L. D. Miles - Manager
Value Analysis
Bldg. 32G
Schenectady, N. Y.

Dear Larry:

One day in 1952 you sat in a restaurant in Cincinnati and announced that you were going to write Bob Taft protesting the use of two-color printing on the Ohio tax stamps.

I don't know how serious you were about writing Taft, but I am happy to inform you that Ohio is now getting better value. Attached are samples of the old two-color stamp and the new one-color stamp.

Keith Miller
Value Analysis Engineer
Materials Sub-Section, PED
Bldg. 800 - Ext. 3420

KLM/fmv
attach
Some save a buck...  
Miles saved millions

By JACK BOWIE  
Staff Writer

ROYAL OAK — Give him enough time, and Larry Miles can save you a million. Or eight million.

In fact, over a career of nearly four decades the developer of "value analysis" has saved U.S. and foreign businesses billions. His art, elevated to a religious status in Japan, has been partially responsible for that country's post World War II industrial successes. But it's an art that, ironically enough, is often ignored in the U.S.

Miles, now 78 and retired to a waterfront estate in Yvelines County, hopes to change that situation. But the campaign to make value analysis a part of every U.S. business has been difficult, he says, because so many American managers won't listen to it.

"Frustrated isn't the word," Miles said, sitting in a living room filled with awards, often from abroad, for his efforts at cutting costs without quality, "Sad is better. We have so many people who could make good products. And do worse it. We have the ability to design and manufacture better products.

"It's sad that such good methods are available and close but not being used while factories are being closed and people are being put out of work."

Miles' system, developed while he was working for the General Electric Co., looks at functions, establishes values for those functions and then arrives at the cheapest way of achieving them. In its broadest aspect, it's an entire way of thinking. At least, it's a way to save money on auto parts.

To illustrate the method, Miles shows a bronze spring device once used by GE to protect transformers during a short-circuit. The spring would break a piece of glass so the transformer wouldn't blow up. The whole assembly cost $20, and GE estimated it costless.

"We looked at the function," Miles said. "Was it to protect the transformer? No, it breaks a glass. A lot of things were protecting the transformer. So the spring was useless."

Miles looked at other ways to break the glass and came up with a type of glass that would break automatically when the pressure reached 3 pounds. the same level that triggered the spring. Another engineer went a step further and said the glass could be replaced by a repair tape costing only $1. The spring was used, and it saved $10 on each of the 2,000 transformers GE built that year.

Similar savings were accomplished in 1948 with a temperature control device, the first target of Miles' cost techniques, on GE refrigerators. The thermostat was in a black plastic box, and a plastic top was attached by a bronze wire clip. The clip cost 0.7 cents each, or $7,000 over a year's production run.

Miles found that the clip could be opened and closed thousands of times without breaking. But the average box would be opened an average of only six times. So the bronze wire was replaced with one made of brass, saving $3,000 a year.

Similar analysis of other parts in the box resulted in savings of $1.25 million — just on the thermostat.

The Japanese began studying value analysis shortly after World War II. Their companies were far behind the West in technology and quality, and they needed to catch up.

After catching up, they added their own ideas and, for example, paid $1.25 each for clips — even though they sat on their warehouse racks for months. Miles remembered his own attempts to get them to follow his ideas.

"It will help anyone do anything," says his wife, "It would help me be a lot more efficient in the kitchen if I sat down and thought about it.

Miles only wishes it would be used more in business and industry.

"We would compete worldwide," he imagines. "It would mean we would use much more of our own products. It would affect the balance of trade because we wouldn't have to ship in automobiles and audio products. We'd do it all ourselves.

On the table before him his wife has spread a stack of books, magazines and newspaper articles full of success stories about what Reader's Digest called "the biggest thing since mass production." A dam at Walla Walla, Wash., was built for $16 million instead of $24 million. An Australian steel company increased its output 22 percent with only a 2 percent increase in manpower. A company in Ohio that manufactures building products doubled earnings to $12 million from 5 million in 197-1975.

"It will sound as if all this stuff isn't true," Miles said, "But it is true. I only wish I was 20 instead of 80."
April 9, 1953

Honorable Robert Taft  
United States Senate  
Washington 25, D. C.

My dear Mr. Taft:

I know you are always interested in ways of eliminating waste from public expense. Accordingly, I will make a suggestion affecting the state of Ohio because I know you will forward it to the proper people.

On a recent trip, I noted that the sales tax stubs are printed in two colors. One purpose, beyond a doubt, is to make the various denominations easily distinguishable.

Two color printing always costs considerably more than one color.

May I suggest that paper of radically differing color be used for easy distinguishability but that only a one-color printing job be purchased. The paper could be red, blue, green, or any one of a dozen of easy distinguishable shades. This pigmentation of the paper would add no additional cost.

We believe the same results to the residents of Ohio would be accomplished at considerably lower cost.

Yours very truly,

L. D. Miles, Bldg. 32G

LDM:AEM
OHIO SALES TAX RECEIPTS

NOTE 2 - COLOR PRINTING

APRIL 1953
OHIO SALESTAX RECEIPTS LATER

AFTER BEING SHOWN BY U.A. THAT MONEY SPENT FOR PRINTING A SECOND COLOR - BROUGHT NO FUNCTION

Nov. 1958