

Sales proposes that this item be initially added to the Stud Driver accessory list as a heavy duty replacement part bearing a premium price of \$7.50. The standard pistons now used are sold in a replacement package of six, priced at \$36.00.

Current standard pistons would be supplied with new tools sold until standard piston stock is exhausted, at which time the new heavy duty piston would be used in new tools without obsolescence. Current stock of standard pistons is approximately 800. Based on previous sales, it will be eighteen months before standard piston stock is exhausted.

Sales presents the following economics for the proposed heavy duty piston based on a forecast of 500 units per normal year, as an optional accessory for the Model 440.

Quantity	Each	Amount
	500	
List price	\$7.50	
Net selling price	5.25	\$2,625
Operative earnings	.86	330
Percent of net selling price	12.6%	12.6%

The Sales Department considers that the proposed list price of \$7.50 cannot be increased to improve operative earnings in view of the present low price of the comparable expendable component used in a competitive system.

Decision

The Operations Committee, Ilion Division, approves the proposed heavy duty replacement piston and recommends to Management its addition to the Stud Driver line as an optional accessory for the Model 440, with a list price of \$7.50.

MODEL 430 HAMMER DRIVE TOOL

Research & Development reports that design changes have been made to reduce estimated cost of the prototype model. Economics and model of the redesigned item will be submitted for approval at the next Committee meeting.

STUDS

MODEL 430 HAMMER DRIVE STUDS

Research & Development reports that design changes are being made to reduce estimated cost of prototypes.

Samples of studs and economics thereon will be presented for Committee approval at the next meeting.