

RD-44-S
REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE

Remington
SUPER

PETERS
SUPER

"CONFINE YOUR LETTER TO ONE SUBJECT ONLY"

Ilion, New York
December 16, 1955

P. H. BURDETT
SECRETARY - OPERATIONS COMMITTEE

H. A. BROWN
J. D. MITCHELL
N. F. LARSEN
S. M. ALVIS

RECEIVED

DEC 19 1955

P. H. BURDETT

SUBJECT - M/513-S, 513-T and 521

It is recommended that the above models be discontinued because of low volume as shown by Table A and unsatisfactory return as shown by Table B.

The sum of all three of these models amount to less than 1% of the guns in terms of quantity. The M/513-S ranges from Cal to Cal of 1%. The M/513-T and Model 521 range from 0.2 to 0.3 of 1%.

With reference to Table B, it is necessary that the following factory profit be realized in order to break-even on these models:

M/513-T - \$4.18
M/513-S - 3.66
M/521 - 2.92

This assumes the same C & A distribution as other models with much higher volume. It is questionable this same ratio holds since, as one example, these three models occupy one page out of 12 of the catalog. Therefore, they require a much higher percentage of the catalog cost than is reflected in the above figures.

It frequently is mentioned that items of this nature tend to absorb overhead and, therefore, should be left in the line. However, it is felt that insufficient consideration has been given in these cases to the proportion of work required for these items as compared to that required for other models with much greater volume. Actually if overhead was distributed in accordance with time spent, it is felt that the factory cost on these models would be considerably in excess of that now being published.

Although it is difficult to consider all the places where cost is incurred, listed below are a few examples where the ratio of burden distribution is felt to vary considerably because of low volume: