

BRIDGEPORT, CONNECTICUT
FEBRUARY 27, 1959

TO: J. D. CRAMMOND (30)
FROM: J. E. DICKEY
SUBJECT: MODEL 430 HAMMER DRIVE TOOL AND STUDS

Approval is requested of the Operations Committee - Ilion Division, for the addition of the subject new line. Since this is a supplementary line to the existing Stud Driver line, the tool and studs are being considered as a package.

The following economics based on the tool design as submitted by Research & Development (working Model to be shown), and seven (7) studs, as covered by Research & Development drawings, Numbers CI-410, EI-411, EI-412, EI-413, EI-414, EI-415, EI-416, EI-423 and EI-424, show a net earnings of \$2,010.00 and a return on investment of 1.5% for the first year, based on a tool forecast of 4,500 and a stud forecast of 2,800,000. These figures are increased to \$44,040.00 and 20% in the third year, based on a tool forecast of 4,500 and a stud forecast of 7,000,000. 83

It is the feeling of Sales, based on Field information, and the further fact that our two major competitors have marketed products of this type for some time, that there is a definite market, here, for Remington. In general, this line will handle applications normally considered too light or of too small a quantity to justify the use of a powder-actuated tool. In addition, these tools have no problems of Union bans and/or State codes.

This line should fit well into the Stud Driver distribution pattern, since Remington has over 1700 sales outlets, and most of them are in the smaller marketing areas.

An important point to consider is that the addition of the hammer tool line will result in additional dollar volume. It is a companion line to stud driver products and will be handled by the present Field force, with no increase in manpower. Increases in selling and administrative expense are expected to be nominal. Therefore, the stud driver line, including hammer tools, will show an improved return as a result of the improved volume without increase in burden cost and selling and administrative expense. The economics for the hammer tool line are based on full allocation of burden and selling and administrative expense.

For the above reasons, Sales requests approval of the Operations Committee, Ilion Division, for addition of this line to the existing Stud Driver line.

AWH/mcj

J. E. Dickey

WIL00542