

SPECIAL FALCON PROGRAMOUTLINEINTRODUCTION

- At the August 16, 1962 meeting it was decided to:
 - increase the seating couple distance 2"
 - include a fully sprung rear seat in the package
 - develop styling models 2 and 7 to include the package changes and to meet the requirements of manufacturing and engineering feasibility.
- These actions have been accomplished; however, due to the changes in vehicle package and style, the financial data we have today are based largely on word description assumptions from Engineering and cannot be considered final.

FINANCIAL DATA

- Price
 - \$1862 wholesale delivered for the hardtop -- \$50 over 1962 Monza (Exhibit I).
- Volume
 - At this price, the Ford Division estimates sales would be 130,000 vehicles per year for model #7 (Exhibit II).
- Profit
 - Based on these price and volume assumptions, and using the cost information developed to date, average annual incremental profits of \$16.0 million would be realized.
 - Accounted profit effect using the proposed new financial planning volumes (Exhibit IV) are shown in Exhibit V.
- Cost
 - Piece cost for the hardtop is +\$65 vs. the Falcon hardtop (Exhibit VI).
 - Fixed expenditures total \$40.7 million (\$36.2 hardtop/\$4.5 convertible) Exhibits VII and VIII.

RECOMMENDATION

- Normally, we would not recommend the initiation of full production engineering until more reliable cost data were available. In this case, however, Body Engineering has informed us that they can undertake the program if they schedule it ahead of the heavy 1965 workload. If this is not done, the Special Falcon Program would probably have to be deferred to 1965 $\frac{1}{2}$ or 1966.
- Approval of the hardtop is recommended at this time based on model #7 (driver's side), with an April 1964 target for introduction.
- It is planned to present this program to the Operating Policy Committee on November 19, 1962 with interim status reports on October 1, and November 1, of this year. Expenditures of approximately \$250,000 will be required prior to the first report.
- In this manner, the program can be terminated at any point prior to November 19, 1962 if, during the course of developing firm financial data the program should be determined to be undesirable.

September 10, 1962

SPECIAL FALCON PROGRAM

Action to be Taken by November 19, 1962

September 19, 1962 -- Obtain approval to begin production engineering of the hardtop model.

Engineering

- . Begin production engineering
- . Complete vehicle package
- . Complete detailed product assumptions
- . Work with Styling on the development of the convertible model.

Styling

- . Complete hardtop model (detailed changes) and develop convertible model.
- . Develop interior proposals

Product Planning

- . Launch Company-wide study of the financial effect of this program
- . Develop preliminary financial estimates for the convertible model.

Market Research

- . Begin final market demand study to help quantify the assumptions made on volume and source of volume.

Purchasing

- . Select an outside sheetmetal vendor, determine sheetmetal sourcing patterns and request program estimates from the vendor.

October 1, 1962 -- Interim review (Product Strategy Meeting) to consider any new financial data available and to approve the convertible model.

Engineering

- . Continue engineering
- . Deliver preliminary engineering drawings to Ford Division for costing
- . Complete engineering package buck

Styling

- . Develop ornamentation proposals and complete interior styling proposals

Product Planning

- . Coordinate the completion of the financial studies and prepare final material for presentation for staff review.

Purchasing

- . Obtain preliminary program estimates from the sheetmetal vendor
- . Complete financial studies

November 1, 1962 -- Interim review (Product Strategy Meeting) to review financial data and final package buck

November 19, 1962 -- Operating Policy Meeting.