

CENTER FIRE RIFLES - contd.MODEL 742X RIFLE - AUTOLOADING CENTER FIRE - contd.
(Introduction 1976)

The X Model Study Group Chairman reported that since the last meeting, several economic evaluations had been made on sales volumes from 10,000 to 100,000 total guns per year. This analysis was confined to a five year time span. Erosion of sales of current models is a major factor in the projected low ROI. This analysis work is being expanded by use of the Du Pont Engineering EVAL 4 computer program. The first computer run indicated the best condition to be 70,000 guns per year production and 4.0% ROI.

A new approach of looking at a ten year time span appears more reasonable. The base for comparison will be the "do nothing" case - earnings and ROI in the ten year period without any new X models.

Marketing is to provide additional 10-year forecasts (volume and selling price):

- . Current models only.
- . Current models + 742X, 760X, 1100X, 870X
- . Current models + 742X, 1100X
- . All X models - complete replacement.

These forecasts are to be available about May 11.

At the May meeting, the Study Group will be prepared to indicate whether or not the program is encouraging. Final recommendations probably will not be completed for several months. Some committee will have to continue to follow this work for the next year.

Production is to study major process changes for manufacturing cost reduction of these X models.

R & D is to continue redesign for reduced cost.

Following are main points of discussion of this report.

The X model program success is subject to the accuracy of Marketing forecasts. Is it possible to forecast erosion of current model sales? Marketing believes that their forecasting performance indicates that it is possible.

New model guns are required for the long term competitive market. Marketing does not have reservations about the break action concept.