

BUSINESS MEETINGRESEARCH - Contd.Product Research Programs - Contd.

The XSG program is the largest single research program underway in terms of research manpower resource commitment, Over the next 5 years we will expend in excess of 30-exempt man years, and \$3,000M in current dollars. The dates shown are taken from the development schedule. The wrap-up date is based on a scenerio which forecasts 1989 as the year of introduction for the last model in the series. Recall that savings potential of the program with across-the-board implementation, together with deletion of current models, is \$950,000/yr. in current dollars. Savings are achieved by reducing the number of parts, increasing commonality between pump and autoloader parts, and with a Receiver transfer line (\$310M of savings).

A planning subcommittee is now active with the process of exploring alternative introduction strategies, and the related investment alternatives. We will plan a report to this committee at the end of the IQ-1981.

The next two items are listed to recognize that competition for bolt action gun sales is keen, and we will need product improvements and innovations to maintain our currently eroding position. The bolt action carbine responds to one perceived opportunity, and we are forecasting a redesign for product acceptance in 3Q next year. The final item is yet to be imagined. But I submit that unless we lower cost or higher value-in-use bolt action rifles, or both, this product line will decline. With our lead times, we are 4-5 years from production introduction, after we have the invention.

Notice that no new rim fire product research is listed; none is planned.

Quality

I will respond briefly to each of the major quality issues.

- (1) Packaging - Research has accepted the design role responsibility in response to product specifications provided by Marketing.