

GENERAL  ELECTRIC



SUBJECT

COPIES:

SCHENECTADY, May 27, 1958

HB Miller - NYO
FJ Borch - NYO
CW Bryant - NYO

TO: DISTRICT MANAGERS OF SALES

Because many marketing and sales people who wished to attend the Value Analysis Seminar beginning May 26 were unable, due to the short time allowed, to make the necessary arrangements, we have rescheduled it to begin June 9.

Meanwhile, we have been asked by some sales managers -- "Precisely how is Value Analysis used as a sales tool to increase orders?"

It seemed most helpful to get that information directly from a sales manager who has learned Value Analysis in depth and who uses it. Ed Bush, Manager - Specialty & Equipment Sales in Indianapolis, has answered some questions about it. (See attachment.)

After reading his statements you will see why we believe that, using Value Analysis as a sales tool, it is practical to obtain additional increases in orders for most types of equipment in most territories by as much as 25 to 50%.

The seminar will run for two consecutive weeks, June 9 through 20. Except for the change in date, all other details remain the same as those furnished you with my letter of May 13.

L. D. Miles
Manager - Value Analysis

LDM:AEM
Att.

EXPERIENCE USING VALUE ANALYSIS AS A SALES TOOL --

Reported by...E. S. Bush, Manager - Specialty & Equipment Sales
Indianapolis, Indiana

Company Confidential

1 - How do your 1958 sales stand with reference to your budget?

"87% above budget through April."

2 - Do you believe that it really was use of Value Analysis as a sales tool that caused it?

"To a very large degree."

3 - Why are you so sure - maybe you were "just lucky."

"We have new customers, new business, enlarged percentages where we went in using Value Analysis as a sales tool. In our Synthesis approach, we have proved to our satisfaction that good climate between General Electric and our customers is the most important single factor. In all cases there was an immediate enthusiastic climate improvement after using Value Analysis as a service."

4 - If you were .. under budget of sales, over budget of expenses, short of needed men .. just what would you do right now?

"I would take it myself as a Unit Manager. I see that the enormous value of this thing is in management climate development; gives us a terrific story and a chance to get well acquainted with top management of the customer."

5 - How and when did you start using Value Analysis as a sales tool?

"Used it about eighteen months ago. Brought three men from Peerless Pump to Schenectady Value Analysis Service for one day - factory manager, chief engineer, and sales manager. Brought three men from Stewart Warner to Value Analysis Service for a day. Mike O'Grady, while putting on the Shelbyville seminar, helped us a lot. I made it my job to learn it and provide the service myself like other men could if they got training."

6 - Just how do you use Value Analysis ?

"Sell the Value Analysis philosophy to top management of the customer. Start off by talking profits. There is nothing they will listen to quicker than that. Give them some illustrations of some things learned and how to administrate it. Tell them some of the advantages within the company during the last ten years."

7 - More specifically - just what do you do ?

"Take Stewart Warner. We had 10% of their business - now it's 75%. Talked with top management. Brought three men to Schenectady to Value Analysis Service. Had a meeting in Indianapolis. Had Mike O'Grady, Value Analysis Service, out with them for meeting. Have since had other meetings.

"Take Overhead Door Company. We could never get any of their business. Planned a meeting with N. Stewart, their general manager, last week. He was fascinated by what we told him - turned to his other people and said, 'We like G. E. equipment. They are close to us.' - Just as quick as that! - I said we were going to see the purchasing agent. He went to see him first. That night, the chief engineer called us and wanted to know what was happening. He had never seen anything happen so fast. He was tickled to death. He is for us. We expect a \$50,000 order this week. It will mean about \$400,000 for the year if we succeed.

"Cummins Engine is the same story. They now have enthusiastic desire to do business with us and you know what that means and you know what it does to additional business."

8 - Doesn't a good salesman do those things continuously anyhow? What specifically does the Value Analysis approach add?

"Value Analysis is a proven philosophy. It's of great benefit to the customer. Most salesmen are out to get orders for themselves. With Value Analysis, we are not selling anything. He knows we are not going to get an order for 'Value Analysis.' The only way he can pay us is with orders. It brings him large benefits, with no immediate benefit to us excepting the orders he can place. That is the only way they can pay us."

9 - For example?

"Flint and Walling -- never could get any jet pump business. Asked for and got meeting with top management -- we don't tell them the subject until we get there -- showed them this Value Analysis 'package' -- went into philosophy of it -- showed them how they can make more profit and clean up their operations. They asked us to come back. Now have our first order \$40,000. This customer has a potential of \$1,000,000/year for us.

"Told Peerless Furnace Company a little about Value Analysis. They won't talk to us now because they are not giving us any business. They have told us that we are going to get their business in a few weeks -- then they want to learn the philosophy of Value Analysis. This is a \$350,000 account."

10 - Would we see actual sales benefits in 1958?

"Would definitely expect benefits in 1958. Generally speaking, some tangible benefit should start within the quarter."

11 - Any further comment you would like to make?

"Yes. The use of the Value Analysis philosophy by a man who has a good grasp on the subject to improve our present customers and get new important accounts is the nearest thing to a sure-fire approach I've ever encountered. They look to us as leaders. It builds a respectful climate between General Electric and themselves."

M/
May 1958