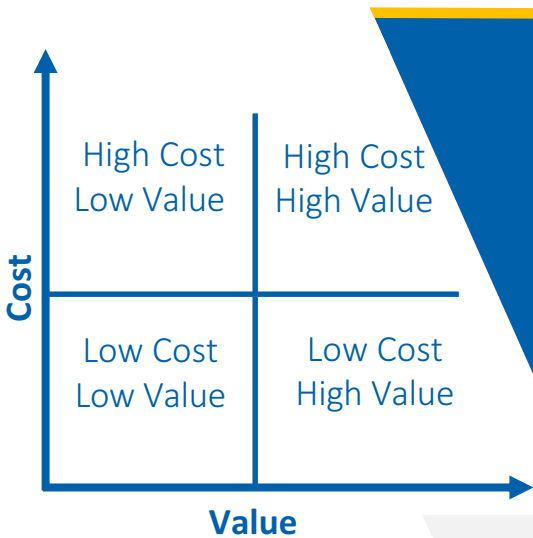


Value Engineering VS. Cost Reduction

Nuances of Discourse



The Myth

Value Engineering = Cutting Cost

Description

Value Engineering - a synchronized, systematic team effort that reviews and analyzes all corners of the design process, ensuring a project reaches its optimum design, a complete overhaul of layout approach, alternate design and alternate material.

$$\text{Value} = \frac{\text{Function} + \text{Quality}}{\text{Cost}}$$

Nuances of Valuations

Components

-  Urban Layout
-  Mass Critique
-  Architectural Drawings
-  Vertical & Horizontal Circulation
-  Elevations
-  Landscape
-  Interior Design
-  Facility Management

Value Management (VM)

The full range of value techniques available. This is a higher order title and is not linked to a particular project stage.

Value Planning (VP)

Value techniques applied during planning phases of a project.

Value Engineering (VE)

Value techniques applied during the design or 'engineering' phases of a project.

Value Analysis (VA)

Value techniques applied retrospectively to completed projects to analyze or audit the project's performance.

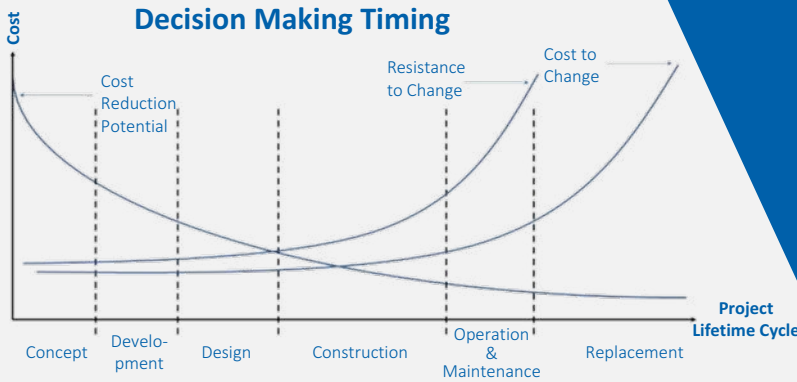
The structure of Value Engineering

- Project main elements identification
- Analyzing elements' functions
- Developing alternative solutions for delivering those functions
- Assessing the alternative solutions
- Allocating costs to the alternative solutions
- Develop in more details the alternatives with the highest likelihood of success

Result accelerators

- Use information from the best source
- Identify and overcome road blocks.
- Use specialists processes.
- Get all available costs.
 - Blast, create and refine.
- Use industry experts.
 - Price key tolerances.

Benefits of Value Engineering



A VE proposal is paramount during project inception. Success of a VE program depends on the team's quality, qualifications experience and relationship with the management. It is most effective if during a project's inception. Key principle of VE is that basic function must be preserved and not reduced as a result of improvements in value.

- 30%** Reduce Operational Cost
- 15%** Emerging Market Focus
- 12%** Drive Product Innovation
- 10%** Ease out assembly process
- 10%** Material Cost-Cutting
- 10%** Improve Quality
- 8%** Eliminate Redundant Process
- 5%** Reduce Recycling Cost

Coldwell Banker Commercial Advantage (CBC Advantage)

A full service commercial real estate company in Egypt, offering various investment services:

- | | | |
|---|---|--|
|  Market Research & Asset Valuation |  Development Management |  Investment Analysis |
|  Capital Services |  Acquisition & Disposition Services |  Corporate Services |
|  Distressed Assets |  Landlord Representation |  Tenant Representation |
|  Property Management |  Start-up and Small Businesses | |

For more details, please contact | **Sherif Hassan**, Development Director