

What makes a buyer valuable?

ability to:

think

do

create

get facts

get knowledge

understand

compete

excell in competetion

get the job done

buy better than competitor

get cooperation

make profit

exceed his bos's aims

hold his martini

stay with a job - see it thru

solve difficult procurement problems

~~to~~ decide what is needed and find it

courage - willingness to take reasonable risk for large benefits - corageous

~~Judgement~~ / /

decide how much effort to invest in an item - judgement

be pleasant and inspiring to work around

negotiate

the trowell and the sword

better with the trowell and better with the sword

shake off embarrasment

add creative power as a buyer resource

double the buyers value as a resource

power to get and understand function knowledge

evaluate ftnctions

reach out creatively

to generate ~~an~~- solutions different from the past

un-obvious good solutions

The real-world limits what a buyer may do

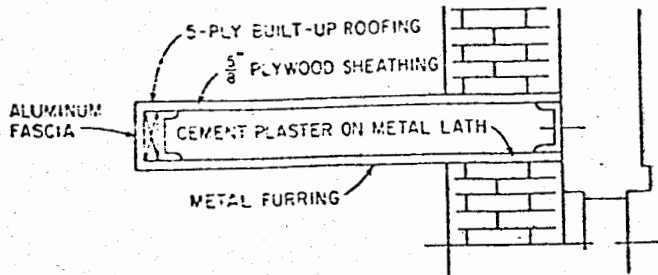
settle cement cant come in the plant

freedom must match ability

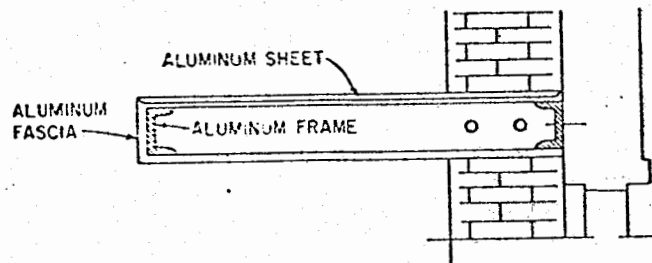
Is the buyer free? settle cement, cold control

learns to work happily in the frame in which he is placed

A STRANGE RESOURCE



PLANNED DOOR CANOPIES



CHANGED DOOR CANOPIES

Planned and changed door canopies. Costs reduced from \$400 to \$150 each.

Resources are being conserved and millions of dollars saved the owners by the work of the architect and construction companies, trained and qualified Value Engineers who have

TRAINING AND QUALIFICATION.

Skilled consultants and some universities teach the techniques of Value Engineering. A professional society, The Society of American Value Engineers, with chapters in many cities, sets standards, gives examinations, and awards the citation of "Certified Value Specialist" (CVS) to qualified people.

WORLD STATUS.

Books describing it are in 14 languages. Extensive application is growing in USA, Japan, Germany, Sweden, France, Canada, England. Important application is growing in Norway, Italy, Spain, Korea, Taiwan, South Africa, India and others. Professional societies exist in USA, Japan, Scandinavia, France and South Africa. The Japanese annual meeting was attended in both 1977 and 1978 by 700.

engineers - double your achievement by helping purchasing people  
to buy function

Help buyers buy function

VEs you have the golden wand if you help purchasing

Teach your buyers to buy function

How to teach your buyers to buy function

VE's - you can teach buyers to buy function

Engineers - smarten buyers

Engrs - youre stingy teach buyers

teach buyers to buy function and glory in their achievement  
share " "

VEs are not enuf, teach buyers to buy function

VEs and VA trained buyers - an unbeatable combination

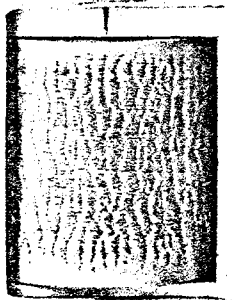
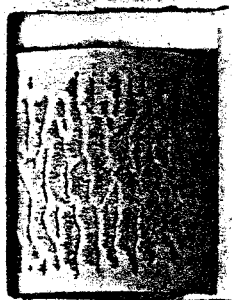
listen to this - then train your buyers to buy function

offset inflation by VA training buyers

VEs - offset inflation by teaching buyers to buy function

offset inflation by teaching buyers to buy function

Value Engineers - you offset inflation by teaching your buyers to  
buy function



WHAT CAN THE BUYER DO TO HELP ME?

plenty  
get me new approaches  
get me better prices  
get me prices divided differently  
    partial prices  
help develop my ideas  
find practical basis for extending my ideas  
bring me practical aid  
bring me just what I need - from his experience and contacts  
distill useful knowl. my way

HOW CAN I HELP THE BUYER?  
WHAT CAN I DO FOR THE BUYER?

tell him more  
ask more help  
tell him when I need more of something performance, price, etc  
teach him va

How does a buyer buy f?

By asking practical q which you can answer  
he must know and understand f

Oh not in complicated eq computers for example - but he doesnt buy them  
you do.

Engrs dont know enough about a buyer buys

You could have a powerful helper - and youd make him more powerful

why should I do it?

how should I do it

(maybe for mgt - not just ve's)

### Fifty Million Pins

Take, for instance, the time when value analysts felt G.E. was paying too much for a stainless steel pin. It uses around 50 million of them a year, and until recently was paying one-third of a cent each.

"We worked with the supplier firm's sales manager," recalls Mr. Miles, "to find out where the excess cost was in his plant. We discovered, for example, they had been inspecting every single pin as it came off the machine. In place of this routine, we set up a sampling inspection system approved by our engineers. We eliminated some unnecessary handling, too. As a result of our recommendations that supplier was able to get the price of the pin down to a fifth of a cent—which means a yearly saving to us of \$112,000."

Buying completely assembled components, where feasible, is another valuable trick developed by the value analysts. For instance, G.E. had been buying from outside suppliers

four different parts of a three-unit electric switch at a cost of 88 cents. Assembling the switch in its own plants cost G.E. an additional 42 cents, bringing total cost of the switch to \$1.30.

When the value analysts got on the job one of the first questions they asked was: "Why not buy the entire switch already assembled?" They got together with the suppliers and outlined the problem. Now G.E. buys the assembled switch from the suppliers for 90 cents—two cents more than it had been paying for just the parts.

### Junking the Elbow

"Changing the design of a component often helps, too," explains Mr. Miles. "We'd been using a small brass elbow joint in a refrigeration circuit which cost 11 cents—a lot of money for the simple function it performed. The analysts on the job suggested some minor changes in design of the product so a straight piece of pipe could be used instead of the elbow. The production department accepted the change; now they're using a straight piece of pipe costing a nickel instead of the elbow at 11 cents."

Similarly, a change in manufacturing techniques frequently produces startling savings. The expense ferrets shaved the cost of a stainless steel flame detector button used in oil burner controls from six cents apiece to two cents simply by suggesting that it be made on a less complicated machine.

Buying from specialty suppliers some items previously made in its own plants is another cost-saving technique developed by G. E.'s value analysts. On one product alone—a copper clamp used to secure a wire—it is saving \$8,000 a year as a result of buying it from suppliers.

### Switching the Switch

In another case the cost of a switch for an appliance timing device was slashed from 83 cents to 16 cents by using the services of specialty suppliers. G. E. had been buying the switch parts from various vendors and assembling them at a total cost of 86 cents. The value analysts however, found a supply firm which sells a "kit" of standard switch parts needed for this unit. G.E. now buys the kit and assembles the switch at a total cost of 16 cents—70 cents less than it cost when the parts were bought separately.

G.E. has found that a shift in materials often will result in huge savings. For instance, it had been making contact points for its electric ranges from phosphor bronze at 70 cents a pound. But the value hunters found that a contact point made from carbon steel did just as good a job—at a cost of only six cents a pound.

Before V. A. (value analysis), G.E. used a brass nut in the temperature control unit of its electric blankets. It cost two cents. Now it uses a nylon nut which costs 1½ cents. "And it gives a much better performance than the one made of metal," says Mr. Miles.

### A Weekly Report

To keep the engineering and manufacturing divisions up to date on developments, Mr. Miles' value analysis division each week distributes leaflets outlining its latest findings. The leaflet, called the Value News, has an eye-catching caption and cartoon.

For example, there's one depicting two gears, one of giant size, the other a tiny one. The caption reads: "WHAT . . . drive a battleship with nylon gears? Not yet . . . But motors, controls, timers and appliances . . . Yes. And often a better job for less cost."

Then it cites a bronze timer gear which costs 20½ cents and a nylon gear at 2¾ cents. And adds: "We should be using 10 times as many nylon gears."

### Pudding or Poison?

In another issue of Value-News a commutator is pictured with this caption: "Is yesterday's pudding today's poison?" The copy then goes on to say that when the commutator was designed copper was selling at 8 cents a pound (it uses 41 pounds) and mica at 5 cents. Today copper is tagged at 24½ cents a pound, mica at 15 cents. It adds: "Using today's cost relationships and new functional materials we believe the cost can be halved." It then lists four proposals on how costs of the commutator can be axed.

G.E.'s success in the battle against costs has spread beyond the confines of the company. Officials of several score firms have visited here in the past couple of years to watch the value analysts at work.

In addition, the National Association of Purchasing Agents' educational committee, of which Mr. Sredenschek is chairman, is preparing a value analysis program patterned after G.E.'s which it will make available to industry generally this fall.