

Core Strategy – Law Enforcement Firearms

As tabulated above, the LE firearms business is an important part of Remington's bottom line, accounting for roughly \$5MM per year in standard margin. Despite this fact, forecasting and planning for the business is difficult at best due to the highly unpredictable nature of the market. The LE segment is largely made up of "targets of opportunity" that can range from a few dozen units for a local police department to several thousand for the federal government. What's even more difficult from a planning perspective is that most of these are special make-ups, where a potential customer will specify various options that are not part of the catalog structure. Moreover, unforeseeable events like those of 9/11/01 can dramatically change the face of the LE/Military market and the firearms quantities/options that are needed.

Response

With that in mind it is imperative that the watchword for this business going forward is *flexibility*. As the world continues to change at breakneck speed and the War on Terror evolves, Remington's ability to respond quickly to the needs of the LE communities will be paramount. Timely responses to purchasing inquiries, solid planning with Manufacturing and on-time deliveries of firearms product must be the cornerstones of this strategic plan. If for no other reason, than servicing this market with speed and with the highest quality product is Remington's patriotic duty.

To that end a major restructuring of the way the LE firearms business operates is underway. The intent is to lead the industry in terms of special order firearms product and the speed with which these firearms are quoted, structured, built and delivered. From the sales/marketing end, an automated web-based quotation and structuring tool is being finalized that will dramatically decrease the response time to customers and dramatically increase the accuracy of the detail information on the quoted gun. On the manufacturing side, a designated area is planned where appropriate levels of major assemblies can be quickly configured into the special make gun as ordered. The goal is to deliver the product to the customer in 30 days or less from the time of order. This is a significant competitive advantage for Remington's LE business and has major implications for the way all special make product, LE and Sporting, will be run in the future.

Focus

To maximize the growing opportunities in the LE/Military markets, sufficient focus must be applied to each of the separate business segments. To achieve this it is highly recommended that the current structure be changed so that there are three distinct areas of responsibility

1. Domestic Law Enforcement business
2. Federal Agencies business
3. Military Product business