

## APPENDIX E

### METRICS

#### E-1. Metric #1, Savings and Cost Avoidance.

a. **Goal.** The MSC and Engineering Center will be required to report annual VE savings minus current FY VE study costs. VE savings goal will be based on 1.0% of the MSC's total obligation authority allocated to the MSC and Engineering Centers. The goal for FY06 and beyond will increase to 1.5% of the total obligation authority. The percentage goal may change as directed by HQUSACE.

b. **Allowable Savings and Cost Avoidance.** VE benefits (cost avoidance or cost savings) may be claimed on any Federally authorized project or process. Benefits should be claimed in their entirety regardless of cost-sharing circumstances. Cost avoidance and cost savings are both defined as the estimated cost differences between the originally proposed work and the work as changed by the implementation of VE proposals. "Cost avoidance" refers to the case where proposals are implemented before a contract occurs, thus avoiding future cost. "Cost savings" refers to the case where a contract is in place and implementing a VE proposal results in non-expenditure of money, which would have otherwise been spent. Cost savings will typically be the result of implemented VECs submitted by the contractor

c. **Claiming Period.** VE savings and cost avoidances should generally be claimed concurrently with construction placement or other procurement action. Savings or cost avoidance may be claimed up to a total of six years on future projects (or processes) that repeatedly benefit from the VE action.

d. **Documentation.** Savings and cost avoidance will be documented and reported to the MSC and Engineering Center. Documentation must adequately define and illustrate how a specific VE action directly, or indirectly, resulted or significantly contributed to, a cost saving (or avoidance) change of action.

E-2. Metric #2, Program Coverage. Measurement of mandated (i.e., Civil Works or Military) or annual plan VE Studies done in current FY. Indicator of VE current year program coverage performance will be as follows:

Formula:

$$\text{Accomplished \%} = \frac{(\text{Studies accomplished} + \text{Waivers}) \times 100}{(\text{Total studies required or planned} - \text{Slippage})}$$

Definitions:

Total Studies: Number of Mandated or total traditional Value Engineering studies (studies based on 35% design documents) stated in the current FY VE annual plan.

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Studies, slippage: Number of studies originally scheduled in the annual plan which had design or other delays causing study to be rescheduled to next FY.

Studies accomplished: Number of mandated or total traditional VE studies for which final reports were issued for that FY.

Study waivers granted: Number of studies waived by appropriate approval authority.

E-3. Metric #3, Projected Savings. Measurement of potential study success will be by reporting potential VE savings offered from acceptable VE proposals including cost avoidance, gauged against the project/program CWE and the actual cost of VE study. This will yield a gauge of potential study effectiveness and return on investment (ROI).  $ROI = \frac{\text{Forecast Study Savings}}{\text{Study Costs}}$ .

E-4. Metric #4, Qualitative Improvements. Non-monetary project or process enhancements produced by VE efforts will be reported quarterly. This will include items such as value added project/program improvements, added sustainability, schedule improvements, quality improvements, functional improvements, advanced construction items, plan validation, etc. The VE studies have a goal of developing one quality improvement proposal for every 10 accepted VE proposals.