

Non-Functioning Costs, Beware Value Analysis Will Get You

By J. B. Henderson

A value analyst, it is said, wears a Sherlock Holmes hat, possesses an insatiable curiosity, and still has to believe "It can be done—no matter what."

The basic philosophy of value analysis is, "There is a better way to obtain equivalent quality at lower cost—only it hasn't been found."

Even the best job of design and manufacturing can be cut 20% in shop cost by analyzing the value of the product.

The aim of the Value Analysis program in Outdoor Lighting Department is to work toward better product values for OL customers which results in better sales of our products. This, in the long run, results in greater job security for OL employees. Every achievement in this direction helps keep Outdoor Lighting ahead of its good competitors and helps make our jobs and the jobs of our suppliers better and more secure.

What is value? Value has no relation to the actual cost of producing a part or service. It is the lowest price that is paid for reliable function or service. When he term "lowest price" is used, the implication is that values have to be compared wisely if lowest price is to be determined. Only by comparison is this determination made.

What, then, is value analysis? Value analysis is a scientific evaluation of value, just as weight, performance, or quality are measured. Value analysis is a scientific approach aimed at getting the same or better performance while still removing large amounts of cost without deterioration of quality

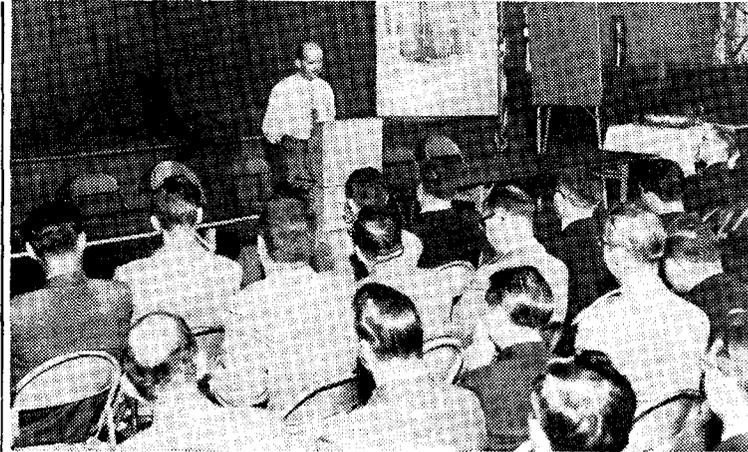
The value analyst knows dependable vendors and specialty vendors who, over the years, have developed a high degree of ingenuity and technique; each in his own restricted field. These vendors are brought in, presented with the problem, and are requested to suggest how they can help reduce the cost of the product, using value analysis techniques. Thus, these specialists become members of the value analysis team.

Ten "Tests for Value" have been developed to indicate the absence of value. Every material, every part, every operation must answer these questions:

(1) Does its use contribute value? (2) Is its cost proportionate to its usefulness? (3) Does it need all of its features? (4) Is there anything better for the intended use? (5) Can a useful part be made by a lower cost method? (6) Can a standard product be found which will be usable? (7) Is it made on proper tooling, considering quantities? (8) Do material, reasonable labor, overhead and profit total its costs? (9) Will another dependable supplier provide it for less? (10) Is anyone buying it for less?

The value analyst does not make decisions, nor can he await decisions. He is the prosecuting attorney, indicating the lack of value. When he has set forth the best evidence as he sees it, his job is finished, and he goes to another one. Always the decisions are made by men who are responsible!—The Engineer, the Manufacturing man, the buyer.

And does such a program pay off here at Outdoor Lighting?



VALUE ANALYSIS techniques pioneered by General Electric are taught by R. E. Fountain, Engineer-Advanced Value Research. To date more than 2500 GE men have received such training and are putting it to work throughout the Company. It was such a meeting as this that Outdoor Lighting's J. B. Henderson, Value Analyst, of Purchasing, attended earlier this year.

Definitely yes! Here are a few "for instances."

Working with Dave Wood, of Engineering, a savings of 18 cents each was made on a popular binding post. This was accomplished by a change in design and manufacturing techniques.

With the help of Steve Shuford, of Manufacturing Engineering, a savings was made on the Form 400 Hood. This was brought about by designing a special blank, thereby reducing the scrap from the part.

In collaboration with Woody France, Buyer, a savings of \$2.10 each was obtained on one of the fluorescent globes.

These three examples alone ag-

gregated over \$66,000 in savings per year.

Value analysis is by no means just a search for new material and processes, nor is it a substitute for the effective cost reduction programs that increase the value of products almost daily. Yet, it does embody all of these.

Value analysis does not involve any magic, although results may sometimes look like it. Instead, it is hard, intensive work that goes on even though the first answer to a problem may be "no." It continues until the roadblock has been removed. It is, then, a new tool which — used wisely — can remove nonfunctioning costs from virtually every product.

OL Engineers Attend IES At Greenville Officers Installed

The Illuminating Engineering Society for Western North and South Carolina got off to a good start for the coming year.

The Palmetto group, elevated from Chapter to Section during the past summer, installed new officers at Hotel Greenville in South Carolina on October 3.

Attending from the Outdoor Lighting Department were: Art Bjontegard, Hal Breeding, Buck Buchanan, Bob Faucett (Program Chairman), John Foulds, Clare Fulton (Board of Managers), George Gretz, Luther Herman, Gene Jackson, Charles Rex (Sustaining Membership Chairman), Fred Thompson, Mimi Thompson, and Dave Wood (Local Representative).

struments under one baton . . . Our Corner is also proud to learn that Dick was invited again this year to make a presentation before the Personnel Practices Training Course group in New York, October 10. They liked Dick's talk so much last year that they asked him back for a repeat performance this year . . . Art Faigle, who returned from vacation last week, claims that everybody is trying to get into the Asian flu act. Art says two yellow-jackets ganged up on him and obliged him with two "flew" shots last week free of charge. The only problem is, he didn't get shot in the arm. (Art, why have you been standing up so much lately?) . . . Grace Severy has found a new way to go on a diet. Son Phil missed the bus to the Henderson-

Value analysis is a scientific approach aimed at getting the same or better performance while still removing large amounts of cost without deterioration of quality. The value analyst's job begins with the very design of a product and ends with the shipping of it. His aim is to eliminate all unnecessary expense from all the steps in between.

In value analysis, teamwork is not a catchword, but a working plan of operation. In beginning a value analysis study, it has been found that a basic deficiency in value can be usually determined after a complete cost breakdown of the part under consideration has been examined.

Each of these costs is then related to the function it buys. Costs that are badly out of line stand out; thus, they serve as a starting point.

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Use Common-Sense Health Measures

To Avoid Colds, Flu

A great deal of publicity is prevalent associated with the outbreak of Asian Flu throughout the country. However, as Dr. J. D. Lutz, Plant Physician, points out, this is the time of year when we normally also have outbreaks of upper respiratory infections. "Undoubtedly," says Dr. Lutz, "many cases of the so-called Asian flu reported over the country now are nothing more than the common cold which of course can be

rather severe at times.

"It would behoove all of us," he continues, "to do all we can to prevent ourselves from getting either of these infections. The easiest way to do this is to use plenty of good common sense about obtaining adequate rest, isolating members of the family who come down with colds at home, and avoiding over-crowded areas if an outbreak of Asian flu occurs locally.

"If we do get an infection, even

Inside Outdoor

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everyone sure enjoyed the nice sunshine over the weekend. Laundry was waving on the line at many homes to take advantage of it . . . Autumn colors are coming fast. Take a ride around the country and feast your eyes on their beauty . . . Marilyn Thompson's mother, of Forest City, spent the weekend with her daughter . . . Sorry Charlie Nichols was on the sick list for several days . . . Ethel Rhodes has a new arrival at her house — a bull calf.

Tool Room Bits — We hear that Henry Riddle is having a house built out off the Dana road. Henry will welcome (?) any suggestions you boys can give him . . .