

# GENERAL ELECTRIC

SUBJECT Comments of Managers of Engineering in Mr. Winne's meeting after "Value Analysis" presentation.

LOCATION

REFERENCE

Schenectady, September 16, 1948

The general consensus was that buyers should not buy the item on the drawing just because it was on the drawing. They should question wherever modifications would produce lower prices.

One of the managers said that they were finding great value to accrue from assigning planning men to the Purchasing Department. He said that hundreds of thousands of dollars are spent in planning the 30 per cent of material which we make here in order to be sure we know its proper value and do it right but that, until recently, the buyer was not given the advantage of this same information on the remaining 70 per cent which was purchased material. He says that planners are being made available full time to the Purchasing Department to plan jobs completely even though it is known that they will not be made in the plant. By this method, the buyer then knows the value of what he has to buy and can, of course, do a very much better job.

Mr. Winne commented that, while the Purchasing Departments are providing people and training people who can insist on value and who will raise these questions with the engineers, it is equally important that the engineering organization train their people to expect such questions and to help work them through so that the savings can be realized.

The consensus seemed to be that the greatest benefit to the company would come from parallel education along three fronts; namely, purchasing, engineering and planning.

One of the managers emphasized the importance of providing some system or systems so that when specific means of securing greater value are found on one project they will automatically be applied to other similar projects in all departments and for all time.

L. D. Miles

LDM:AEM