Week-01-L-05

Value Engineering Agricultural Plan

Introduction to Value Engineering (VE)

Cost Reduction vs. Value Engineering

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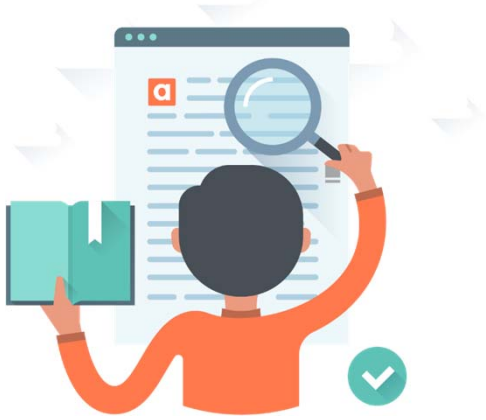
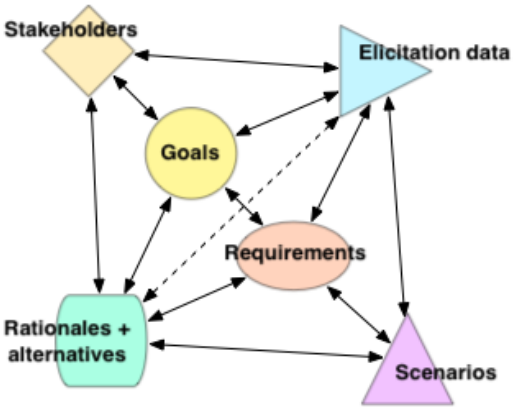
Value Engineering Techniques

USD 100 / 5 years / harmony my land.

- ***Information Gathering:*** Collect data on the agricultural product's life cycle, cultivation process, and distribution.
- ***Function and Goal Analysis:*** Analyze the primary and secondary functions and objectives of the agricultural process.
- ***Creative Brainstorming:*** Engage in innovative thinking to generate new farming or crop management strategies.



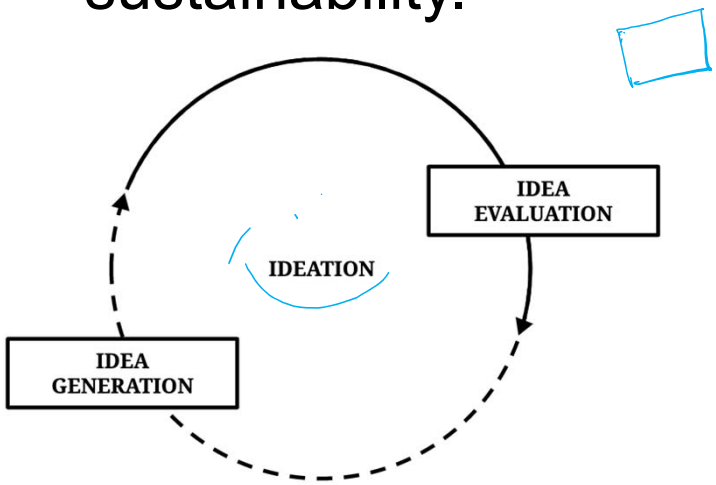


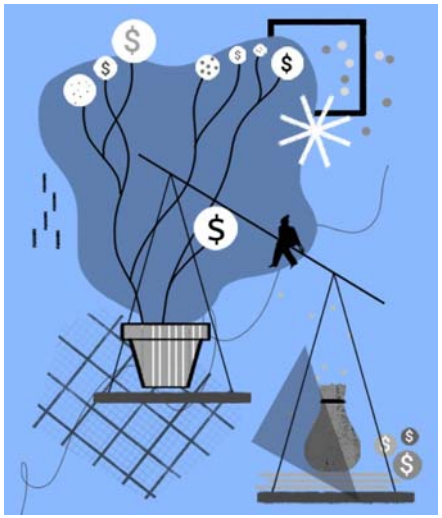
Source:
systemweakness.com | ics.uci.edu | sana.com

Value Engineering Techniques

feasible; desirable; viable

- ***Idea Evaluation:*** Assess the feasibility of these new strategies and their impact on crop quality and productivity.
- ***Cost Analysis:*** Determine if implementing the new farming methods will lead to cost reductions or efficiency improvements.
- ***Presentation and Testing:*** Develop and test the new agricultural ideas to verify their effectiveness and sustainability.





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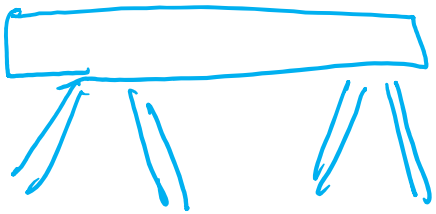
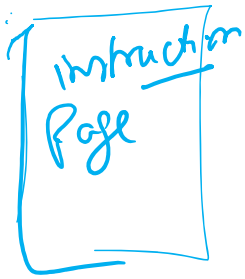
Cost Cutting



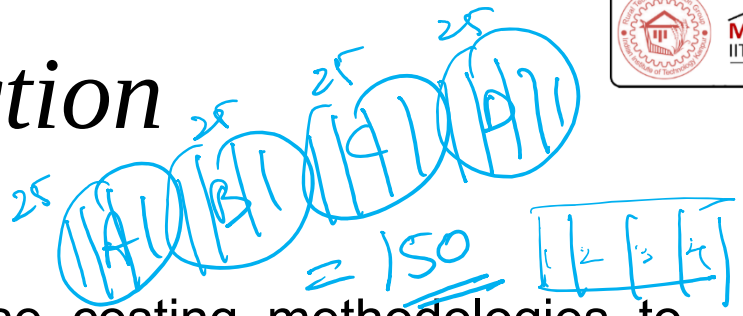


- Cost cutting involves various strategies that organizations employ to reduce expenses and enhance profitability.
- ***Reactive Nature:*** Unlike value engineering, which is proactive, cost cutting is a reactive approach typically used in challenging times. Common cost-cutting measures include employee layoffs, downsizing, and facility closures.
- ***Long-Term Impact:*** The main difference from value engineering is that cost cutting often overlooks the long-term effects on the product, project, or process. It may lead to quality, maintenance, and customer satisfaction issues in endeavors like renovations or construction.

Techniques for Cost Reduction

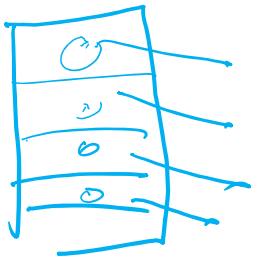
- Supplier Consolidation in Agriculture: Consider instances from the agricultural sector where supplier consolidation has been implemented successfully.
- Component Consolidation in Farming: Explore ways in which component consolidation can be applied to agricultural practices to optimize efficiency and cost savings.
- Low-Cost Country Sourcing for Agriculture: Investigate opportunities for low-cost country sourcing to procure agricultural inputs and equipment more economically.
- RFQ in Farming: Implement the Request for Quotations (RFQ) process in agriculture to gather cost-effective quotes for agricultural supplies.
- Supplier Cost Analysis in Agriculture: Analyze the cost breakdown from agricultural suppliers to make informed cost-saving decisions.
- Design for Agriculture: Incorporate design principles for agriculture, aiming for cost-efficient and assembly-friendly solutions.

Techniques for Cost Reduction

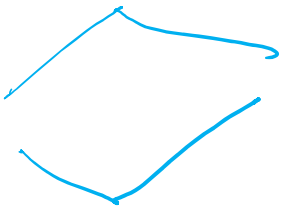


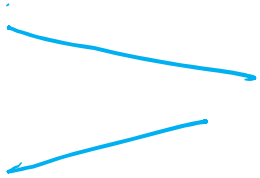
- Reverse Costing in Farming: Utilize reverse costing methodologies to determine the actual production costs in agriculture.
- Cost Driver Analysis for Agricultural Costs: Identify the key cost drivers in agricultural operations to optimize expenditure.
- Activity-Based Costing (ABC) in Agriculture: Implement ABC to calculate costs associated with different agricultural activities and improve resource allocation.
- Benchmarking in Agriculture: Evaluate the performance of agricultural products and processes compared to industry benchmarks or competitors.
- Supplier Collaboration in Agriculture: Conduct design workshops with agricultural suppliers to enhance product cost-effectiveness.
- Half Cost Strategies in Farming: Explore ambitious strategies to reduce costs in specific agricultural processes or value-adding stages to a fraction of the previous expense.

Thus, the line of difference



Value Engineering	*Cost Reduction*
It is function oriented	It is product or item oriented
It applies advanced approach & thinking	It follows previous practices
It exercise maximum imagination	It is critical in approach
There could be divergent-convergent ideas	There is only convergent ideas
There is joint effort approach	There is distinct approach
There is multi-disciplinary attitude	There is no multi-disciplinary attitude
It is a systematic and progressive approach	Its approach is binary

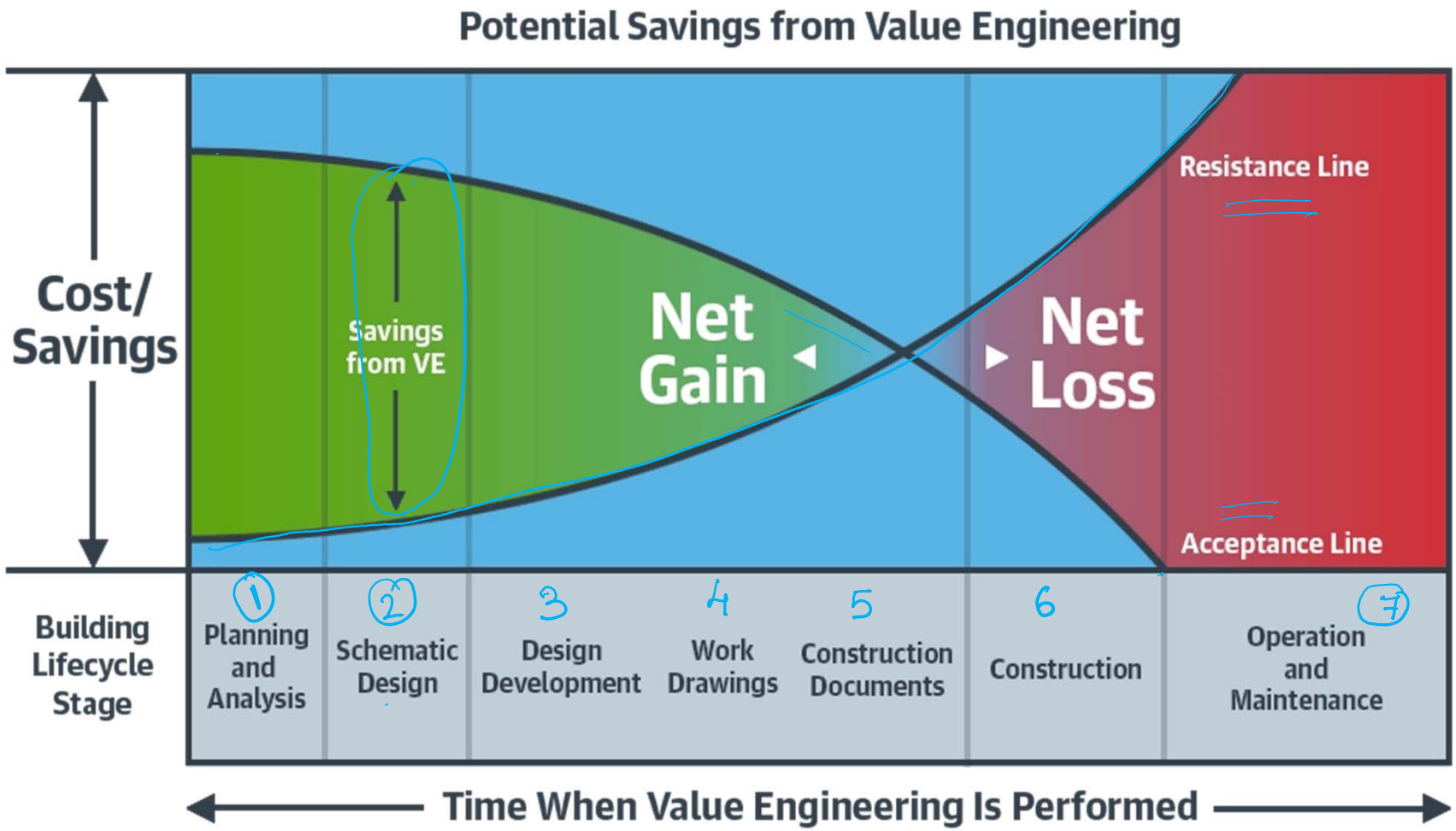




Value engineering vs. Cost Cutting

	Value Engineering	Cost Cutting
It is	Function based	Equipment/material based
Focus	Poor value functions	Big cost functions
Results	Increased value	Scope reduction
Optimizes	Overall design	Local design
Clarifies	Client requirements	Nothing

Cost Cutting & Value Engineering



Source: gordian.com

Thank You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