

BUSINESS MEETINGProduct - Contd.
(Key Strategy #6)

Production is assisting Research with cost information and processing feedback in their development of a new auto-loading shotgun.

(Key Strategy #7)

Production is prepared to support and implement any programs which add-use existing products to increase sales.

(Key Strategy #8)

The rimfire strategy is relatively new but Production's analysis indicates several areas of cost reduction which will be investigated.

Cost Improvement and Construction Forecast

Production concluded their five year plans with a review of forecast cost reductions and forecast construction authorizations.

Cost reductions projected for the next five years are shown in Exhibit 5. Savings resulting from the implementation of MRP are expected to total \$1.7MM per year by 1985. Savings from other projects will total \$5.7MM per year over the same period. General cost improvements include those realized from the Plant Suggestion Program, negotiated price reductions, and direct labor and expense improvements. Savings from these sources are forecast at \$11.7MM per year. Projected annual-cost improvements from all sources over the five year period total \$19.2MM.

The five year forecast of construction authorizations is shown in Exhibit 6. Approximately 64% of the \$33M total is projected for expanded facilities, with the remainder earmarked for facilities improvements.

RESEARCHFIVE YEAR RESEARCH PLANS

The Director of Research outlined the five year Research plans: