

**PURCHASING** can be considered as a "game" and here are some of the types of games we play. First of all, purchasing is a "something for something game", a rugged "something for something game"! The best negotiator wins, but each side must give a little to receive a little.

It's a "sudden death game". Any minute the telephone can ring and, "Jim, those castings are not in and the line's shut down!" When that happens too often, you're dead.

It's a "fall-guy game" because, where the order came late, or the supplier's sales department was a little enthusiastic in promising delivery, or the production team was late in getting the request to you, it's always "Purchasing hasn't gotten the stuff in." There's little you can do except to have everything in when it's needed, and of course you can't do that every time.

It's a "pressure-game". It has two types of pressure that are opposing at the same time. One is a pressure upon you that you must do it, you must get it, you must have it, it must be good. The other is where you can, by your volition, decide to do something to make extra profit, and these pressures are at opposition. You must decide every moment what you're going to do: take the time to save money—or give in to the schedule.

It is also what I call "an others-think-easy-game". Everyone who hasn't tried it thinks purchasing is easy. "All those nice people coming in taking you to lunch and laying open catalogs with everything you need in them in front of you with the prices right there—it's awfully easy". So think others! Of course, you and I know differently.

Others think it is a "fun-game". All of your peers and the people around you think, "Gosh, I'd like to buy that stuff. See the Christmas presents they get, and the friends they make and they can take their wives out to the ball game, anytime." And, furthermore, purchasing is fun because you're doing a favor to buy the manager's car. Just how much fun it really is, comes from other sources, as you and I know.

Purchasing is a "by-the-goals-game", that is it is not an "all's fair in love and war game". Purchasing must be carried out according to accepted rules and accepted practices with

# "Something for Something"

By LARRY MILES

proper interpretation of the rules. You must set your goals, and achieve them, to be a success.

In the next step, it's a "two-ways-out-game". There always is an easy way out and there is the hard way out which is the path of (stop and think) doing something different, taking some risk for some more profit and maybe some embarrassment. If you take the easy way, it won't be the best way and your company will suffer—and so will you.

Like the ocean, which one day builds up the beach and the next week tears it out, purchasing is a "building-and-destroying-game". You find the entrepreneur, you tell him what you need and he learns to take care of what you need and to do it at the best quality level, on time and at the proper price. So you have built up a new supplier. At the same time, you will have to be the one who destroys the infirm. You are a "business de-

stroyer". The company which has for 10 years been your excellent supplier no longer is entitled to that business. He can't deliver on time, or someone builds something better. He has become infirm. You like the people but you can't live with them and do your job. So you take an act that does destroy them.

Purchasing is a "super-search-game". The whole world is at your doorstep, but you can't see what you need, you can't reach it, it takes work and planning and searching and enormous amounts of information to search out and find what you need. You must take the time to search. You must be inquisitive, or you won't be satisfied, and your company won't prosper.

Purchasing is a "human-values-game". Every administrative person, every professional person, in the plant is related to purchasing in various ways. You really have to know something when you go into Purchasing! Do you ever wonder why you have so many problems? It's because it affects so many people.

Purchasing is a "friendship-game". Loyalties which are tainted with commercial needs are sometimes hard to distinguish from real friendships. But you must have loyalties in times of tight material to meet production schedules. And the real friendships you make will endure long beyond the last order, and become part of the treasures of your lifetime.

Purchasing is a "problem-solving-game". Problems are made by others many times, but they're in your lap! You must solve them and no excuses will do.

Purchasing is sometimes a "self-made-problem-game". That is, you've decided how to do this job and make



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the purchase. You've decided how to get that \$100,000 profit. That makes you a profit maker. You solved the problem and you have made a profit. Few others in your organization have that opportunity.

Purchasing is a "counter-pressure game". Every Seller knows that it's his task to get the top dollar for what he sells and prices are set at what the traffic will bear and at what the market will stand. The counter-pressure is the skill of the buyer to analyze what is a fair and reasonable price and to pay no more than that.

Purchasing is a "no-time-game". Unless it's different out there than it was when I was in the game, every day is full and every minute is full and things are always undone. We have to find time to do what is required so that our company receives what is needed, when it's needed, and makes a profit.

This is the king of Purchasing I'm talking about. *How does Value Analysis relate to the type of purchasing we are talking about?* You have heard many fine things about the Value Analysis Program and I want to tie them together with some similes.

Throughout history, whenever there was a need to meet, ingenuity became available to meet the need. There was a grouping of resources to accomplish that need and then, immediately, extensive refinement, improvement, and addition was made to that group of resources.

Now, to make that very simple: maybe one of the first groupings of resources was when some ingenious forefather of ours took a stick of wood and tied a stone to it. This met a need for him. But that was improved and moved right on down through to the axe, which is made of better material, has a head with which you can hit solid on one end, and an edge to cut with on the other. Take next the engine: along came the engine and it and wheels were grouped together, to create what is now an automobile. Then what happened? Immediately, came an adding and improving and extending, of brakes and headlights and rubber tire and forms and all the things that make up the modern automobile.

*It's all based on a need, a grouping of resources, and then improving the grouping.* Take the airplane: the automobile and wings were grouped to-

gether, but once grouped, many things were added, extended, improved. Of course, I don't mean this as literally as I have stated here but the technique is to take the existing things, group them together, then expand and improve them as best we can.

And now I have told you in plain simple words what value analysis really is. In 1947 there was a very serious need to use the resources of men's minds and of material to get more of what the customer wanted per dollar. The need was unfilled but there were lots of good things around. Value Analysis was put into one package by first grouping techniques which were available that would help to meet a need. Then it was improved through expansion and expended ef-

function comes into clear view. We should make it clear, as purchasing people, that we are not going to spend any money for anything that isn't clearly buying a function. We will be successful to the degree that we decide we will know, understand, and agree with that function. Just to use the principles to that extent will make profits for our companies. Remember: *Purchasing is a Problem-Solving Game.*

Now, when I say this, anyone in purchasing will know dozens of reasons why it can't be done. "You can't find out what the function is!" "You don't have time—it's too involved." "They'll tell you to mind your own business!" A lot of reasons, both good and bad. But in making any new

## How does Value Analysis relate to Purchasing?

fort until it grew to what we have now.

There is not the slightest reason to believe that what we have now is what it should be: that would spoil my story! It now needs group with new techniques, expanding, improving, extending, which is the traditional path. At least we have fulfilled one need: to accomplish more functions at less cost.

Now we must turn our attention to using this technique to determine precisely what we are trying to do with each expenditure of money, whether we are buying steel or services—*what are we trying to do?* The piece of paper, the requisition, doesn't usually state this. It will say: "Buy a ton of carbon steel rod—or a piece of equipment". It doesn't define the function, this you must search for yourself. Remember: Purchasing is a *Super-Search Game*.

So "grouping" is to precisely spell out in workable-sized chunks exactly what we are trying to do. When this is done, then it is clearly seen that what we are trying to do is to accomplish functions. As a result of planning, analysis and communication,

technology work, you always use it where it fits. Maybe only 10 percent of the cases at first, will be those where you know the function. Knowing function you may arrange to buy something different than what is described. Then expand to 20 percent, 25 percent and grow a posture in your area so people know that they can look to you to buy function for them rather than some precise item written on a piece of paper.

*What's stopping us?* Why can't you employ value analysis techniques? If you start with only one item where you define the function, then expand and wonder why you can't buy the function for a lot less money, you will be propelled to the type of thinking that solves problems and brings more profits to your company.

The next step is to take the problems and make them solvable. No-one can solve all the problems at once. For example: no-one can take an automobile, keep all the quality and sell it for 25% less. That's not a solvable problem. However, by breaking the automobile down into all its functions: the moving functions, the power function, the braking function and  
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looking at the dollars that go into each you may have some solvable problems. But we may need to break these functions into a lower set to get to solvable problems. Not necessarily to bits and pieces—just to function. Then the problems can be attacked with step-by-step techniques.

You must have the tools to do the job. Let's have them identified and let's have them on hand. And you must get all the pieces of the problem together so that all the steps of the value analysis technique can be used.

If you leave out one part—one piece of information, the technique won't work any more than a telephone will work without all its parts.

Value Analysis was and still is a grouping of things that are needed to accomplish the job to help purchasing get more function, more of what's needed, for the money. It has been improved along the way, it has been expanded. It is done by deciding what makes sense in what should be done. We have to decide what kind of a problem should we solve and then make the problem solvable. Then we solve the problem using analytical and search techniques. *Wrap it up and the job is done!*