

RD-6565

Rev.

TRA: 2/11/83

COMPARISON ON OPERATING ALTERNATIVES

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Dept. 44 - N/C Checkering 5day/3shift

DATE: 2-22-83

Operation vs. 7 Day / 3 Shift Operation

Forecast Year	"Case A"		"CASE B"	
Quantity Forecast	EXPENDITURES 5 DAY / 3 SHIFT		EXPENDITURES 7 DAY / 3 SHIFT	
<u>OPERATING COSTS</u>				
Purchased Parts	\$	\$	\$	\$
Raw Material				
Standard Labor (incl. one (1) mech./elect. each case)		269,550		279,410
Labor Variance @				
Industrial Relations @ 48.0%		129,380		134,120
Supplies		Stand off		Stand off
Tool Replacement		3		:
Cutter Grind		:		:
Tool Maintenance		:		:
Maintenance @ 2.0% of Capital (ADDITIONAL EXP. vs. 4)		29,900		10,900
Energy (Electrical Charges only)		22,160		9,330
Equipment Depreciation @ 7.5% of Capital		112,130		40,880
Sub Totals	\$	A \$ 563,120	\$	A \$ 474,640
Gross Savings Before Admin. Exp.		\$		\$ 88,480
Admin. Exp. @ 5.5% Gross Savings		B \$		B \$ 4,870
Sub Totals	\$	A+B \$	\$ 563,120	A+B \$ 479,510
<u>SAVINGS IN OPERATING COST</u>		\$		\$ 83,610
Less: Income Tax @ 48.0%		(\$)		(\$)
Plus: Amortization of Investment Tax Credit		\$		\$
<u>NET SAVINGS</u>		\$		\$
<u>INVESTMENT</u>				
Project Expenditures		\$ 1495,000		\$ 545,000
Manufacturing & Working Facilities		\$		\$
Net Change in Working Capital		\$		\$
<u>Total Capital Required for this Project</u>		\$		\$
<u>RETURN ON INVESTMENT - THIS PROJECT</u>		%		
Net Savings - After Amortization of Operation Charges		\$		\$
Project Operation Charges		\$ 14,950		\$ 5,450
Less: Administration Expense @ 5.5% & Income Taxes @ 48.0% (Factor .5086)		(\$)		(\$)
Total Capital Required Including Research & Development & Other Charges		\$		\$
<u>RETURN ON TOTAL CAPITAL REQUIRED</u>		%		
Equipment to be Released				
Increased Space Requirements (Decrease)				
Production Capacity				
Forecast Burdening		%		