

Preliminary cost figures presented by N. F. Larsen show that the necessity for maintaining inventories of several parts in different colors and weights (in the case of barrels), with the required investment for facilities, results in an increase in working capital of \$151,000, with increased sales value of \$135,000. This gives a return on investment of 12.1 per cent. Although no figures were available, it was apparent that this picture would improve rapidly should the introduction of this line result in additional sales.

Since the stock is to be bleached, DED has been considering the possibility of using a light-colored wood in place of walnut. They believe that birch might be satisfactory, but they find that it is not possible to buy this material in the form of dried flitches. It would therefore be necessary to buy plank cut to size, coat the ends, and dry. It seems probable that this would eliminate most of the economic advantage of birch over walnut.

Since walnut stocks are traditionally associated with quality guns and since the checkering of bleached walnut exposes the natural wood color, giving an interesting color contrast, the committee felt that the change to birch should not be considered unless the economic advantage is substantial. However, DED will obtain cost figures in order that this decision may be made on a sound basis.

In the meantime, preparation of the project will continue for presentation to Management.

MODEL 552

The Ilion Plant is making every effort to have guns available for field test in the latter part of October. This will require the production of certain pilot quantities of components in the tool room. However, it is believed that the following warehouse schedule, previously submitted, can be maintained:

Schedule submitted:		<u>September 6, 1956</u>	<u>October 9, 1956</u>
November	500		500
December	1,500		1,500

DED reported that functional tests of the Model 552 have continued. A change in the barrel design, involving the clearance cut near the ejection port, appears to have greatly reduced stemming of Long and Long Rifle shells. Tests to confirm this improvement are continuing.