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VA

NEWSLETTER

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— FOR AUSTRALIAN INDUSTRY

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## EDITORIAL

# PRODUCT DEVELOPMENT AND RESEARCH

WE QUOTE FROM an article "Product Development and Research" which appeared in the Victorian Chamber of Manufactures' Weekly Service Bulletin of 6th February, 1967:

*"The everlasting quest for knowledge and new techniques is at a higher pitch in every facet of business and industrial life than it has ever been before. The standard in every avenue of production is becoming more and more demanding, because the consumer, or purchaser, is assuming the role of moulding the producer, whereas the producer has for years moulded the consumer into accepting what he has been able to produce.*

*"We have seen countries over the last twenty years revert from the role of copying to one of creating, and the success they have achieved as a result.*

*"The improvements in their standard of goods and their respect in the world's business community has amply repaid them for the extra efforts they have made."*

In the article, the Victorian Chamber of Manufactures made a strong plea for the application of Value Analysis and Value Engineering over a much broader field of industry in Australia.

In the last ten years VA and VE have been applied on a broad front, and in some depth, in all companies of established reputation in the United States, the United Kingdom and Europe. There are few companies of any magnitude that have not made the practice of Value Analysis and Value Engineering an integral part of their planning and development programmes.

The United States Government has set a lead. Its Department of Defense requires an explicit declaration from companies that Value Engineering has been applied in the design and development of all equipment exceeding \$100,000 in contract price which the Department seeks to obtain from American industry.

Although, in Australia, we have witnessed a more gradual application of Value Analysis and Value Engineering in industry we have been heartened by the response of several companies whose products and services already compare favourably with those of their counterparts overseas. In particular, companies with overseas principals and affiliations have been quick to seek for their key executive, production, development, finance and marketing personnel, some formal training in the philosophy, principles and techniques of VA and VE and to encourage the practice of VA and VE in depth in their organizations.

But we still have a long way to go in encouraging smaller and middle size companies to apply these principles and techniques in their normal operations.

That there is still scope for further application is clearly shown in the following table which appeared in "The Age", Melbourne, on the 15th February, 1967. The table was reprinted from the Development Finance Corporation's pocket-size "Economic Trends". Under the heading of "Australia lagging", the table was preceded by the statement that Australia had put up "a mediocre performance in its increase in productivity" in the past few years.

Country	1958	1961	1965
Japan	100	157	195
Netherlands	100	122	146
Sweden	100	115	143
France	100	123	139
Belgium	100	123	n.a.
U.S.A.	100	120	137
W. Germany	100	119	n.a.
Canada	100	118	132
Sth. Africa	100	123	130
Switzerland	100	113	127
U.K.	100	110	126
Australia	100	114	124

(The figures shown give an index measure of productivity by dividing the country's production index by its employment index.)

We have a long way to go in this country before we can lay claim to a standard of productivity performance comparable with that of Japan, Holland and the U.S.A. The scope for Value Analysis and Value Engineering is virtually unlimited.

# VALUE ENGINEERING PTY. LIMITED STRENGTHENS ITS ORGANISATION

**IT IS ALMOST 25 YEARS** since Mr. Harry L. Erlicher, a Vice-President of General Electric Company of the United States, served with the Production War Board Committee under General Lucius Clay in Washington.

It was his Washington experience that encouraged Erlicher to formalise something of the advanced management technology applied to the accelerated expansion of the U.S. war effort and take the principles and techniques so developed back to the treatment of General Electric's post-war problems.

Since then we have witnessed the successful application of Value Analysis and Value Engineering in, literally, thousands of companies and Government Departments in the United States, United Kingdom, Europe and, in the last two years, Australia.

These two years have seen the ready acceptance by many of the leaders in Australian industry of the educational programme so ably inaugurated by Mr. J. K. (Dusty) Fowlkes who, in 1965 and 1966 brought with him the full resources of Value Analysis Inc. of U.S.A. which

he has headed since its formation in 1958.

Now, in 1967, Value Engineering Pty. Limited of Australia has accepted from its parent U.S. Company full responsibility for the servicing of its Australian and New Zealand clientele and has strengthened its organisation to this end.

Full time professionally qualified engineering and scientific staff have been recruited in Sydney and Melbourne where the Company has established modern offices and VA-VE Workshop accommodation which has already been used this year by 21 leading Australian companies participating in VA study programmes.

With further strengthening of its organisation Value Engineering Pty. Limited will inaugurate a full advisory service to industry and, in particular, will assist companies to develop their own VA-VE staffs.

## VA-VE WORKSHOP PROGRAMME FOR 1967

VA-VE Workshops have been scheduled for 1967 as follows:

*April 3-7	BRISBANE No. 1	August 28-Sept. 1	SYDNEY No. 4
*April 10-14	SYDNEY No. 1	September 11-15	PERTH No. 1
*April 17-21	MELBOURNE No. 1	September 25-29	To be allotted
*May 29-June 2	MELBOURNE No. 2	Oct. 2-6	MELBOURNE No. 5
*June 5-9	SYDNEY No. 2	Oct. 9-13	SYDNEY No. 5
July 10-14	MELBOURNE No. 3	Oct. 30-Nov. 3	To be allotted
July 17-21	SYDNEY No. 3	Nov. 13-17	MELBOURNE No. 6
August 21-25	MELBOURNE No. 4		*Completed



A team nominated by Containers Limited, Messrs. F. E. Kilfoyle, W. Duwe, N. Synan and I. J. Sweatman, concentrates on a problem at a Melbourne VA Workshop.

## IN-COMPANY WORKSHOPS

**SEVERAL AUSTRALIAN** companies are discussing with Value Engineering Pty. Ltd. the nature and scope of In-Company Workshops.

In the United States, United Kingdom and Europe some companies have shown a preference for a Value Analysis Workshop devoted exclusively to their own staff.

This type of Workshop has already been conducted in Australia with signal success. As with Co-operative Workshops, from 15 to 25 people (or even more in the case of a single company) are given complete training over a period of one week in the principles and techniques of VA-VE. Company nominated projects are used as "case studies" and for the practical and satisfying purpose of achieving cost savings.

Value Engineering Pty. Ltd. will be pleased to discuss In-Company Workshops tailored to suit any company and to fit them into its 1967 programme.

# AUSTRALIAN INDUSTRY ACCEPTS VALUE ANALYSIS

AS THIS FIRST ISSUE of Volume 2 of our "NEWSLETTER" goes to press, local industry has again registered its approval of the Australian approach to Value Analysis and Value Engineering and has participated in a further series of Workshops with outstanding results.

Adhering rigidly to the programme planned in January and after devoting much of the first quarter of the year to developmental work and the adaptation of technical literature and training manuals to Australian conditions, Value Engineering Pty. Limited launched its first Workshop in Brisbane on 3rd April, followed by Workshops in Sydney from 10th to 14th April, and in Melbourne from 17th to 21st April.

The second series was conducted in Melbourne from 29th May to 2nd June, and in Sydney from 5th to 9th June.

Altogether twenty-one companies participated including—

### First Series

#### Queensland

N. V. APPLETON PTY. LTD.  
MORRIS WOOLLEN MILLS

#### Victoria

BIRLEC-MAJOR PTY. LTD.  
INTERNATIONAL HARVESTER  
CO. OF AUSTRALIA PTY. LTD.  
SANDS & McDougall PTY. LTD.  
TURNER INDUSTRIES LIMITED  
FORD MOTOR COMPANY OF  
AUSTRALIA LIMITED  
JOHN McILWRAITH INDUSTRIES  
LTD.

#### New South Wales

THE BROKEN HILL  
PROPRIETARY CO. LTD.  
C. A. BURGMANN PTY. LTD.  
JAMES N. KIRBY PTY. LTD.  
DREDGING INDUSTRIES (AUST.)  
PTY. LTD.  
AMALGAMATED WIRELESS  
(A'SIA) LIMITED  
HOOVER (AUSTRALIA) PTY.  
LTD.

### Second Series

#### Victoria

FORD MOTOR COMPANY OF  
AUSTRALIA LIMITED  
SHELL COMPANY OF  
AUSTRALIA LIMITED  
CONTAINERS LIMITED  
DORR-OLIVER PTY. LTD.

#### New South Wales

NAMCO PTY. LTD.  
MALCO INDUSTRIES  
STANDARD INDUSTRIES  
NESTLE CO. (AUST.) LTD.

Projects subjected to Value Analysis in the Workshops by teams representing the Companies listed varied in type from complex equipment to simple building fittings turned out in thousands each year; from heavy plant to small mass produced articles; from problems of assembly with in-built heavy labour costs to processing operations involving studies of work flow.

**Savings ranging from 10 per cent to 80 per cent, with evidence of still further savings possible in some cases,**

**established sufficient proof, if proof be needed, of the almost unlimited scope for the removal of unnecessary costs inherent in even the best designed products, plant and services.**

**Value Analysis succeeded where orthodox cost reduction exercises have failed.**



Representatives of AWA at a Sydney VA Workshop: (front from left to right) Messrs. Don Morris and Ivan Kelly, and (rear) Messrs. Tom Robinson, Ben Van Dyke, Graham Bird, Wally Pulford, William Moody and John Bailey.

## BOARD OF DIRECTORS

The Board of Directors of Value Engineering Pty. Limited comprises:

Chairman—**Mr. John P. Young**, B.A., Dip.Ed(Syd.), A.B.Ps.S., F.A.I.M., F.I.S.M.—Co-founder, Value Engineering Pty. Limited, Australia; Founder and Chairman, John P. Young & Associates Pty. Ltd., Management Consultants, Australia and New Zealand; Honorary Consultant to Royal Melbourne Hospital.

**Mr. J. K. Fowlkes**—Co-founder and President, Value Analysis Inc., U.S.A.; Co-founder, Value Engineering Pty. Limited, Australia; Charter member of—Society of American Value Engineers, The American Society of Tool and Manufacturing Engineers, The Standards Engineers Association, American Ordnance Association; Associate Member of Farm & Industrial Equipment Institute.

**Mr. M. R. C. Stradwick**, O.B.E., F.A.I.M. Formerly: Director-General, Posts & Telegraphs, Australia; Chairman, Overseas Telecommunications Commission (Australia); General Manager, Far-East-Pacific, International Telephone & Telegraph Corporation.

Manager — **Mr. Eric Adam**, B.E., M.I.E.AUST., A.M.I.Loco.E. Formerly: Chief Executive, Engineering Division Australian Consolidated Industries Limited; Engineering Director, Commonwealth Engineering Co. Ltd. (Comeng Holdings Limited); Chief Mechanical Engineer, Commonwealth Railways.

## MORE THAN 80 TRAINED IN FIVE WORKSHOPS

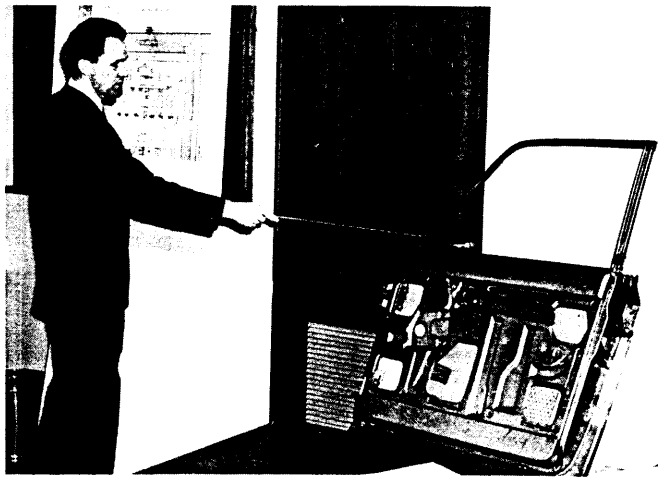
**BY ADHERING** to the principle of Workshops programmed regularly throughout the year in Sydney and Melbourne, and in other capital cities as need becomes evident, Value Engineering Pty. Limited is maintaining a steady output of trained people.

General Managers, Factory Managers, Production Managers, Industrial Engineers, Design Engineers, Accountants, Marketing and Sales Executives and Research and Development staff are returning to their Companies after a week of intensive and strenuous training in the principles and techniques of Value Analysis and Value Engineering.

Nominally the week is of 30 to 40 hours. In practice the teams find themselves so heavily committed to the concentrated effort involved in both learning and achieving that most members complete a working week of between 50 and 60 hours by the conclusion of the Workshop at mid-day on Friday.

Value Engineering Pty. Ltd. has trained more than 80 executives in five Workshops in April, May and June of this year.

From 15 to 25 participants is the ideal size for one Workshop. Groups of teams of from four to five each, provide optimum working conditions and ample scope for individual training and application.



Mr. M. R. Morgan of the Ford Motor Company explains to a Melbourne Workshop the conclusions reached, and savings effected, by his team.

### NEW PRODUCTS AND PROCESSES

ONE OF THE SERVICES provided by Value Engineering Pty. Limited derives from "New Material, Products and Processes Digest" published by Value Analysis Inc. of U.S.A., and from "Value Engineering Digest" published by Value Engineering Ltd. of England.

Because of the demand for the latest local information as to "new materials, products and processes" we will be publishing our own "Digest", incorporating up to date items of Australian content in addition to those drawn from the American and English publications.

This information will be circulated to companies which have participated in our Workshops and others with a special interest in VA and VE.

Companies desirous of using the Digest Service may enquire of our office in any State or in New Zealand.

### OUR NEW FORMAT

**VA NEWSLETTER No. 1 of Volume 2 is the first to appear in a new format designed to meet the needs of client companies and to present VA-VE activity and developments in convenient form.**

Encouraged by the reception given by Australian industry generally to our 1967 programme we propose extending the range of our services as rapidly as organisation and resources will permit.

VA NEWSLETTER becomes very much a part of these services. We intend that it include items of interest to the wide variety of companies and organisations representing the full range of industrial and business operations in Australia.

### FROM VA TO VE

**IN THE NORMAL** course of events the project nominated by a Company for team study in a VA Workshop is more than sufficient to demonstrate the worthwhile results that follow the application of VA principles and techniques.

A saving of at least 25 per cent is set as a minimum horizon at the beginning of the Workshop. In the majority of cases this saving is not only achieved, but is exceeded.

In some cases the Value Analysis leads naturally into Value Engineering; given sufficient time a team can re-engineer a particular project in such a fashion as to reduce its cost upwards of 50 per cent.

In at least four cases in recent Workshops in Sydney and Melbourne, after completing their Value Analysis of the project and recording their savings, teams have gone on to a Value Engineering study and have evolved a better piece of equipment of less complex design, greater reliability and substantially lower cost.

### VE OPENS NEWCASTLE OFFICE

**MR. JOHN CHARD**, until recently General Manager, Administration, Mobil Oil Australia Ltd., has accepted appointment as Newcastle Representative for Value Engineering Pty. Limited, Australia.

Mr. Chard has offices at 45 Hunter Street, Newcastle, and his phone number is Newcastle 2 3017. Correspondence should be directed to:

**Mr. J. V. Chard,  
P.O. Box 481,  
Newcastle, N.S.W.**

With his wide experience of industry and commerce, and with his training in Value Analysis and Value Engineering, Mr. Chard will greatly strengthen the staff of Value Engineering Pty. Limited, and provide a valuable contact for companies in the Newcastle area.