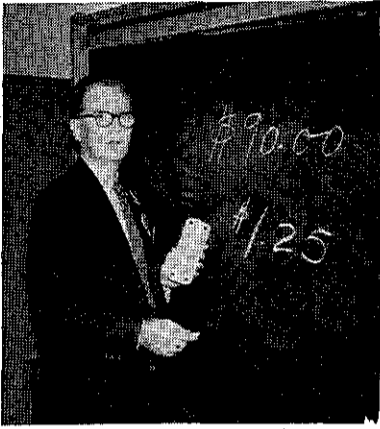


# Value Analysis: A Case History

## A Scientific Method Of Cost Reduction As Applied At MOSD



Joseph Foley

### Value Analyst Foley—Breakaway Connector And Dust Cover

When Joe Foley, Materials Operation-Purchasing, finished his analysis of the dust cover for the Nose Cone Main Breakaway Connector he had accomplished what every Value Analyst aims for: "at least fifty per cent reduction in cost on the part studied." In fact, more than ninety percent of the cost was removed.

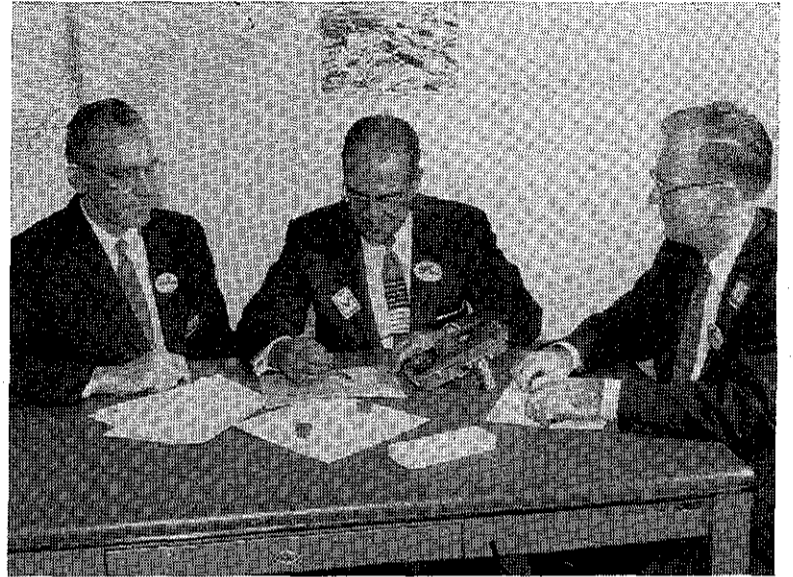
Working with the engineer and buyer concerned with the Breakaway Connector, Joe Foley determined that a \$1.25 plastic dust cover would give the same performance as a proposed \$90 metal casting. The primary function of the dust cover is to protect the Nose Cone Breakaway Connector from dust, corrosion, and foreign matter prior to missile launching.

Joe followed a classic value analysis procedure in the dust cover project. He "evaluated by comparison." He likened the cover to an 8¢ refrigerator bowl cover and decided that a happy medium between that and the \$90 item could be effected for the Breakaway. The resulting \$1.25 product meant a yearly saving of \$6600 on one part alone and a healthy boost to MOSD's Cost Improvement program.

#### How It Works

In analyzing a product, the value analyst scrutinizes every part, every operation involved in its manufacture. He learns all he can about the necessary function as established by Engineering and then forgets all the standard practices used in obtaining these functions. He starts from scratch with such questions as: Does the use of this part contribute to value? Is its cost proportionate to its usefulness? Does it need all its features? Will another dependable supplier provide it for less? He talks to scientists and engineers to learn what new, low cost material can be substituted without sacrificing quality. He enlists the ideas of speciality vendors or helps them develop ways of reducing their own production costs. He meets with Manufacturing men to investigate new tools and processes and to make sure that the improvements he is suggesting are practicable from a manufacturing standpoint. When the job is finished, the value analyst issues a concise suggestion sheet covering each part which shows saving possibilities and sends it to the responsible individuals for incorporation in their cost improvement program.

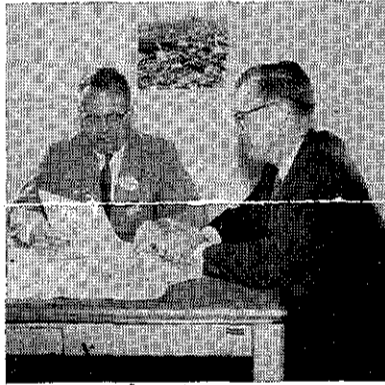
The picture sequence on this page shows Joe Foley re-enacting his work on the dust cover project—a typical value analysis routine. According to Joe, the dust cover was a fairly simple project compared to many that have been done within the General Electric Company. A \$6600 cost improvement, however, is never an insignificant matter.



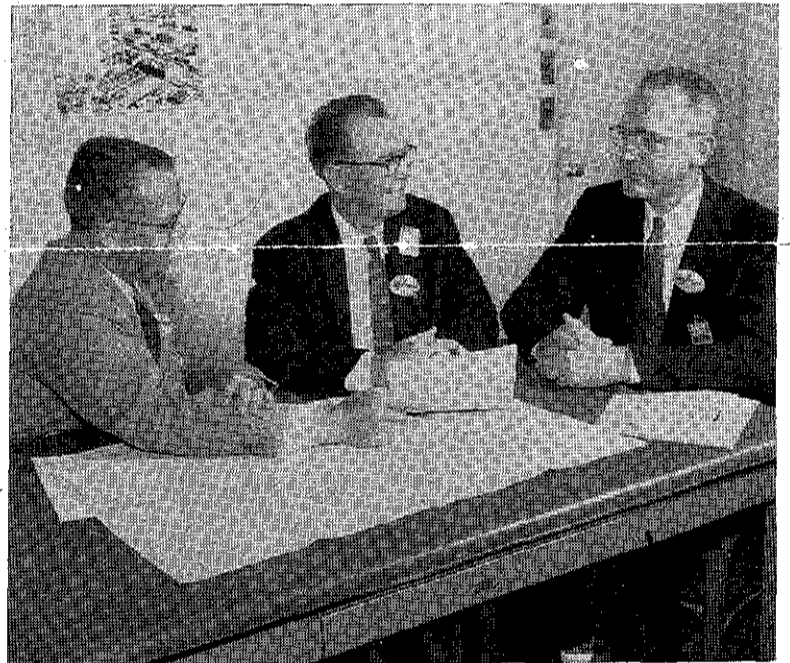
Here the vendor and the value analyst meet with engineer Hanna to evaluate the sample design. Mr. Hanna suggested raising the top and securing the cover to the connector with a screw. The dust cover sketches were duly changed by the value analyst to include the suggested improvement.



Joe Foley learns about the operating requirements of the Breakaway Connector dust cover from C. R. Hanna, engineer in Nose Cone Control Engineering.

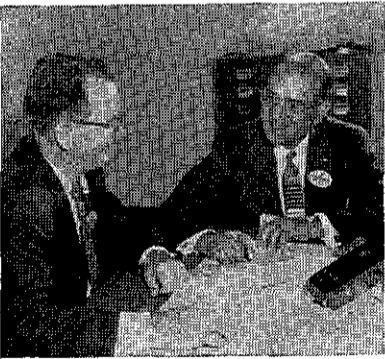


Joe discusses the sources of supply and quotation information on hand with E. H. Abernethy, a buyer in Purchasing.



The corrected proposal is accepted by engineer Hanna and Production Control is notified. Purchasing's buyer Abernethy is requested to order a supply of the \$1.25 dust covers and the saving is achieved!

Increased application of value analysis to our research and development projects is planned as part of MOSD's Cost Improvement and Operation Upturn programs.



Plastics vendor A. D. Calabro discusses the intended design offered by the value analyst.



Joe examines a sample plastic cover prepared for evaluation by vendor Calabro.

Value Analysis in action will be illustrated by "before" and "after" samples in two displays at MOSD next week. The Value Analysis samples from Departments throughout General Electric will be seen in the main lobby and in the Purchasing Vendor Reception Room at our Chestnut Street facility starting Monday, July 14.

**Apply The Value Analysis Creed In Your Work**  
**"Not A Dollar Of Cost That Doesn't Buy Function"**