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 Est. #4354

457,000
 capital + ~~20,000~~ operation

File

November 6, 1981

G.D. Campbell

Extruded Aluminum M/700 Scope Mounts

almost 1/2 mil

5.00
 need. ↑
 to justify expenditure

Evaluation of the proposed extruded Aluminum M/700 Scope Mount process indicates these scope mounts will result in a \$.02 decrease in M/700 product cost on a full allocation basis compared to the present iron sights. However, the incremental results which include only the additional depreciation on the estimated project expenditure of \$457M (and no other overhead elements) indicate an increase in operating cost of approximately \$.30 per gun. Therefore, the net return on investment would be negative on an incremental savings basis, and an increase in either net selling price or volume would be required to justify this proposal.

J.C. Hutton

J.C. Hutton, Superintendent
 Industrial Engineering Section

Because of reduced volume a sight job there would be an equivalent of a .30 cost increase per gun spread over all other models which use the iron sight to cover the decreased volume and added depreciation per piece on sights.

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