

VALUE ANALYSIS SERVICE REVIEW

August 1, 1957.....LD Miles

We come with great humility. Task ahead so much greater than accomplish-
ments behind.

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Our challenge

Substantially everything manufactured for vastly less.

- \$6 -- \$1
- \$2 -- \$.40
- \$1.27 -- \$.13
- \$6.80 -- \$2.80
- \$12 -- \$2

Why isn't it?

There is a missing ingredient.

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We must measure value

organize and equip ourselves to secure it
and
must control it.

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We've started.

CHART I

We know and are teaching ... "Value is the lowest cost to reliably perform
a function."

"All functions can be evaluated."

Value of motor screen -- not its \$6 cost but not above \$1.25 cost to perform
its function.

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Required function always determined by engineering.

Value usually established by manufacturing techniques and methods.

Refrig. - Stud

Well tooled automatic equipment	16¢
Accomplish function other mfg. methods	2-1/2¢

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Job strong two-fold

- First - provide something valuable
- Second - get it used.

- First - 90%
- Second - 20%

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Where do we stand?

To accomplish requires
Change Habits & Attitudes

All decision-making men trained tech.
Lge. amounts information
Use of specialists.

101 full time professional Value Specialists in
45 departments
59 departments have none.

CHART II

Average addition of each to net earnings per yr.
\$129,000

The number in departments varies from 1 to 12.

7 men add over \$500,000 each to total income.

59 men whose managers reported added \$16,688,663

On average - each dollar invested in trained Value Specialists returns \$21.30
total income.

About 3000 trained in VA techniques
Mostly last 3 years

"Increase in my general competence" - unsigned
22%

CHART III

(Show chart men trained by groups)

CHART IV

Status of use of VA strengths by operating depts.
2 are judged good to outstanding
9 acceptable
32 short of acceptable
61 poor or worse

CHART V

Make no mistake.....no one asks
Burens
Hanna

Create appetite we can satisfy.

Last 12 months... due to pressures for quick shipments and quick
dollars today...

2 cancellations
15 postponements

"Absence of value does not so immediately raise a red signal as absence of shipment
or performance

CHART VI

Our organization

CHART VII

Training -- also in company courses
(Now complete package training & consultation)

CHART VIII

Consultation
Improve Value Specialists
(Integration. . Education. . Consultation. . Evaluation)
Specialty Materials-- Index
Communications--in existing company organs.
(List others)

Research -- described later.

CHART VIII

Our use of resources '47 - '57

Vital importance of follow-up consultation and guidance.

"If what we know now were used, we could readily reach Mr. Cordiner's profit targets."

CHART IX

NOW FOR THE FUTURE

Have undertaken Value Research

Just what is value?

Is there an "absolute value?"

i. e., "an absolute minimum cost of performing a function?"

Value has 4 separate usages -- 1 in area of esteem, another exchange, another cost, then finally use or function -- which we use.

VALUE RESEARCH will provide

Evaluated functions

Carry current - current-temp. rise

Insulate voltage - voltage-special conditions

Interrupt current - voltage - current - life (ac or dc)

Exclude dust

Usual cost from 2 to 10 times value. WHY?

Ring example

Area designs in and manufactures plate

Five functions 60¢

\$12 -- \$2 -- \$1 -- 50¢

Believe all functions can be evaluated

Magnetic freezer latch

5#pull requires 50,000 flux lines - requires prox. 15¢ iron -

But it was costing 36 - went to 18 -

Springiness to prevent bounce

Evaluated 1¢ per end - 2¢

But it was costing 14

Became 3¢

\$37,000 to total income

Step by step approach

*****!

Evaluated functions - FIRST STEP

Value Control - NEXT STEP

Value Control

System - system does not control

provides facts so men can control

Use evaluated functions

Catch loss before it happens

Continuously improve value

Let's have Value Standards.

Since the days of Taylor, we've known Time & Motion Standards

Assign standard value to each assembly and part.

(i.e., lowest cost to perform its function)

CHART X

Example

(Use of Value Standards)

CHART XI

FINALLY

1. Value Team - (50% purpose learning..25%purpose teaching..25% purpose doing.)

Can't learn in and lead from a vacuum.

CHART XII-----CHART XIII-----chart XIV

CHART XV

2. Increase cost reduction yield - double/man hour

3. Organize...operate...teach operations.

Value task forces under professional value organization

Antenna - 25%

Spree 30 days...20 people

Checkrein - guides Vanguard missile

4. Make loss of value...

...as measurable...as clear...as painful

as shipment loss or performance loss.

To accomplish this, we propose to invest company resources

CHART XVI

60 - 40%

CHART XVII

Teaching and counseling - learning and doing.

Final questions.

CHART XVIII

Check list for comments.

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Is the pace right?

Should we approach the job at this speed - or five times this speed?

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