

Open Mfg
9/14/83

FIREARMS
BUSINESS
PERSPECTIVE

ADDENDUM E-1

FIREARMS MARKET

o MARKET GROWTH.

	<u>ACGR</u>
1977-1982	(6)%
1983-1984	4%
1984-1988	1%

o MARKET SHARE PERFORMANCE

1977	36%
1982	23%
1987	27%

ADDENDUM E-2

MARKET SHARE EROSION
1977 - PRESENT

	<u>SHARE POINT Loss SINCE 1977</u>	<u>MAJOR FACTORS</u>
<u>SHOTGUNS</u>		
o AUTOLOADING	1	- BROWNING
		- S&W
o PUMP	2	- BROWNING
		- MOSSBERG
		- USRAC
<u>CENTER FIRE RIFLES</u>		
o BOLT	3	- RUGER
o AUTOLOADING		
- HUNTING	2	- BROWNING
- NONHUNTING	5	- MARKET SHIFT (NO NEW ENTRIES)
	
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TOTAL EROSION	<u>13</u> POINTS	

ADDENDUM E-3

COMPETITIVE ENVIRONMENT

• RUGER (15%)

- QUALITY AND DESIGN STRENGTH (BOLT ACTION CF RIFLE AND RIM FIRE AUTOLOADER)
- STRONG PRODUCT POSITION IN GROWING CF PLINKING MARKET (MINI 14)
- DISTRIBUTION STRENGTH (POLICY PLUS HANDGUNS)

• BROWNING (9%)

- QUALITY AND DESIGN STRENGTH (SHOTGUNS)
- CURRENCY VALUATION HAS ALLOWED COMPETITIVE PRICING
- DISTRIBUTION STRENGTH

• USRAC (15%)

- REPOSITIONED SHOTGUN LINE HAS MAINTAINED SALES AT REDUCED MARGINS
- M/94 & M/70 REMAIN IN AVERAGE POSITION
- ATTRACTION OF COMMEMORATIVE PRODUCTS WANING

• MARLIN (8%)

- LOW COST RIM FIRE PRODUCER
- PRICE/VALUE STRENGTH IN RIM FIRE AND CENTER FIRE

• SMITH & WESSON (3%)

- DISTRIBUTION STRENGTH (HANDGUNS)
- PRODUCT PRICE/VALUE AVERAGE TO STRONG

• MOSSBERG (5%)

- AGGRESSIVE PRICE COMPETITOR FOR LOW-END PUMP GUN MARKET
- INCREASING SHARE IN 1983
- HAS ANNOUNCED A LOW PRICE (\$200) AUTOLOADER

ADDENDUM E-4

MAJOR FIREARMS STRATEGIES

o REDUCE COST THROUGH:

- IMPROVED EXEMPT PRODUCTIVITY
 - IMPROVED WAGE ROLL PRODUCTIVITY
 - IMPLEMENTING MRP & QUALITY SYSTEMS
 - MODERNIZATION
- 1) IMPLEMENT FMS FOR RECEIVERS
 - 2) DEVELOP WOOD MANUFACTURING PROGRAM

o STRENGTHEN PRODUCT POSITION:

- RESTYLED AND NEW PRODUCTS
- EVALUATION OF PRODUCT OPPORTUNITIES IN NEW MARKET SEGMENTS
- PRUNE PRESENT LINE

o IMPROVE MARKETING EFFECTIVENESS (PARTICULARLY WITH DEALER)

- PRICE
 1. IMPLEMENT SERVICE DISCOUNTS OVER TIME
 2. USE VARIABLE PRICING TO ADJUST PERCEIVED PRICE/VALUE
- SERVICE
 1. IMPROVE ORDER DELIVERY
 2. STRENGTHEN PRODUCT AND CUSTOMER SERVICE SUPPORT
 3. INCREASE CONTACTS WITH KEY DEALERS

ADDENDUM E-5

COST PROGRAM BENEFITS (1983 CONSTANT \$ MM)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
MRP	.4	.3	.2	.1	-
QUALITY SYSTEM	(.2)	.7	1.4	2.2	2.2
CREATIVE COST IMPROVEMENT	.5	.3	.3	.3	.3
CNC RECEIVER PROJECT			1.3	2.4	1.9
ANNUAL COST REDUCTION PROGRAMS	.7	.8	.8	.8	.8
EXEMPT PRODUCTIVITY IMPROVEMENT	1.0	-	-	-	-
IMPROVEMENT CORPORATE	.8	1.0	-	-	-
TOTAL	3.2	3.1	4.0	5.8	5.2
CUMULATIVE		6.3	10.3	16.1	21.3

ADDENDUM E-6

FIREARMS PRODUCT STRATEGIES

SHOTGUNS

RESTYLE & LINE EXTENSION

	<u>PLANNED INTRODUCTION</u>
• <u>MODEL 870</u>	
- LOW PRICE MODEL	1984
- 12 GA. & 20 GA. SPECIAL FIELD MODELS	1984
- CONVERT TO 3" CHAMBERS } <i>Combined for '85</i>	1984
- RESTYLE FIELD MODELS	1985
• <u>MODEL 1100</u>	
- RESTYLE FIELD MODELS	1986

PRODUCT DESIGN

• LOW PRICE SHOTGUN-PUMP & AUTO (ALUMINUM RECEIVER)	1985
• NEW AUTOLOADING & PUMP ACTION SHOTGUNS (ELECTRONIC FIRE CONTROL, MECHANICAL UPGRADE, STYLING)	1988

ADDENDUM E-7

CENTER FIRE RIFLES

RESTYLE & LINE EXTENSION

PLANNED
INTRODUCTION

• MODEL 700

- LOW PRICE REPLACEMENT FOR MODEL 788 1984
- MOUNTAIN RIFLE 1985
(TAPERED BARREL & WOOD RESTYLING)

• MODEL 7400

- EVALUATE OTHER SEGMENTS 1984

PRODUCT DESIGN

- NEW BOLT ACTION RIFLE 1987
(HIGH-END PRICE, FIRE CONTROL,
EXTRACTION, ROTARY FEEDING,
STYLING)

ADDENDUM E-8

WORLDWIDE BUSINESS PROJECTION (\$MM)

	<u>1983</u>	<u>1984</u>	<u>1988</u>	<u>CAGR % 1984-1988</u>
SALES & TRANSFERS				
• CONSTANT 1982 \$	104	120	130	3
• CURRENT \$	117	124	163	7
PRETAX EARNINGS	4.7	13.1	42.3	35
PRETAX MARGIN	4.2%	10.6%	25.9%	
PRETAX ROI	3.1%	8.2%	21.9%	
NET CASH FLOW BEFORE DIVIDENDS	14.6	(2.1)	21.2	

ADDENDUM E-9

CRITICAL ACTIONS

- IMPLEMENT COST REDUCTIONS
 - EXEMPT PRODUCTIVITY (4Q-1983)
 - MRP, QUALITY (4Q-1983)
 - RECEIVER MODERNIZATION (1988)
 - PRODUCT SIMPLIFICATION (1984)
- IMPLEMENT NEW SALES AND DISTRIBUTION POLICY
- DEFINE NEW SHOTGUN LINE CONCEPTS (1Q-1984)

ADDENDUM E-10

KEY UNCERTAINTIES

- RECEIVER MODERNIZATION TECHNOLOGY AND TIMING
- ADEQUACY OF RESOURCES TO IMPLEMENT PRODUCT PROGRAMS
- ABILITY TO DEVELOP PRODUCT FEATURES TO SUPPORT A
NEW SHOTGUN LINE INTRODUCTION
- CANNIBALIZATION EFFECT OF LOW PRICE SHOTGUN
- ABILITY TO STRENGTHEN TRADE PROFITABILITY

ADDENDUM E-11

LIMITED DISTRIBUTION
REMINGTON ARMS COMPANY, INC.
INTER-DEPARTMENTAL CORRESPONDENCE

Remington
OUPON

PETERS
OUPON

Xc:

F-12
J. W. Brooks
J. S. Martin
F. E. Martin

"CONFINE YOUR LETTER TO ONE SUBJECT ONLY" _____

March 4, 1982

TO: C. B. WORKMAN

FROM: T. L. CAPELETTI *TE*

SUBJECT: BOLT ACTION CENTERFIRE RIFLE PRODUCT LINE — BUSINESS PLAN

Attached is a draft of a proposal Business Plan for bolt action rifles. It includes an outline of the overall Plan and detailed input on Research programs through 1985. Revisions have been made to incorporate comments from our Review Meeting yesterday. As input to Marketing for coordination of the Plan, I suggest that a copy of our proposal be provided to Clem Riley ASAP.

TLC:ws
Attach.