

**Value Service - Schenectady**  
**January 4, 1961**

**Mr. C. W. Bryant**  
**Materials Service**  
**NEW YORK OFFICE**

**We need your help in order to communicate to Hal.**

**When men see sufficient evidence in their responsibility area that different actions should be undertaken, they follow through with one of three courses.**

- 1. They do nothing. (This course is unacceptable to competent men-- they take one of the two actions which follow.)**
- 2. They question the data.**
- 3. They take effective action.**

**It is, accordingly, positively essential at this critical time of decision that as feasibility is proven by the use of value techniques, Hal be given enough exposure to the facts so that he will take effective action rather than questioning the data.**

**Will you please communicate with Hal about the test of the applicability of the Value Analysis techniques in the refrigerator area.**

**You will recall it was a three-weeks' half-time value workshop by seventy-six people, mostly foremen, which included ten engineers. The basic value techniques were taught. This was not the recommended "before the fact" program but rather a fire-fighting program.**

**Please make sure that Hal clearly recognizes that two jobs are necessary...**

- 1 - Identify unnecessary costs**
- 2 - take actions to end the unnecessary cost.**

**The second can't be done without the first; the first is value-less without the second. Value techniques efficiently accomplish the first--management's job is the second.**

**Perhaps a thumbnail description of a few of the specifics would help to provide understanding and confidence to Hal. This type of information for the whole amount could be provided if it would further serve a useful purpose. Notes are attached.**

**EXHIBIT I**

**RESULTS OF BOTH "IDENTIFICATION" AND "IMPLEMENTATION"  
OF REFRIGERATOR VALUE WORKSHOP**

	<u>4th Q 1959</u>	<u>1st Q 1960</u>	<u>2nd Q 1960</u>	<u>3rd Q 1960</u>	<u>4th Q 1960</u>	<u>1st Q 1961 as scheduled</u>
Out-of-pocket cost of the value workshop	3,000					
Unnecessary cost tentatively identified	2,626,000					
Above after deducting 20% for unpredictable unsolved factors						
Lowered cost changes approved and released	-0-	185,000	370,000	594,000	250,000	
Lowered cost changes scheduled into production	-0-	107,000	287,000	303,000	782,000	
Cash affected lowered costs reported by Finance	-0-	67,600	41,000	161,500	201,400	617,400
<b>TOTALS (Cumulative)</b>			<u>106,600</u>	<u>276,100</u>	<u>471,500</u>	<u>1088,900</u>

\*Costs computed on annual basis or life of model, whichever

## EXHIBIT II

### REFRIGERATOR DEPARTMENT VALUE WORKINGS

<b>Omit pin from latch assembly</b> <b>Put there for another purpose which did not materialize.</b>	<b>\$ 3,500</b>
<b>Change insulation in BK 11 door</b> <b>Different engineers at different times specified different insulation for similar jobs in different models.</b>	<b>11,000</b>
<b>Eliminate Varsol from wash tank on automatic line.</b> <b>Compressor case was being washed in compressor area and didn't need re-wash. Furthermore, re-wash caused some bad welds since joints were not all dry by the time it got to weld position.</b>	<b>17,000</b>
<b>Put fibre caps on metal-glass leads in a different department</b> <b>One operation in that area rather than three required to do it in the later positions.</b>	<b>10,000</b>
<b>Re-route and change wiring harness.</b> <b>Make in plant instead of buying of Lyall Electric.</b>	<b>112,400</b>
<b>Use three rigid legs for fan mounting instead of two rigid and one special</b> <b>Proved to service people that fan could be taken out without the special leg.</b>	<b>7,000</b>