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G.L. Cotter
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G. KENWORTH

Order/board continues to climb and Kenworth expects stable production at current levels through the remainder of this year. There are several unique reasons for Kenworth's success in the current market. First, they are recovering from a strike at the Seattle facility. Second, they have run a promotional program for the past 60 days and expect to extend it another 30 days. Third, they are recovering from abnormally low market share in 1982 and have taken an aggressive sales approach. All indications are that a sawtooth pattern will occur in their production pace during 1984. They expect gain, followed by slight set back, followed by gain, slight set back etc. Overall trend should be favorable, although will not be sustained at the current growth percentages.

Introduction of our new brake shoe to Kenworth production has now been set back to mid-October. Ability of Engineering to supply bill of material information until the latter portion of August, put Kenworth in a difficult position to accept the originally targeted August 31 production date. Through communication with Kenworth Engineering and Purchasing we have agreed to delay production introduction till October 17. The primary difficulty encountered by our Engineering Department was the existence of over 100 end assembly brake part numbers which Kenworth used at its Chillicothe plant.

The square edge housing program is currently stalled in Kenworth Engineering. The problem centers on the old game of scarce resources. Due to staff reductions, Kenworth Engineering is not in position to dedicate the kind of time required to handle the engineering associated with our change. At this time it is too early to determine if any delays will be caused by this allocation problem. Apparently the notion of obtaining outside engineering assistance is not feasible. October review of the entire matter will be scheduled at the Kenworth facility, if deemed necessary.

Have supplied Kenworth Engineering with drawings of our new 23 series to evaluate our request to move to a 1-7/8 inch bowl offset. Kenworth response has been favorable. They have evaluated all affected brackets as well as the issue of a wider housing and its impact on wheel equipment. B. Taylor advises they could accomodate a move to the 1-7/8 inch bowl offset.