

CENTER FIRE RIFLES - contd.EXTENSION OF N/C CUT CHECKERING TO
ADDITIONAL CENTER FIRE RIFLES AND SHOTGUNS - contd.

Production reported that a high spot economic evaluation was made of machine cut versus hand cut checkering for the following models that Marketing has requested to be cut checkered: 1100SA, 1100SB, 1100TB, 870TB, 870TC, 870SC, 742BDL and 760BDL (Exhibit 1). Two new 3-station N/C machines would be required. Return on \$740,000 capital is estimated to be 59.3% and return on \$920,000 total expenditures is 47.9%. This return is based upon achieving the 100 inch per minute cut rate and approximately 92% burdening on a 5-day 3-shift operation.

Even though machine cut checkering is economically justified over hand checkering, it would increase costs about \$106,000 annually for these guns. It is planned to evaluate this against higher selling prices that Marketing believes this feature will command.

The concern expressed with extension of N/C cut checkering now is that the economics are based upon what it is expected will be achieved with the two machines built for the Model 700 rifle. The present status of these machines will make it difficult to get a project authorized for additional machines.

If Marketing is firm on the need to extend cut checkering, then there is a need to go ahead with a project for machines. This could be expedited by a Part I authorization of engineering funds.

Directions from the Committee follow:

- . Consider a staggered schedule for adding cut checkering such that a project for only one machine would be written now.
- . Authorization of engineering funds will require laying out and presenting the complete program.
- . Try to get a project ready for February submission.

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