

We found that our Purchasing people were constantly uncovering startling ways to remove unnecessary costs without affecting the function of the material. For example, instead of buying bolts for cable reels, buy a stud with two nuts on the end and save 10 per cent.

We also were cognizant of the fact that the price relationship among basic materials was undergoing a change and felt that often a different material from the one that was designed into the product could be used more economically now and without unnecessarily affecting the cost of the product.

From time to time, we found that purchasing men, by questioning an expenditure, were able to uncover with vendors' aid, startling means for accomplishing the same purpose at lower cost so we set up this operation to systematize and make it more effective.

Since so much of the potential cost reduction centered around the Purchasing activity, it was felt that an individual who had had some Purchasing experience and had a mechanical bent could spearhead a program together with the design engineer and the manufacturing person and thoroughly analyze a product part by part to make certain that we were getting the best value as well as the best quality for its intended use.

We found that there are so many specialized materials and specialized products which would achieve performance at lower cost that our engineers and manufacturing people need the assistance of technically trained men in purchasing who searched out these products, materials and processes and suggested them for application to our specific products.

Therefore, we asked the small group of men trained in engineering and purchasing and manufacturing to try this idea out and develop its possibilities. As a trial, we picked a product which had excellent performance but cost too much.

We believed we weren't getting best value into our products and we knew we could do something about it but we didn't know just how.

We were just coming out of the war and realized that we had gone through a period of time when production was the big thing. We had to get goods out that cost to save lives. A program such as this is always wasteful and people get into bad habits.

The order of the day was to develop cost consciousness in the minds of people. When we got into it, it became much bigger than we had even expected. We felt that it was more than just developing cost consciousness. In order to do a real job, you really had to have new techniques for analyzing and evaluating our products. Our Purchasing Management often found that they rather unexpectedly were able to make large improvements in Value and they originated Value Analysis in order to learn how to do it by design rather than by accident.