

design change reporting procedure be revised as follows -

1. Design changes should be reported by the Plant to Sales in language which is readily understandable by field sales personnel, and in such form that it can be disseminated for information by the Sales Department.
2. After design changes have been scheduled for entry into production, the Plant should inform the Sales Department of the date of production change, and the contemplated shipment date of items embodying such changes.

The Committee recommended an immediate co-operative effort by Sales and Research & Development Departments and the Plant to formalize significant design change reporting procedure.

83

POWDER-ACTUATED TOOLS

STUD DRIVERS

3/8" CAPTIVE STUD DRIVER PISTON

Management approval of this item is recorded in Informative Bulletin No. 12 of the Operations Committee, Industrial Division, dated September 25, 1958. Approval was based on forecasted sales of 100 pistons in a normal year at a list price of \$7.50 each, and operative earnings were estimated at \$8.00 per year.

Subsequent to Management approval, Research & Development reviewed specifications of the item and recommended that it be constructed of "Omega" steel, instead of 4140 steel, to achieve product improvement. Since the greatest source of trouble with the Captive Stud Driver is piston failure, and since use of "Omega" steel can be expected to reduce such failure, the change in material is obviously desirable.

"Omega" steel is more expensive than 4140 steel, unfavorably affecting economics at the proposed list price of \$7.50. Sales has, therefore, increased the list price of the item to \$8.50. Economics presented to the Committee indicate that a list price of \$8.50 each for the forecasted 100 units offsets the increased cost of the new material and increases operative earnings only slightly from \$8.00 to \$74.00 per year.