

TABLE 3

Next would be a high spot design investigation with the object of coming up with some simplified design, after which an approximate production cost might be provided. The designers were of the opinion that this would involve from 3 to 4 man months' work for the design phase.

It is the opinion of the R & D Ilion Division Manager that such an estimate is on the optimistic side and would most likely involve an outlay of expenditures in the range of from \$5,000 to \$10,000. At the same time, and based upon results of previous studies together with present indicated markets and prices, it would seem that the probability of success in the way of coming up with a favorable result is rather remote. For example, we believe that the study which was performed by the Engineering Department in 1947 entitled "Economics of Parker Gun Manufacturing, Conventional Machining - Precision Castings" provides a very good corollary. The problem as to the relative manufacturing cost as compared to volumes and selling prices are not too far different from the present situation when the cost figures are factored or up-dated to reflect present day conditions. The manufacturing and processing problems described for the Parker Gun Manufacture were very similar to those now envisioned for the Model 32.

One of the significant conclusions from this report was that "over the total range of production forecasts, whether the use of either precision castings or conventional manufacturing is considered, the annual out-of-pocket cost exceeds corresponding annual sales income --- and annual loss must be forecast."

Probable cost estimates based on opinions of the staff of the Ilion Custom Shop reported an expected necessary selling price for a Model 32 to be in the range of \$750.00 each. The Sales Department has indicated that such a price is too far out of line to be of interest. Therefore it would seem that unless some new approach with regard to domestic manufacture is discovered, this matter should again be tabled or dropped.

In the meantime, it would seem that the earlier investigation of profitable foreign manufacture of an Over & Under Shotgun may not have been completely covered. However, before proposing