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To

Dick Park
861 Vinewood
Birmingham Mich. 48009

DATE 10 7 81 SUBJECT _____

FOLO

Hello Dick;

Many many times we think of you, with fond hopes that you are finding a challenging experience in your VE work.

Thank you so much for your good work in our 1981 convention.

All of us wished for more purchasing professionals - it is ever thus, but we go ahead and do as good a job as we can with those who come.

Your presentation was a real contribution of experienced technique and knowledge.

Made a paste-up of comments in PURCHASING WORLD about your contribution - here it is.

Thank you Dick,

Sincerely,

Larry

KWIK-MEMO

Buyer in a key position to boost profits

"The buyer is the middleman around whom the entire material procurement process revolves. He is the hub of this universe. If he recognizes this fact, he can make contributions to the profit of his company far greater than normally accepted standards," according to Richard J. Park, vice president, Value Engineering Consulting Division, Pioneer Engineering and Manufacturing Co., based in Warren, Mich.

Park was among several panelists who discussed value analysis/value engineering applications in purchasing at the recent Society of American Value Engineers (SAVE) international conference in St. Louis, Mo. The session was chaired by *PurchasingWorld* columnist Lawrence D. Miles.

Value engineering is a key tool for purchasing people as they work toward optimum use of available resources,

Park said. Mutual understanding among buyers, engineers, and suppliers is needed, he added.

"For this to happen, there must be an understanding on the part of engineers of the supplier's needs," he continued. "In addition, the supplier must understand the engineer's needs so he can contribute his knowledge to aid in achieving their objective.

"The buyer is the person around whom this situation revolves. He must understand that if he can bring these specialties together effectively, the potential for profit improvement is enormous," Park said.

Participation in workshops or team studies of value analysis and value engineering are recommended for buyers who'd like to use these function-oriented approaches. SAVE's certification programs provide a means to increase proficiency.

"To think function means to see through the product to the need, the objective, the function," according to Park. "... Thinking function will lead the buyer to find he has two major opportunities to use value engineering. He may apply his own efforts to cause new questions to come to mind; questions that will require answers from engineering, or the suppliers, or both. He may also identify projects for VE (value engineering) studies."

Effective cost reduction through value analysis will hinge on a change in attitude, Park cautioned. "Management must show that they recognize the potential benefits of a material cost improvement program."

Top-level performance will be turned in by buyers who are on the

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lookout for better methods. Unquestioning attitudes should be replaced by a creative approach, Park said.

"This is not a whole new way of doing business. It has been tried and proven," Park said. "In Japan, many companies insist on cooperation between suppliers and their company, and the buyer is the key to the system. It has been found extremely profitable." Positive results at Chrysler Corp. also were noted by Park.