

Value

The key issue is that **value must be defined by the customer.**

Thus the voice of customer (VOC) is integral to any Lean enterprise, and customers define what value, is or what is value-added, through the following three key criteria:

1. The activity must transform the product or service in some way; and
2. The customer must be willing to pay for it; and
3. The activity must be done correctly the first time (“right first time” – RFT).



LEAN CONSTRUCTION IRELAND
Better | Faster | Together

deliver projects better, faster, together



Value-Add

Value-Added (VA) is any activity where you are adding value to the part/product/service, and the customer is willing to pay for it.

Non-Value-Added (NVA) is any activity where you are not adding value to the part/product/service, and which, if they knew about, a customer would not be willing to pay for it.

Necessary-Non-Value-Added (NNVA) are activities that do not add any value per se but are required and cannot be removed; for example corporate governance and legislation.



LEAN CONSTRUCTION IRELAND
Better | Faster | Together

deliver projects better, faster, together



Adding Value

<u>Value-Added</u>	<u>Non-Value-Added</u>	<u>Necessary-Non-Value-Added</u>
<p>Activities that change something to get closer to what the client wants and is willing to pay for...</p> <p><i>e.g. installing pipe, fabricating a bracket, terminating a cable, etc.</i></p>	<p>Something to complete on the project but which does not in itself add value to the client and which they would not be willing to pay for...</p> <p><i>e.g. SPA, plant set-up, testing</i></p>	<p>Things that do not in and of themselves add value for the client, but which are required to be done by you...</p> <p><i>e.g. employment legislation, etc.</i></p>
Maximize ↑	Minimise/Remove ↓	Review

