to entry: Function Analysis covers two approaches: the **Functional Need Analysis** (or External Function analysis) and the **Technical Function Analysis** (or Internal Function analysis).

Note 3 to entry: Function Analysis combines problem definition on the one hand (FNA/FNE), and the technical functions and the inter-relations of the components and finally the potentialities of the solution in the mind on the other hand (TFA); furthermore it provides a common understanding.

2.3.1.1
function
effect of a **product** or of one of its constituents

Note 1 to entry: Functions should be expressed in an abstract form, free of solutions.

2.3.1.2
functional need analysis
FNA
part of **function analysis** which describes the **need** that the **product** shall satisfy in the form of **user-related functions** and **constraints**

Note 1 to entry: Sometimes referred to as 'External Function Analysis' or ‘Customer function analysis’.

2.3.1.3
technical function analysis
TFA
part of **function analysis** which contributes to studying and formalizing the product architecture by identifying the **product-related functions** of the sub-assemblies or components

Note 1 to entry: Sometimes referred to as ‘Internal Function Analysis'.

2.3.1.4
Types of functions
2.3.1.4.1
user related function
URF
effect expected of a **product**, or performed by it, in order to meet a part of the **need** of a specific **user**

Note 1 to entry: The **users** and the market are generally only interested in user related functions.

Note 2 to entry: **Customer needs** and specifications may be expressed as a set of user related functions.

Note 3 to entry: User related functions are typically either use or esteem functions.

Note 4 to entry: User related functions might be either necessary or unnecessary, desirable or undesirable. **Functional Need Analysis (FNA)** is a method which helps to eliminate **unnecessary** and **undesirable functions**.

2.3.1.4.2
product related function
PRF
effect of a constituent of a **product** or the effect between the constituents of the product for the purpose of performing user related functions

Note 1 to entry: When choosing an overall solution, the **designer** or organizer determines the product related functions sometimes called internal functions.

Note 2 to entry: The product related functions of a complete **product** or system can be the **user related functions** of a constituent element of the **product**.

Note 3 to entry: The product related functions can be related to the available technology.

Note 4 to entry: A product related function might be either necessary or unnecessary, desirable or undesirable.

2.3.1.4.3
unnecessary function
function that does not contribute to the satisfaction of the **need** of a **user**, and so has no positive contribution to the **value** of the **product**

2.3.1.4.4
undesirable function
function which has an adverse effect for the **user** or sustainability or the environment; it has a negative contribution to the **value** of the **product**

Note 1 to entry: Undesirable functions are generally the unanticipated results of the technical choices.

2.3.1.5
function structure
arrangement of **functions** resulting from **Function Analysis**, which can be presented in the forms of a tree, or of a diagram, giving a complete, visual, written presentation

Note 1 to entry: When **product related functions** are considered, the function structure shows the way in which the **functions** interact.

2.3.1.6
function carrier
feature by which a **function** is realised

Note 1 to entry: Function carriers can be parts of a **product** or operations in a process.

2.3.2
function cost
FC
whole of the expenditure forecast or incurred for including a **function** in a **VA/VE subject**

Note 1 to entry: Before design or re-design, the function cost is a target or a limit: the expenditure which is granted for including that **function**. After development or implementation, the function cost is the **cost** which has been effectively incurred.

2.3.2.1
target cost
objective concerning the cost of the end product in given conditions for its realization

Note 1 to entry: A target cost may be identified for the recurring cost only of the product (unit cost of production) or be identified by a combination of costs containing not recurring costs (costs of development, industrialization), the acquisition costs, elements of the logistic and operational support, and costs incurred by its use (life cycle cost).

2.3.2.2
worth
benchmark or target determined by the lowest theoretical **cost** to perform a **function** on, or attributable to, a given **product**

2.3.2.3
life cycle cost
LCC
cost of acquisition and ownership of a **product** over a defined period of its **life cycle**

Note 1 to entry: Life cycle cost may include the cost of development, acquisition, user training, operation, support, removal from use and disposal of the product.

2.3.3
functional performance specification
FPS
document in which the **enquirer** expresses his needs (or those which he is instructed to express) in terms of **user related functions** and **constraints**

Note 1 to entry: For each of these **functions**, **evaluation criteria** are defined together with their performance levels. A certain degree of flexibility is assigned to each one.

Note 2 to entry: The **enquirer** is sometimes called “”owner or “project manager” or “procuring authority” or “contracting authority”.

2.3.3.1
functional need expression
FNE
result of a **Functional Need Analysis**

Note 1 to entry: The Functional Need Expression is used as a basis to draw up the main part of the **FPS**.

Note 2 to entry: Obtaining a **product** may comprise acquisition, exploratory studies, or development followed by supply.

2.3.3.2
granularity
definition of the fineness, detail level , richness of the elementary information chosen to make an **FNE**

Note 1 to entry: Granularity needs to be chosen carefully; insufficient detail will result in vagueness. Too much detail may implicitly impose types of solution, restrict the search field, and it may require hardly justifiable work.

Note 2 to entry: Theoretically proposed by the action manager to reach the expected results; it has to be validated by the decision-maker.

Note 3 to entry: The project maturity and progress stage are essential elements upon which the chosen **FNE** granulation level depends.

2.3.3.3
interactive agent
element of the product environment interacting with the **product** during its life cycle

Note 1 to entry: Taking into account all interactive agents means that the **product** is considered from a systemic point of view.

Note 2 to entry: Two interactive agent types can be distinguished. Human interactive agents such as individuals or interested parties, environmental interactive agents which can be tangible or intangible.

Note 3 to entry: The interested parties are the people or groups of people involved or affected by a **product** from the time when it exists, such as:

— **stakeholders**, which include the **customers**, **users** of the **product** and organizations involved in its distribution, maintenance in working order until the withdrawal from service and possible dismantling of the product; and

— parties impacted by the **product** without necessarily using it or supporting it.

Note 4 to entry: Some interactive agents are stable. Others are uncertain or unpredictable. Both will influence the **FNE** and the ability of the **product** to deliver against the need.

Note 5 to entry: The tracking of evolution for an interactive agent contributes to the traceability of requirements.

2.3.3.4
evaluation criterion / criteria
characteristic(s) used to evaluate the performance expected from, or provided by the **product**

Note 1 to entry: Evaluation criteria can be specified for one or more **functions** or for the whole **product**.

Note 2 to entry: Several evaluation criteria are generally necessary to precisely specify a **function**.

2.3.3.5
level of an evaluation criterion
position on the scale of measurement or estimation for a **function evaluation criterion**

Note 1 to entry : for example, this level can be a target set in the **functional performance specification**, or it can be the level achieved by a proposed technical solution which is used to evaluate the solution.

2.3.3.6
Flexibility
2.3.3.6.1
flexibility of a level
set of indications given by the **enquirer** regarding the possibility of adjusting the **level** sought for an **evaluation criterion**

Note 1 to entry: This flexibility can be expressed:

— in a qualitative way **(classes of flexibility)**;

— in a quantitative way (in particular in terms of cost-benefit).

2.3.3.6.2
class of flexibility
indication allocated to the **level of an evaluation criterion** to clarify the degree according to which it is negotiable or imperative

Note 1 to entry: for example, define four classes of flexibility:

— No flexibility (F0): imperative level;

— Low flexibility (F1): little negotiable level;

— Moderate flexibility (F2): negotiable level;

— Large flexibility (F3): optional level.

The qualitative aspect of such an indication allows an easier expression of the levels of the evaluation criteria and may be adopted by the **enquirer**.

2.3.3.6.3
limit of acceptance
level of a criterion below which, or above which according to the case, the need is considered unsatisfied

Note 1 to entry: Any solution not respecting a limit of acceptance of a **user related function** is unacceptable. Therefore, the **enquirer** should be extremely aware of the consequences of the choice of the limits.

Note 2 to entry: A limit of acceptance can also be defined by a deviation, absolute or relative, positive or negative, with regard to the selected **level of an evaluation criterion**.

Note 3 to entry: In certain sectors, the choice of the limits of acceptance can be expressed by means of standard classes.

2.3.3.6.4
trade off rate or "exchange rate"
relationship declared acceptable by the **enquirer** between the variation of the price (or of the cost) and the corresponding variation of the level of a **function evaluation criterion**, or between the level variations of two **function evaluation criteria**

Note 1 to entry: In the case of a **Functional Performance Specification**, the reference point of the variations is defined by the objectives of **costs** and **levels of evaluation criteria**; these variations are then deviations.

Note 2 to entry: It is acceptable to express the deviations in relative **value**.

Note 3 to entry: The specified trade off relationships can be based on calculations, optimisation, from enquiries with **users**, desires, incentives, or other consideration of the **enquirer**.

2.3.4
Value analysis (VA) and value engineering (VE)
2.3.4.1
value analysis
VA
organized and creative approach using a functional and economic design process which aims at increasing the **value** of an existing **product** or service (**VA subject**)

Note 1 to entry: The **VA subject** is usually an existing **product** or service.

Note 2 to entry: The process of Value Analysis is implemented by a **VA team** and outlined by the **VA work plan**.

2.3.4.2
value engineering
VE
organized and creative approach using a functional and economic design process which aims at maximising the **value** of a new **product** or service (**VE subject**)

Note 1 to entry: The **VE subject** is usually a new or proposed **product** or service.

Note 2 to entry: **VE** aims at creating a new **product** or service with high **value.**

Note 3 to entry: The process of value engineering is implemented by a **VE team** and outlined by the **VE work plan**.

2.3.4.3
VA/VE subject
existing or potential **product** to which **Value Analysis/Value Engineering** is applied

2.3.4.4
VA/VE work plan
process intended to ensure successful application of **Value Analysis** / **Value Engineering**

Note 1 to entry: The VA/VE work plan may include a preliminary phase during which data is established to inform the definition of the VA/VE project.

2.3.4.5
VA/VE target
function, **cost**, and **resource** objectives (including objectives other than cost such as availability, time, volume, etc.) for the **VA/VE project** set for the **VA/VE team**

Note 1 to entry: Depending on the progress of the work of a **VA/VE project** a general or a detailed objective can be identified.

2.3.4.6
VA/VE project
application of **Value Analysis** or **Value Engineering** to a **VA/VE subject**

Note 1 to entry : A VA/VE project may comprise many specific studies.

2.3.4.7
VA/VE team
multi disciplinary group of people, selected for their competence, expertise and/or responsibility in various aspects of the **VA/VE subject**, who undertake the **VA/VE project**

2.3.4.8
VA/VE project leader or facilitator
person who has the knowledge, competence, and personality to organize, lead and coordinate a **VA/VE team** in a professional and successful way, and as such has been put in charge of this responsibility by management

Note 1 to entry: 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 recognised across Europe by National Value Associations as an indicator of competence in performing the role of VA/VE project leader. This qualification is also recognised in other countries outside Europe.

2.3.5
Design to cost and design to objective
2.3.5.1
design to cost
DTC
method of managing a project which allows a project to be controlled from its inception in order to meet defined performances within pre-established objectives of cost and time

Note 1 to entry: This requires, in the early project phase, a **cost** based on past experience, budget, market price, etc., to be assigned to a **product**, its components and assembly and then for the technical specification and **cost** to be traded off against each other until a general agreement is reached.

Note 2 to entry: A continuous **cost** visibility should be ensured during development.

2.3.5.2
design to objective
DTO
method of anticipative management which, from the beginning of the program of development of a **product** or a system, aims at satisfying in an optimised way the **specified objective**

Note 1 to entry: The design to objective method extends the **design to cost method** to incorporate the **trade off** of **functions** or of their performances against other factors such as quality (right first time), cost, resources (including monetary and non monetary factors) and delivery (on time, when required).

Note 2 to entry: The method may involve a supply chain working through a partnership approach associating a **project owner** and one or more supplier designers striving for competitiveness. The clarification of mutual objectives and individual objectives is an important activity in the early project phase.

Note 3 to entry: The **specified objective** is in principle not negotiable. The way of meeting it should be established with one accord, in particular the **trade-off** rules to make use of the **flexibility** allocated to the major objectives of the **project owner** or leading **stakeholder**.

Note 4 to entry: The **specified objective** should be ambitious but not unrealistic, and should need a real effort to fulfill the desired **needs**.

Note 5 to entry: Whatever the nature, the aimed at objectives have to obtain the support of the different partners. Each of them shall incorporate the **trade off**s for the benefit of project and partnership performance within the specific context and strategy of the individual organization.

2.3.5.3
partnership with objective
structured group of relations between parties and of their exchanges governed by rules agreed between them

Note 1 to entry: The parties, involved in a **Design to Objective** approach or to a **Design To Cost** approach, include at least a **project owner** and a **designer**.

Note 2 to entry: The agreed rules are implemented to manage the design in an agreed way towards the attainment of the **specified objective**.

Note 3 to entry: In a **DTO** approach several partnerships with objective can be built with the same **specified objective**.

2.3.5.4
specified objective
predetermined levels for a set of performances, the attainment of which is made a priority with regard to that of other performances and characteristics of the product that is to be designed and realised

Note 1 to entry: The concerned performances can be intrinsic to the **product**: expected service, and other determining characteristics (mass, volume, availability, etc).

Note 2 to entry: The objective can take into account the conditions of industrialisation, production, **costs**, time limit, support, etc.

Note 3 to entry: Other important results (a technological advancement, the realisation of a competitive advantage, etc.) can also be taken as additional objectives, in line with the strategy of the lead stakeholder and partners.

Note 4 to entry: Once agreed, the specified objective is considered as stable. Other performances and characteristics constitute an open field in the search of compromises.

Note 5 to entry: The level may include tolerance for physical dimensions as well as that of identified functional and non functional characteristics.

Note 6 to entry: The approach of characterisation of **function**s can be applied to the definition of the specified objective.

Annex A
(normative)

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