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Estimate File #2891

(7)

February 19, 1969

JOHN MARLEY

REVISED COST COMPARISON - MODEL 700 BOLT HANDLE
PRESENT CASTING VS. COLD FORMED STAMPING
Reference: Our letter dated 10-23-68

The attached summary is a revision of the original estimate dated October 23, 1968 and reflects the following changes:

1. Revised to latest forecast quantities.
2. Added Carburize operation to the Cold Formed part.
3. Reduced Black Oxide Coloring from (2) cycles on the casting to (1) cycle on the Cold Formed part.
4. Showed the effect of eliminating 4.9% scrap experienced with the present casting as a result of scant stock at the bow in the handle and from pitting.

On this basis, an estimated gross annual savings of \$12,420 is indicated for the proposed Cold Formed stamping. The reduction in working capital would amount to \$10,570 and after purchase of a power mill for \$6,600 the return on capital investment would be infinite. The return on total capital required would be 51.2% after amortization of operation charges of \$26,400.

F. G. Carlson, Superintendent
Methods & Standards Section

E. A. Karla

By: E. A. Karla, Supervisor

att.
EAK:sm