

PURCHASING

Speech notes

It is the function of Purchasing to buy materials and components of the right kind, in the right quantities, at the right time and at the right price. To accomplish these aims, the Purchasing problem is linked with inventory control, product value analysis and commodity market studies.

Inventory control when viewed from Purchasing standpoint is a matter of carefully controlled buying policies, which are derived from close cooperation with the Manufacturing Divisions. The Purchasing Department must have an accurate picture of production and inventory requirements so that they can utilize their "know how" as to the ability of vendors to produce and the necessary "lead time" for ordering, in order to prevent lop-sided inventories.

It goes without saying that a buyer is a value analysis man and is continuously seeking new products and studying the possibility of substituting equally good materials which may be in longer supply or lower priced. The various buyers arrange meetings with the proper men in our vendor's organizations so that they are acquainted with our problems and requirements, both as to quality and quantity. Any information that is obtained through these meetings is disseminated among the various interested Purchasing, Engineering and Manufacturing people throughout the company.

To further assure the purchase of the right materials, there has been established a Commodity Value Analysis Division which is manned with men who know materials and have mechanical ingenuity and experience which help them bring about the proper application of materials for the job which the finished product is intended to perform. This Division, in conjunction with the other Purchasing units of the Central Purchasing Department, cooperates with the Engineering and Manufacturing personnel and the Purchasing people in the Operating Departments, to work toward effecting the utmost economies both for the company and the ultimate user. The following principles are the basis for this work:

1. Does it contribute to value?
2. Is its cost proportionate to its usefulness?
3. Does it need all its features?
4. Is there anything better for the intended use?
5. Can a usable part be made by a lower cost method?
6. Can a standard or a vendor's standard be found which will be acceptable?
7. Is it made on proper tooling considering volume?
8. Does material, reasonable labor, reasonable overhead and reasonable profit equal its total cost?

9. Will another dependable supplier provide it for less?

10. Can our competitors buy it for less?

It is readily apparent that the Commodity Value Analysis Division must continually work in close cooperation with the Standards Division in order to provide the proper material specifications for each application.

In order to keep the various buyers and Operating Departments advised as to conditions that may effect the supply of materials and components, as well as market trends, we have organized in the Central Purchasing unit, a Statistical and Commodity Research Division. Through this Division is disseminated up to late information relative to the status of various commodities. This is done by means of an Advisory Letter, shown as Exhibit A, which is issued each month by the Vice President in charge of Purchasing and Traffic. This Division also coordinates the opinions of the various Purchasing Agents and Buyers as to "lead time" in the purchasing of commodities. This information is sent to all of the Purchasing units. To help the various buyers operate in the most efficient manner, this Division also accumulates statistical data from the Operating units and coordinates it in a form which shows the total purchases of basic commodities.

To provide assistance in the disposition of surplus materials the Central

Purchasing unit receives from all Operating units, lists of such surplus items, which are in turn made available to the interested buyer. His knowledge of usage and requirements is instrumental in disposing of these items.

In view of the foregoing, it is evident that Central Purchasing can effect any worthwhile economies for the company by planning the purchases of those materials which can be pooled. This is accomplished by advising Operating units through a system of P. D.'s (Purchasing Data) which provide information regarding sources of supply, ordering quantities, delivery terms and prevailing prices.

In return, Central Purchasing solicits the cooperation of Operating units in applying information which will supplement or improve this program.

The procedures which have been outlined cover, primarily, the function of the Central Purchasing unit. It is expected that each Operating Department will take the necessary steps to establish a similar set up as far as is practical.

All of the foregoing program, in the final analysis, helps Purchasing to do the right job of buying. With these tools, we are better equipped to make certain that we are buying most economically for our company.

Produktion Supervisors
von ~~...~~

2/16/48

102

Meeting notes

Mr Z + was concerned loss of value
concerning mobility — — —
new products & processes —

asked a small group to study part by
part + determine facts
no holds barred - mtg expy self mode etc
only question what is value —

Let's look at a few products

—————
—————
—————

Results are combined accomplishment of
op. paroch & group - engs, stylists
Value can help to smoke out the
possibilities + helps op. people to
follow their ideas —

Let's look at a few more

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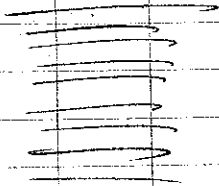
Are results of one viewpoint - what
is the value?

The work is not done by committees
but by direct contact between the ~~analyst~~
~~analyst~~ + the responsible party

If an exp. matter — —

Mtg —
Paroch —
Stylist —
Caml —

A few more are ~~of interest~~



If there are two philosophies they are
1. There is a low cost way - eg. fuel
2. Close teamwork can fund it.

Measurements -

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