

xc: R.L. Hall
H.K. Boyle
C.B. Workman
J.C. Hutton
J.P. Linde
G.D. Campbell
W.W. Cook

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G.E. Fletcher

M/700, .17 Caliber Barrel - Stainless vs. Standard Steel

An economic analysis has been completed to determine the potential savings from producing the M/700, .17 caliber barrel using standard Remington barrel steel instead of the stainless steel currently used.

Current factory cost for the M/700 .17 caliber stainless steel barrel is \$39.23 each, on a full cost basis. Although excessively high scrap rates have occurred at times, this cost includes only 6% additional material variance and 5% additional labor variance, attributable to processing problems typically caused by the stainless steel.

Assuming the no-finish-turn barrel process would be used with the standard barrel material, M/700 .17 caliber barrels could be produced at an estimated full factory cost of \$23.98, a reduction in cost of \$15.25 per unit produced.

Cost data for the present M/700 .17 caliber stainless barrel and proposed standard steel M/700 .17 caliber are attached. Data for the M/700 .222 caliber is also shown for comparison.

R.W. Farrington, Jr.
Industrial Engineering Section ^{TRA}
R.W. Farrington, Jr., Supervisor

By: T.R. Andrews

TRA/kc
Attach.