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An Experience in Cost Reduction

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AN EXPERIENCE
IN
COST REDUCTION
WHITTLING AWAY AT COSTS

The magnitude of the item of cost commonly called "overhead" is a mystery to most everyone in and out of the manufacturing business, but perhaps the following story will throw a ray of light on the subject.

We had for many years made several sizes of drawings, each size being designated by a letter. About 80% of the drawings were of the largest dimensions and were known as "A" size. Each drawing had an "A" prefixed to the serial number and since the drawing number became the pattern number and designation of each piece of machinery made from the various drawings, the letter had to be printed, written, stamped, etc., a good many times in the course of a year.

We decided to leave off the letter "A" from the large size drawings, but to continue to put the other letters on the smaller drawings as of course was necessary.

As a result of this simple omission we avoid making the letter "A" in all departments a little less than six million times a year. On the basis of 275 days per year, 8 hours per day, and an average of 45 letter A’s per minute, this represents one man year of work.

The effect upon the different departments on the present volume of business is as follows:

Drafting Room . . . . . . . 311,862
Tracing Department . . . . 183,209
Printing and Indexing . . . 53,125
Order Department . . . . . 1,865,942
Blueprinting Department . . 29,672
General Offices . . . . . . 1,599,100
Shipping Department . . . 135,000
Pattern Department . . . . 134,000
Shops . . . . . . . . . . . . . 1,580,000

Total . . . . . . . . . . . . 5,891,910

That other advantages would result from this elimination of a single letter from a drawing will be obvious to anyone familiar with engineering work but the saving of labor alone amounts in our business to about $1,500.00 per year or 5% on $30,000.00.

JEROME R. GEORGE,
Vice-President.

28 January, 1927.