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Value Methodology Associate

SAVE International VMA

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QUESTION NO: 1

A VM team is comparing alternatives for a system with a defined 10-year study period. Which costs should normally be considered in a life-cycle cost comparison? (Choose 3 answers)

- A. Costs already incurred before the alternatives are considered
- B. Initial acquisition and installation costs
- C. Operating energy costs
- D. Planned maintenance and replacement costs
- E. Unrelated corporate advertising expenses

ANSWER: B C D

Explanation:

Life-cycle cost considers the relevant costs incurred during the defined study period. Initial acquisition and installation costs, operating energy costs, and planned maintenance or replacement costs are therefore appropriate inputs. Costs already incurred before the decision are sunk costs and normally should not affect the choice between future alternatives. Unrelated corporate advertising expenses do not result from providing the system's required function and are outside the comparison scope.

QUESTION NO: 2

Which of the following are ground rules of the Creativity Phase? (Choose 3 answers)

- A. Apply the "Principle of Deferred Judgment"
- B. Establish an ambitious goal for the number of ideas
- C. Emphasize cost savings
- D. Encourage "Free-Wheeling" of ideas
- E. Emphasize quality rather than quantity

ANSWER: A B D

Explanation:

The Creativity Phase is the divergent-thinking portion of the Value Methodology Job Plan. Its purpose is to produce a broad pool of possible ways to perform the required functions before the team screens, compares, or develops those ideas. Applying the "Principle of Deferred Judgment" is essential because it separates idea generation from evaluation, allowing participants to contribute without prematurely limiting possibilities. Establishing an ambitious goal for the number of ideas reinforces the phase's deliberate emphasis on quantity: a larger volume of ideas increases the likelihood that the team will identify innovative, higher-value alternatives. Encouraging "Free-Wheeling" of ideas also supports this objective by welcoming unusual, incomplete, or seemingly impractical suggestions as potential starting points for later refinement or combination. Together, these practices create an open, energetic environment in which ideas can be generated, captured, and built upon without immediate criticism. Evaluation of feasibility, cost, performance, and relative merit occurs subsequently, after the creativity effort has produced an adequate range of alternatives. These practices align with SAVE International's Value Methodology framework and its training emphasis on creative thinking and idea generation. See the [SAVE International Value Methodology Standard](#) and [Value Methodology Fundamentals 1](#) resources.

QUESTION NO: 3

A system currently costs \$80,000 to perform the required function of regulating flow. The VM team identifies a technically feasible alternative that performs the same required function for \$45,000. A project budget limit is \$60,000. What is the functional worth of regulating flow for this study?

- A. \$80,000
- B. \$45,000
- C. \$60,000
- D. The market price of the current system

ANSWER: B

Explanation:

\$45,000 is the functional worth because worth represents the lowest cost to perform the required function at the required level of performance. The current \$80,000 is the existing cost value, not the worth. The \$60,000 budget limit is a financial constraint; it does not establish the least cost of accomplishing the function. The alternative establishes that the function can be provided for \$45,000 under the stated conditions.

QUESTION NO: 4

A VM proposal requires excavation near existing utilities. Records of underground services are incomplete, creating a risk of delay and rework. The team arranges an early utility survey and coordination meeting with affected owners. This is primarily which risk response strategy?

- A. Avoid
- B. Transfer
- C. Mitigate
- D. Accept

ANSWER: C

Explanation:

Mitigate is correct because the team is taking action to reduce the probability and potential impact of the threat before implementation. An early survey and coordination effort can identify conflicts and allow the proposal to be adjusted before excavation begins.

Avoidance would require changing the plan so that the risk no longer exists, such as eliminating excavation in the affected area. Transfer would shift responsibility for the risk to another party, often through a contractual arrangement. Acceptance recognizes the risk without taking the described preventive action.

QUESTION NO: 5

How many phases are in the VM Job Plan?

- A. 3
- B. 6
- C. 7
- D. 8

ANSWER: B

Explanation:

The correct answer is **6**. SAVE International's Value Methodology Job Plan uses six sequential phases to provide a disciplined, repeatable framework for improving value: Information, Function Analysis, Creative, Evaluation, Development, and Presentation. The process begins by establishing a sound understanding of the project and its requirements, then defines what the project or item must do in functional terms. It subsequently encourages the generation of many possible ways to accomplish the required functions, evaluates the most promising ideas against project criteria, develops selected proposals into supportable recommendations, and communicates those recommendations to decision-makers. These six phases are fundamental knowledge for a Value Methodology Associate because they organize VM study activities from initial fact finding through recommendation and approval. They also ensure that value improvement is based on function and stakeholder needs rather than merely on cost reduction. SAVE International identifies the Job Plan as a core element of Value Methodology practice and education; its VMF 1 curriculum includes the Value Methodology Job Plan among the course's central learning content. See SAVE International's [Value Methodology Fundamentals 1](#) course information and its [certification overview](#) for the methodology and credential context.

QUESTION NO: 6

During the Information Phase, customer representatives disagree about the most important outcome for a proposed service. Which actions should the VM team take to establish a sound basis for later function analysis? (Choose 3 answers)

- A. Document the stated needs, constraints, and assumptions
- B. Distinguish required outcomes from preferred solutions
- C. Defer stakeholder input until the Presentation Phase
- D. Establish measurable criteria for acceptance where possible
- E. Adopt the preference of the most influential participant
- F. Generate alternatives before clarifying required outcomes

ANSWER: A B D

Explanation:

The team should **document the stated needs, constraints, and assumptions**; **distinguish required outcomes from preferred solutions**; and **establish measurable criteria for acceptance where possible**. These actions clarify what the subject must accomplish and provide a defensible basis for later evaluation.

Deferring stakeholder input until Presentation would omit essential information from the study foundation. Treating the most influential participant's preference as the requirement bypasses functional analysis and does not resolve the underlying conflict. Generating alternatives before the required outcomes are understood can prematurely constrain the study.

QUESTION NO: 7

If an organization invests \$160,000 in a new software system that improves analysis and reduces annual costs by \$3,000 per year, the payback period would be approximately:

- A. 45 years
- B. 50 years
- C. 53 years
- D. 56 years

ANSWER: C

Explanation:

53 years is correct because the simple payback period measures how long recurring savings take to recover an initial investment, without accounting for the time value of money. The calculation is initial investment divided by annual savings:

$\$160,000 \div \$3,000 \text{ per year} = 53.33 \text{ years}$. Since the question asks for an approximate result and the available answers are stated in whole years, this is approximately 53 years. In Value Methodology cost analysis, this kind of straightforward comparison can help a team communicate the economic implications of an alternative during evaluation and development. The result also illustrates an important practical insight: although the system provides annual cost reduction and may improve analysis, its savings alone would require more than five decades to equal its acquisition cost. A team could use this finding as a starting point for further analysis of additional measurable benefits, lifecycle costs, risks, or alternatives. SAVE International describes Value Methodology as a systematic process for improving value through analysis of function and cost; see [SAVE International: What Is Value Methodology?](#). For the general definition and calculation of payback period, see [AccountingTools: Payback Period](#).

QUESTION NO: 8

Which of the following are tasks during the development of VM proposals? (Choose 3 answers)

- A. Address technical feasibility
- B. Assess time and schedule impacts
- C. State the disposition of the proposal
- D. Determine costs
- E. Validate the proposal

ANSWER: A B D

Explanation:

During the Development Phase, the VM team converts selected concepts into complete, decision-ready proposals. "Address technical feasibility" is essential because the team must establish that the proposed alternative can perform the required functions and can realistically be designed, constructed, procured, operated, or otherwise executed. "Assess time and schedule impacts" is also a Development task because a sound proposal identifies effects on milestones, sequencing, duration, resources, and implementation timing. "Determine costs" is required to document the economic consequences of the proposal, including the relevant initial and, where applicable, life-cycle cost impacts. Together, these activities provide the factual support needed for a proposal to be presented to the decision maker with a clear statement of what will be changed, how it can be accomplished, and what value it produces. The Development Phase therefore focuses on disciplined technical, economic, and implementation analysis rather than merely generating ideas. SAVE International describes Value Methodology as a structured process for improving value through functional analysis and development of alternatives; its professional resources and standards provide the framework for applying the VM Job Plan. See [SAVE International](#) and its [Value Methodology Standards](#).