

REMINGTON ARMS COMPANY, INC.

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To: R. S. Swartz

February 12, 1981

From: S. M. Morris

Ilion, New York

M/700 BDL (.243 Cal.) COST ANALYSIS

A cost analysis has been developed for the major components and assemblies of a M/700 BDL .243 caliber rifle. The objective of this study is to illustrate by comparison the direct cost relationships of the machining, finishing, heat treatment and miscellaneous operations of a typical M/700 rifle. Also, this evaluation should be useful to our Engineering groups in their future consideration for design and process improvements.

Attached are (3) Exhibits. Respectively, Exhibits I and II illustrate the Standard Labor, Labor Variance, and Direct Expense Costs of the M/700 BDL assemblies and components as defined in the Research and Development part list dated 10/6/80. Exhibit III summarizes by type and quantity the manufacturing operations that are performed on a M/700 rifle.

A review of the components costs contained within this study indicated the stock represents 40% of the M/700 BDL composite total. The barrel assembly and receiver follows at 13% and 9% respectively.

Three high cost areas that deserve consideration are as follows:

- Stock Assembly Finishing - Currently \$4.76 in Standard Labor to finish the M/700 stock. The operations include sand, stain, spray and fill. Hand sanding represents 70% (\$3.35/stock) of the finishing cost. Automated equipment, if feasible, would reduce costs in this area.
- Stock Assembly Labor Variance - A comparison of 1979 and 1980 Labor Variance rates for the (5) M/700 Stock Processing Departments indicate that an \$.86/stock increase was realized in 1980. It appears that the 4th quarter schedule reductions and M.R.P.'s valuable influence in the wood area are responsible for this trend. Also, due to the uniformity problems encountered with wood finishes in 1980, (3) additional non process operations were performed on all M/700 BDL stocks produced. These operations included level sand, hand spray 3rd coat and inspect. The additional labor and direct expense associated with these operations totaled \$3.15 and \$.73 per stock respectively.