

GENERAL ELECTRIC

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COPIES:

Value Service - Schenectady
July 8, 1960

SUBJECT

*myft award
Fountain + Barlow*

Mr. C. W. Bryant
Materials Service
NEW YORK OFFICE

The purpose of this letter is to bring into your clear focus that the magnitude of the accomplishment of Value Research which has just been reported to you probably rates in importance as the type of achievement that a company cannot make more often than once in ten years. The mechanism through which value standards; i. e., cost-function relationships; can be directly provided by accepted technical data has been discovered and is of the greatest importance.

May I call your attention specifically to a few important facts.

- 1 - Engineering leadership has had a difficult time to believe that they dared to accept the philosophy of basic function value standards as being sound.
- 2 - Today, while important strides in understanding and acceptance of value standard principles have been made in engineering, a preponderance of Engineering Services management will say, "Value standards are impossible-- there are too many variables."
- 3 - Now, definite proof has been established of the technical soundness of cost-function relationships. It is rooted in sound engineering and economic data so that it will, in time, become the way of life. It cannot be successfully doubted.
- 4 - I review for you that...

Functions are accomplished by properties; i. e., current is carried by conductivity. It doesn't matter whether the conductivity is in steel or copper or water or air. A true technical relationship exists between the property of conductivity and the function of conducting current.

Definite relationships exist between properties and material. Steel has certain conductivity, copper certain conductivity, etc. There is no question but that this is a sound technical relationship.

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Definite relationships exist between cost and materials. The price list, the catalog, the quotation, is precisely that. This cannot be questioned or challenged.

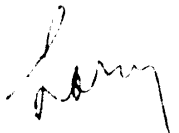
Therefore, the formulation of value standards--i.e., cost-function relationships--is now seen and proven to be the merging of the three relationships--cost/material, material/property, and property/function--as straightforward as opening a faucet and drawing water.

I suggest to you that the development of this concept will provide the same benefits in handling value that the development of the concept of using sign waves in dealing with alternating current by Steinmetz provided to the handling of alternating current electricity.

I want to make sure that you and Hal have in clear focus the extreme significance of this important development.

We must find appropriate ways to honor Roy and Dan who are responsible.

In the meantime, I would appreciate it if you would initiate the necessary papers for an immediate management award in the amount of \$500 to each of them.



L. D. Miles/M