

51-3
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REFRIGERATOR DEPARTMENT

\$1,000,000 VALUE ANALYSIS WORKSHOP

Identification

November 2 - 20, 1959

Implementation

Start - December 1, 1959

Identification of Unnecessary Cost

1/2 time 3 weeks

| | |
|---------------------------------------|-----------|
| Foremen | 39 |
| Planners, wage rate analysts, etc. | 27 |
| Engineers | <u>10</u> |
| | 76 |

Full time

3 men - 3 weeks

| | | |
|---------------------------------|-----------|--------------|
| Total time | man weeks | 123 |
| | man years | 1-1/2 |
| Approximate cost for men's time | | \$15,000 |
| Out of pocket cost | | <u>2,500</u> |
| Total Cost | | \$17,500 |

Value Alternatives developed \$3,300,000

Judged good by an initial engineering-
manufacturing screening team \$2,000,000

Reductions are at annual rate
for expected volume.

Implementation of Value Alternatives

Quality problem projects

| | |
|--|---------------------------------------|
| Studied | 3 |
| Solved | 3 |
| Amount of production cost decreased as quality was improved | \$80,000 |
| When implemented | (1 month (2 months (8 months |

Total projects

In production plus accepted for production at annual rate cumulative

| <u>Date</u> | <u>Period</u> | <u>Lowered Costs</u> |
|-------------|---------------|----------------------|
| January 1 | 1 month | \$ 68,500 |
| February 1 | 2 months | 190,000 |
| June 1 | 6 months | 450,000 |
| August 1 | 8 months | 960,000 |
| October 1 | 10 months | 1,060,000 |

Note:

\$400,000 of the June-August acceptance was for an improved and much lower cost method of swinging shelf mount. Since this was approved, installation has been held up pending marketing decision as to whether G. E. gets enough sales from the added \$4 of cost to justify keeping the swinging shelf in the line. A special re-study of this item is under way.

Of the implemented reductions, some are from entirely new approaches not previously in the minds of engineering or manufacturing people. \$260,000

Other value alternatives in design and/or test as of October 1, 1960. \$482,000

Balance have been dropped as too long range, model changed, or idea dropped.

--EXPERIMENTAL--

Professional Value Analysis Applications

A Refrigerator Model

| | |
|-------------------------|----------------|
| Door Magnet Application | \$315,000 |
| Latch Assembly Mat. | 33,000 |
| Pole Piece Assembly | 75,000 |
| Magnetic Latch Housing | 151,000 |
| Latch Keeper | 52,500 |
| Door Gasket | 150,000 |
| Drip Tray Hinge | 24,000 |
| Door Stop | 25,500 |
| Evaporator Rear Support | 13,800 |
| Basket Retaining Strips | 385,000 |
| Top Hinge | 300,000 |
| Wiring Harness | 280,000 |
| Monogram Signature | <u>292,500</u> |
| | \$2,097,300 |