

MANUFACTURING SERVICES DIVISION

New York, April 22, 1955

Mr. Ralph J. Cordiner
President
45th floor

Dear Mr. Cordiner:

We thought the attached from a rather conservative management is a better indicator of progress than some of our more lengthy reports.

Since it also mentions your name, we are taking the liberty of passing it along.

Very truly yours,

Art V.

AFVinson/p

att.

Art: - Congratulations to you and your team!

*W. J. ...
4/22/55*

GENERAL  ELECTRIC

MEASUREMENTS AND INDUSTRIAL
PRODUCTS DIVISION

SUBJECT

APR 8 1955
RECEIVED
APR 11 1955
A. F. Vinson

COPIES: Mr. A. F. Vinson

920 Western Avenue
RIVER WORKS, W. Lynn, Mass.
April 7, 1955

[Handwritten signature]
Mr. J. W. Belanger
Executive Vice President
NEW YORK

Dear Mr. Belanger:

Last Friday I attended the closing session of the Value Analysis Seminar which has been conducted in Lynn, and must confess that I was tremendously impressed with the job which is being done by this group. You undoubtedly are familiar with the way these are conducted by Larry Miles and his associates from the Manufacturing Services Division. The Seminar runs half-time for a period of three weeks. The one in Lynn was attended by a total of approximately seventy people representing purchasing, manufacturing engineering, and design engineering functions from all the local departments.

Specific problems were assigned to small groups, and during the time I was there some of these groups were reporting on the results of their Value studies. The savings which they were able to report were very sizable and indicate the importance of continuing, and extending, this approach as a major factor in our cost reduction activities. I am attaching a memorandum which gives specific illustrations from each of our product departments.

It is impossible to be around Larry Miles or some of his associates very long without catching some measure of the enthusiasm which they have for this project. I can assure you that the local Departments of this Division were very well represented at this Seminar. One Department Manager has reported that the savings which he expects to make as a result of the study by the group of just one part, will far more than pay for the time of those attending the session. This program is one good example of extremely worthwhile help being made available to us by a Service Division.

Mr. Cordiner has expressed concern to us about the lack of "firsts" in the recent history of the General Electric Company. I know he was talking about firsts in terms of

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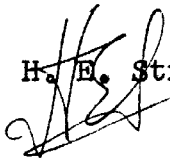
Mr. J. W. Belanger

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April 7, 1955

new products for new markets; however, this Value Analysis program is distinctly a "first" and one which has been developed as a result of the creative ingenuity and persistence of General Electric people. It is going to have a significant effect on improving the Company's profit position.

Yours very truly,


H. E. Strang

HES:C

TYPICAL EXAMPLES OF "VALUE ANALYSIS" ACTIVITY

I. Product Department - Outdoor Lighting

II. Project Item - Drum assembly Type F traffic controller

III. Saving Analysis -

Present shop cost	-	\$ 15.65/unit
Proposed shop cost	-	7.38/unit
Annual rate	-	2 500
Annual saving	-	\$20 670.00
Shop cost reduction	-	53%

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I. Product Department - Rectifier

II. Project Item - Substitution of a standard commercial eyelet for a special "screw machine" bushing used in copper oxide cell assembly

III. Saving Analysis -

Old cost	-	\$ 27.00/M
New cost	-	3.00/M
Annual rate	-	300 000
Annual saving	-	\$7 200.00
Shop cost reduction	-	80%

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I. Product Department - Instrument

II. Project Item - 720 cycle load switch, TGI - CDL

III. Savings Analysis -

Present shop cost	-	\$ 13.47/unit
Proposed shop cost	-	7.94/unit
Annual rate	-	7 600
Annual saving	-	\$42 000.00
Shop cost reduction	-	59%

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HES:APC
April 7, 1955