

Subsistence Inspection Manuel DSCPM 4155.6

Subsection 102.1

DSCP-FTSA

JUNE 07

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Value Engineering

- I. **PURPOSE AND SCOPE** – This subsection outlines procedures for promoting effective participation in the Value Engineering Program. These procedures are applicable to Veterinary/Medical Food Inspection personnel. U.S. Department of Agriculture (USDA) personnel are encouraged to participate in the Value Engineering (VE) Program and should follow these procedures when submitting a VE proposal. Time devoted by USDA personnel to develop a proposal should not be charged to the contractor.
- II. **DEFINITION** -
- A. **Function** – The purpose or use of a product or service.
 - B. **Value** – The relationship between the worth or utility of an item (expressed in monetary terms) and the actual monetary cost of the item.
 - C. **Value Engineering** – An organized effort directed at identifying the necessary functions of a commodity or service; establishing values for these functions, then achieving the functions at a lower overall cost, e.g., eliminating unnecessary requirements. A VE study may include review of processing, quality assurance, administrative, packaging, marking, labeling, unitization and other requirements, which affect the delivered price of subsistence supplies.
 - D. **Value Engineering Change Proposal (VECP)** – A cost reduction proposal submitted by a contractor pursuant to the VE Clause cited in an active contract.
 - E. **Value Engineering Proposal (VEP)** – A cost reduction proposal submitted by a Government employee for economic improvement through the use of VE techniques.
 - F. **Worth** – The usefulness of an item or service expressed in monetary terms.
- III. **POLICY** – It is DSCP’s objective to fully explore all proposals having potential for improving specifications and reducing costs. Contractors should be encouraged to submit a VECP whenever a cost reduction potential can be identified. Inspection personnel are encouraged to compare and evaluate contract requirements with the contractor’s commercial practice to determine if changes could be made which would improve the value of subsistence supplies. VEPs are an excellent medium for communicating these ideas to the elements responsible for these requirements.
- IV. **PROCEDURES** –
- A. **Value Engineering Proposal (VEP)** Inspection personnel are encouraged to follow the procedures listed below to assure the Government maximum value for the supplies purchased.
 - 1. Continually analyze commodity requirements to detect areas, which unnecessarily contribute to the cost of the item. A small unit saving may become very significant when applied to the total quantity procured.
 - 2. Include the following information in a VEP to facilitate its evaluation:
 - a. Item nomenclature, specifications and contract number.
 - b. Applicable requirement in the specification and contractual document.
 - c. Recommended change.

This Subsection supercedes Subsection 102.1, dated FEB 05

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* Denotes changes

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- d. Any other details which will better enable the evaluator to consider the proposal.
Include an estimate of potential savings if possible.
- e. Suggestor's name, office, location and phone number.
3. Submit the VEP by letter through established channels to:
Defense Supply Center Philadelphia
ATTN: DSCP-FTSA VM Office *
700 Robbins Ave. Bldg. 6
Philadelphia, PA 19111
4. The Subsistence Value Management Program Manager shall acknowledge proposals received from inspection personnel and process the proposals in accordance with the procedures in DSCP Manual 4155.37, Subsistence Value Engineering Program. If approved, adoption of the proposal shall be reported to the originator.

B. Value Engineering Change Proposal (VECP)

1. Government inspection personnel should inform contractors that the Government operates a VE program which encourages contractors to participate by sharing cost savings with them for approved VECPs.
 2. If a contractor has a proposal which indicates a potential to reduce the unit cost of an item in the current contract, the contractor should contact the Contracting Officer to discuss the VE clause and the VE minimum requirements.
 3. VECPs shall be reviewed by the Contracting Officer upon receipt to assure compliance with the VE Clause prior to further processing. The Contracting Officer shall then process the VECP in accordance with the procedures in DSCP Manual 4155.37.
- C. **Assistance** Whenever detailed guidance or assistance in Value Engineering matters is desired, inspection personnel are encouraged to contact the Subsistence Value Management Program Manager at DSN: 444-4435 Commercial: 215-737-4435 *