GENERAL ELECTRIC

August 20, 1963

MANUFACTURING SERVICES
MATERIALS SERVICE
NEW YORK OFFICE

Mr. L. D. Miles
Manager - Value Service
Building 32G
Schenectady, New York

cc: L. P. Maxwell
R. L. Bartlett
S. Hvamb
L. M. Young

Dear Larry:

The subject of Value Analysis and Value Engineering is getting a great deal of attention and publicity as a result of incorporating the concept of Value Engineering in the ASPR clauses, and the publicity which is being given to the subject through the Department of Defense.

As a result of this interest, many inquiries are being generated from writers for newspapers, magazines, radio and television. These inquiries are being directed over a broad front in the General Electric Company, most of which are always aimed at a certain degree of sensationalism, which is far more news than truth.

In order to be sure that we tell a consistent story and do not inform certain people in more depth than others, I am requesting that before any information is furnished to any individuals, including our own Press Relations people, that you clear such information with Lee Maxwell, who in turn will discuss it with me if he feels it is necessary. The problem arises from the fact that it is not always the information, but rather, the implications involved that create the problem, such as saying that "purchasers have benefited by xx dollars from GE's use of Value Analysis." It is difficult to say how much of our savings actually accrued to purchasers and how much to the General Electric Company, because our prices are generally based upon competitive conditions -- not entirely on cost.

Will you please see that all people in Value Service are advised of this requirement, so as to avoid any unnecessary problems?

Very truly yours,

Bill

C. W. Bryant
Manager - Materials Service

dl

GENERAL ELECTRIC

LEGAL SERVICES

SUBJECT

COPIES: CW Bryant

July 12, 1963

Mr. L. D. Miles
Manager-Value Service
Schenectady, New York

Dear Larry:

I have gone over your June 27 letter and its attachments and would like some further information before responding to the third question on Page 2 which question is, I believe, the only one that calls for any comment on my part. The other questions involve policy matters for management and I have no comments concerning them.

While it is clear from your memo that you and Bill Bryant consider Value Control "entirely proprietary," what additional evidence can we produce to show that Value Control has been treated as confidential and proprietary? For example, has any of the material on the subject been marked "confidential" or otherwise treated as such. You stated that "...there has been no verbal or written presentment of the new teachings or procedures of Value Control" and I assume this means outside the Company. Was there any instruction or letter issued to make it clear that Value Control was to be used only inside the Company and not distributed outside? What communications or instructions were given to people being taught or exposed to Value Control? In particular, was Snodgrass advised or made aware of the confidential nature of Value Control either by you or by others who succeeded in making him "quite knowledgable of the technology through 1962."

Very truly yours,

Bill

William L. Lurie
Corporate Legal Operation

WLL:pam

INFORMATION NEEDED BY W. LURIE, CORPORATE LEGAL OPERATION
PER HIS LETTER OF JULY 12, 1963

"While it is clear from your memo that you and Bill Bryant consider Value Control 'entirely proprietary',

(1) what additional evidence can we produce to show that Value Control has been treated as confidential and proprietary? For example...

(2) has any of the material on the subject been marked 'confidential' or...

(3) otherwise treated as such. You stated that '...there has been no verbal or written presentment of the new teachings or procedures of Value Control' and...

(4) I assume this means <u>outside</u> the Company. yes

(5) Was there any instruction or letter issued to make it clear that Value Control was to be used only inside the Company and not distributed outside?

(6) What communications or instructions were given to people being taught or exposed to Value Control? In particular...

(7) was Snodgrass advised or made aware of the confidential nature of Value Control either by you or by others who succeeded in making him 'quite knowledgeable of the technology through 1962.'"

Value Service
SCHENECTADY

June 27, 1963

Mr. W. L. Lurie
NEW YORK OFFICE

So that we can select the course of restriction on communication that represents the company's best interests, I am attaching a very brief review of the communication policy we have used during the growth period of the Value technology.

In order to focus our judgment on current situations, some specific questions are listed.

To Mr. Bryant's copy, I am attaching a third copy so that, if he chooses, it can be referred to the proper person, perhaps in Stan Smith's organization, who is responsible to give us guidance on our activities which build and maintain the company's image of leadership in the industrial and government community.

L. D. Miles
Manager - Value Service

LDM:AMH
Att.

CC: C. W. Bryant

REVIEW OF COMMUNICATION POLICY OF GROWING VALUE TECHNOLOGY

June 27, 1963

L. D. Miles

I

Started in 1947 by H. L. Erlicher and W. A. Sredenschek, it was endorsed and supported early in 1950 by H. A. Winne, vice president of engineering, and R. Rausch, vice president of manufacturing.

We soon learned that to hide it was to suffocate it--to use it meant certain exposure of it. A course has been followed which communicated to both industry and government at about the rate knowledge was "seeping out", bringing to General Electric the triple functions of...

accelerated use within the company
increased order benefits through sales
recognized leadership

II

Following this course

...some purchasing and some manufacturing aspects were communicated in 1949 and 1950.

...periodically similar communications were issued throughout the next five years reinforcing the GE "beachhead". Increasing "function" infusion occurred during this period.

...techniques such as basic function emphasis and evaluation of function were later included as hundreds of men trained in using these techniques left the company, used them, and occasionally wrote about them.

...presentations of "evaluating functions by scientific means" have never been included in our released material.

By 1961

...hundreds knew the general approach.

...the emphasis of our Value Service took another direction--that of "Value Control".

...evaluating functions scientifically is being taught by others in both industry and government.

...armed services requests for bids included this in the specification.

To meet this competitive situation we, in 1962, gave permission to two firms, whose members left GE about five years ago, to use the heading and to teach what they knew about it.

The concept of having Value Standards of appropriate cost has been around a long time. Beginning five or six years ago, however, we did some work to make it more useful, then we shifted our emphasis to Value Control. Meanwhile, we have never presented material on this subject outside of the company. Upon hearing and seeing "value standards" used with

increasing frequency in the industrial complex, we "staked out a claim" there which could later be built up to bring the company more leadership benefits if the company so chose. It was an illustration using the words "value standards" in the background of an article in Dun's Review in 1962.

Meanwhile, there has been no verbal or written presentment of the new techniques or procedures of Value Control which, at this moment we consider entirely proprietary.

Recently, some people, quite cognizant of the Value Control program and procedures, have left the company and the present task is to select the course of company restriction and of company communication which represents the company's best interest. The attached letter of the newly formed "Value Standards, Inc." is self-explanatory. The Value Control operation in Chicago reported to the man signing the letter. He is quite knowledgeable of the technology through 1962.

III

To focus our judgment on current situations, some specific questions are asked:

1. Should GE now re-affirm and re-inforce its position of leadership by providing two or three articles on the subject of "Evaluating Functions Scientifically" progressively throughout the next year?

2. The same question--on the subject of "Value Standards".

3. What is the company's posture in respect to the newly formed "Value Standards, Inc."?

4. Depending upon the company posture and later developments, what communications within the next year should be made to establish and solidify the company's stature of leadership with respect to Value Control practices and procedures in the government and industrial community?

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*The name Value Control is coming into quite general use although the technology under it is basically what we call Value Analysis. General Dynamics, Motorola, and probably a half dozen other companies use the name Value Control and have managers and men so named.