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Ilion, New York
March 5, 1963

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OPERATIONS COMMITTEE - ILION DIVISION
MODEL 700 BDL - CALIBER 300 WINCHESTER MAGNUM

The February Operations Committee asked the economics of adding caliber 300 Winchester Magnum to the Model 700 BDL be established preparatory to recommending Management approval. A current appraisal of the economics is attached. A current appraisal has been used because it is based on SAAMI information, no ammunition samples being available, and the Sales Department feels Remington should move quickly into this caliber to counter Winchester's offering it in their Model 70.

The economics indicate unit full book operative earnings of \$7.00, equivalent to 8.4% of net selling, and a cash return of 36% on \$36,000 new investment. The new investment is confined to additional working capital to support the new product. No new permanent investment is required. The cost to get into production is estimated to be \$5,000 to \$7,000 and is for perishable tooling only.

The profit margin of the 300 Winchester Magnum, 8.4%, is equal to the other magnum calibers with stainless steel barrels: 7MM Remington and 264 Winchester. The profit margin of these calibers is lower than those with regular steel barrels due to the higher manufacturing cost for stainless steel. A table of comparison is shown below:

	Model 700 Calibers with Regular Steel Barrels: 222, 243, 270, 280, 30.06, 308		Model 700 Calibers with Stainless Steel Barrels: 7MM, 264, 300*	
	ALL	BDL	ADL	BDL
Retail Selling Price	\$114.95	\$139.95	\$129.95	\$154.95
Net Selling Price	61.97	75.45	70.09	83.58

OPERATIONS COMMITTEE
ILION DIVISION

MODEL 700 BDL BOLT ACTION RIFLE
CALIBER 300 WINCHESTER MAGNUM

	<u>Model 700BDL</u>
Retail Selling Price	\$ 154.95
Net Selling Price	83.58
Annual Sales Volume	1,500
Net Increase in Sales Volume	750
<u>FULL COST DATA</u>	
Unit Factory Cost	66.13
Unit Selling, Administrative & Research	10.45
Unit Cost of Goods	<u>76.58</u>
Unit Operative Earnings	7.00
% of Net Selling	8.4%
<u>CASH COST DATA</u>	
Sales	\$ 62,700
Cost of Sales	<u>36,200</u>
Operative Earnings	\$ 26,500
Net Earnings	\$ 12,000
Investment:	
Permanent Investment	\$ -
Working Capital	<u>36,000</u>
Total Capital Required	\$ 36,000
% Return on Total Capital Required	33%
Project Cost to Start Production	\$5,000-7,000 (Perishable Tooling Only)

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