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USING VALUE ANALYSIS METHODS TO LESSEN ADMINISTRATIVE COSTS

<u>ITEM</u>	<u>COST</u>	<u>WHAT FUNCTION?</u>	<u>NECESSARY COST</u>
Standard & Financial Reporting			
Stock Valuations			
Debtors Policy			
Capital Expenditures			
Depreciation			
Budgeting			
Code of Accounts			
Interbranch Product-Group Transactions			
Rental Policy			
Interest Policy			
Creditors Policy			
Foreign Transactions			
Central Charges			
Planning & Forecasting			
Staff Planning			
Data Processing			
Inter-Group Clearances			
Tax Procedures			
Capital Expenditure Control			
Costing			
Memberships			
Profit Estimates			

TO APPLY THE VA PRINCIPLES TO THE MONEY SPENT IN ADMINISTRATIVE WORK OF GROUPS OF PEOPLE, USE ESSENTIALLY THE SAME STEP-BY-STEP FUNCTION-BAS THINKING WHICH IS USED SO EFFECTIVELY ON MATERIALS AND PRODUCTS. EACH ADMINISTRATIVE EXPENDITURE, NO MATTER TO WHOM IT GOES, OR FOR WHAT IT IS GIVEN, IS FOR THE PURPOSE OF ACCOMPLISHING SOME FUNCTION. TRACK IT DOWN JUST AS THO IT WERE A PIECE OF HARDWARE. WHAT IS THE FUNCTION WANTED? WHAT IS IT COSTING? THEN PROCEED IN YOUR CUSTOMARY PATTERN OF THINKING WITH THE THREE BASIC STEPS.

1. WHAT FUNCTIONS ARE BEING ACCOMPLISHED BY THE MONEY SPENT IN EACH
 2. DEVELOP FUNCTION/COST RELATIONSHIPS. WHAT IS THE COST FOR EACH FUNCTION AS IT IS NOW BEING DONE? CREATIVELY, WHAT SHOULD IT COST?
 3. NOW USE THE VA "KNOWLEDGE, CREATIVITY AND JUDGEMENT" TO ACCOMPLISH THE FUNCTIONS FOR THEIR PROPER COST. SOME FUNCTIONS ARE OFTEN FOUND TO BE NO LONGER NEEDED. DONT END NEEDED FUNCTIONS AS THAT WOULD LOWER QUALITY.
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