50-21

Professional Suggestion Committee in Purchasing

Not so long ago, an executive, in an affiliate of the General Electric Company pointed scornfully to the wasted expenditures of another company, and remarked with pride, "It can't happen here." Yet, when one of his products was analyzed fully, from tiniest screw up, it was found he could reduce his cost of producing it by one-third.

At the end of the war, the Purchasing Department feared that the situation above was duplicated in many divisions of our own Company. It also recognized that the time was appropriate to consolidate the knowledge it had gained during the war about raw materials, new processes and new engineering techniques. A cost-analysis group was instituted to investigate possibilities. It has found out that, "It Can Happen Here."

In 1947, L. D. Miles was placed in charge of the embryo division. His division must increase knowledge of basic costs, determining how much value is contained in almost every individual part in the apparatus given to him. With him now are only two men. An engineer himself, his associates are a chemist and a methods and planning expert. Besides, there are two men who are trainees, who come to the division from the Creative Engineering Program on rotating assignment to learn the principles of cost-reduction. They later go on to operating divisions where they can apply the principles they learn.

ORIGINATORS of value analysis W. A. Sredenschek and Vice President H. L. Erlicher examine a butter conditioner with L. D. Miles, who has managed the Value Analysis Division since it began in 1947. Division can only make suggestions and collect facts, since it is solely an investigator for the Purchasing Department.

LABORATORY SPECIALISTS are often called upon for information about materials to substitute for those used. Here, in the dielectric room of the General Engineering and Consulting Laboratory, left, D. P. Barlow of the Division consults with F. M. Clark, of the Laboratory, about a capacitor made of aluminum foil, paper and pyranol. Is there some substitute, recently discovered, which could be used instead of the aluminum?

With such a small staff, the division's prime aim is to educate other divisions in specific methods for reducing costs by purchasing value analysis, since, with rising costs, all divisions of the Company can benefit from more efficient use of materials and methods in producing marketable products. By training a handful of cost-analysts who will spread their methods of analysis throughout the other divisions, a new stimulus to save money will be created. Information about substitute materials is sent to groups in manufacturing, engineering, drafting, and so on, throughout the Company.

A competent, highly critical drafting-room is an important quarterback on the team. A design engineer depends on them to make dozens of decisions which affect cost. They often decide what tolerance to specify, what bushing to use, and so on. If the draftsman knows what materials are available on the market, or can specify a cheaper kind of tooling, he is using basic principles of cost-reduction. Value Analysis tries to get information to him also.

The Value Analyst uses every bit of evidence he can find, in a grand team-play with many divisions, to get his information.

First, he collects all the facts he can concerning the product, including annual production figures, and the quantities ordered. He piles up drawings and specifications of everything, breaking down the cost of each part. He finds out the cost of the material, the labor, and overhead. He then breaks down the costs of assembly and sub-assembly, and asks for actual samples of individual parts, where practicable. Then, he consults with the engineer who is in charge of its design. What does he like or dislike about the job? Has he definite plans for redesign in the near future? Have shortages of materials dictated some of his specifications? Together, they check the function and essential features of each part of the product. The analyst can contribute special knowledge of materials, their manufacture and their cost, and the present-day market.

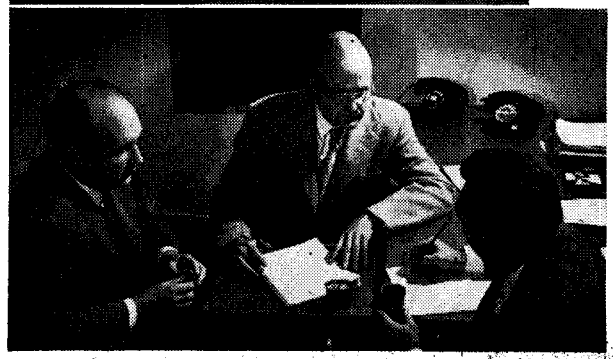
If he himself doesn't know the answers, or if he doesn't have an idea of costs, he consults with other specialists —manufacturing personnel, production chiefs, laboratory specialists, and the vendors' engineers.

Then he examines the value obtained from the price paid. He questions the purpose of each part in the

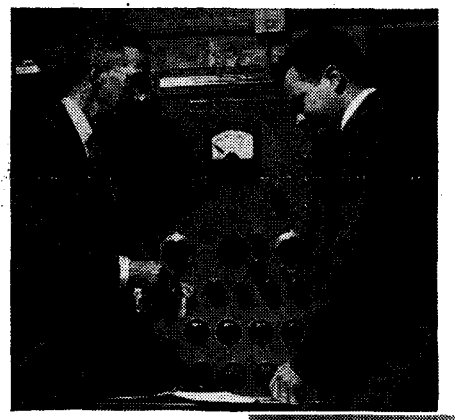
Searching

ON-THE-SPOT investigation on the assembly-line is the quickest way to analyze the problem. Here a Value Analyst in Bldg. 40, C. H. Winkler, center, seeks help from W. R. Bechtler and L. D. Miles. By discussing the cable assembly over the motor to which it attaches, features that might be overlooked on paper are brought out.

INVITING VENDORS who are expert in their particular field to sit in conference with interested engineers brings out more possibilities. At left, the vendor, Mr. Wellman, is trading ideas with A. L. Sweet of Control Engineering and E. C. Hovey of the Division, right. Vendors are often specialists in their field.



COSTS of the latest machines, above, which we might install to make capacitor cans cheaper are discussed with Manufacturing Policy. Often, we can manufacture component parts cheaper than we can buy them, provided we use the most modern equipment. L. D. Miles and J. C. Helies, Executive Department, left, check alternate manufacturing methods with F. D. Nicol of the Purchasing Department, right.



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SUITABLE SUBSTITUTES are continually sought after, particularly when materials can't be obtained. Right, F. D. Nicol and V. P. Gregg of the Purchasing Department ask a vendor about changing the spring in a control box. Can he furnish it in spring steel instead of in bronze, which in the foreseeable future will be hard to get? Mr. Nicol holds a slide-rule which he developed; it can be used for quick calculation of shop costs.

ELLIS HOSPITAL

Anthony Havlicek, General Engineering and Consulting Laboratory
Grace Weaver, Office Service
Richard Wyer, Research Laboratory

ST. CLARE'S HOSPITAL

Alex Gergely, Knolls Atomic Power Laboratory
Charles Glindmyer, Knolls Atomic Power Laboratory

GEWC to Have Tea And Dinner for Pensioners

Tomorrow, October 14, there will be an Open House for all past and present members of the G.E. Woman's Club at the clubhouse. All club members are invited to attend.

A dinner for the retired members of the club will follow the tea at 5:30. Reservations for the Open House may be made by calling Sammie Ives on 4-9304.

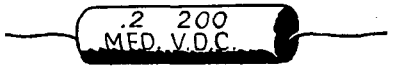
Garage Mechanic: "What's the trouble, lady?"

Mrs. Newdriver: "They say I have a short circuit. Can you lengthen it while I wait?"

charge of its design. What does he like or dislike about the job? Has he definite plans for redesign in the near future? Have shortages of materials dictated some of his specifications? Together, they check the function and essential features of each part of the product. The analyst can contribute special knowledge of materials, their manufacture and their cost, and the present-day market.

If he himself doesn't know the answers, or if he doesn't have an idea of costs, he consults with other specialists —manufacturing personnel, production chiefs, laboratory specialists, and the vendors' engineers.

Then he examines the value obtained from the price paid. He questions the purpose of each part in the apparatus. Does its use contribute value? Is its cost proportionate to its usefulness? Does it need all its features? For example, in a butter conditioner, a small condenser (shown below) provided arc suppression as the contacts



opened. It had originally been put in as a substitute part. When cobalt again became available after the war, an alnico magnet was used to provide snap action. Analysis showed that the condenser and alnico magnet filled the same function, and that the condenser could be eliminated. The eventual saving per year was $50,000, although the individual unit cost only 10 cents.

Next, the analyst questions the way in which the part is manufactured. Can a usable part be made by a lower cost method? Can a standard product be found which will be usable? He calls upon all specialists who might contribute their ideas on cost-reduction through substitute parts. Is it made on proper tooling—considering the quantities used?

Will another dependable supplier provide it for less? Take a standard small item like a bushing. Originally, the special one used cost $18 a thousand. Yet, it is a part produced in dozens of varieties and used in virtually every product classification. Survey of the market ferreted out an equally reliable source of supply that could sell us the identical part for $13.50 a thousand, a saving of $4.50.

Can a usable part be made by a lower cost method? A hub assembly part was formerly made as a two-part riveted or staked assembly. Study showed that the part could be made as a casting, eliminating assembly operation and simplifying production.

By using its own method of analyzing costs, the Value Analysis Division uses engineering, manufacturing and purchasing know-how to cut costs. It is by no means a substitute for the other organizations and committees in the Company that work on cost reduction, but an added tool to assist them in securing additional "plus" values. As such it serves as a professional suggestion committee which collects facts and data about the costs of our products.

Visitor at asylum: "Do you have to keep the women inmates separated from the men?"

Attendant: "Sure, the people here aren't as crazy as you think."

the Division right. Vendors are often specialists in their field.

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DETAILS must be kept on hand for ready reference, about markets, costs, substitute materials, engineering techniques, and so on, particularly specialty vendors. That is the job of Anne Meyell of the Division, who is shown here going over her filing system with the two trainees in the Division, W. R. Bechtler, left, and D. P. Barlow, right. Anne also assembles the reports, and publishes a monthly news supplement describing new products.

Basketball Players Urged to Play on E Club Team

Basketball practice for the Ediso Club team is due to start next week The team will play in the America League on Monday nights. Any me who are interested in playing with th team should contact Dan Kyker, ex tension 2982.

"Conductor, will you help me o the train?"

"Sure."

"You see, I'm stout, and have t get off the train backwards. The porte thinks I'm getting on and gives me shove on again. I'm five stations pas my destination now."