Study ringgold pool and patio essay

It is owned and operated by John Ringold, Sr. He recently hired his son, John Jr.

, as the executive vice-president of operations and has tasked him with investigation the profitability of installing above ground pools. Twenty percent of the company's sales are above ground pools and Ringold's does not currently install these pools. John Jr. must research the costs that would be incurred by the company to install these pools and investigate at what price the company would have to charge for installation to make it worth the company's time.

Exhibit 1 is the Project Scope Statement for this project. It details what the deliverables are to John Sr.

upon completion of this project. In the exhibits and figures are a life cycle diagram for this project and a Gantt Chart for the installation of the pool. The life cycle of this project is the most common type in terms of effort. At the beginning, effort is low as data is being defined by the scope of the project. As the project progresses there is an increase in effort as research being done and data is actively collected.

The final stage when effort tapers off is when the information is being organized into a coherent presentation.

John Jr. 's Plan John, Jr. has already conducted a Work Breakdown Structure (WBS) for the installation of a pool. Based off of this data, a pool would have to be constructed over a period of two days. The first day will include the preparation, laying the pool frame out, adding the plastic liner, and

assembling the pool. The second day will be for building the wooden support and filling and testing the pool.

This avoids exceeding the eight hour work day and adding of extra costs in overtime.

However, these times are nominal and do not reflect the actual time that it would take to install the pool. John Jr. did not take into account basic human behavior. To correct his WBS and make it reflect the more likely timeline, I have added 12% to the times that John Jr.

has estimated. This brings the total time to 13. 8 hours. This revised schedule is demonstrated in the WBS shown in Figure 3. In this WBS, the total times for each major step have been adjusted for the 12% increase. This was not done in the sub-steps because the times were much smaller, making the 12% increase a matter of minutes and seconds.

When reconstructing this WBS, the amount of time needed to gather items for installation was not considered significant so it was left out of the timeline. Also, the post-installation cleanup and trash removal was not factored in. If this time is significant, it could add to the cost of labor. However, our analysis did not include it. Tools In John Jr. ’s plan, he did not take into account the costs that would be incurred to stand up a department or section of the company that will install the pools.

The company will have to purchase tools and equipment for employees to use.

The basic tools required for the installation of a pool will be purchased once the decision is made to go into the installation business. To provide for flexibility and the ability to install multiple pools on the same day, four sets of tools and supplies will be maintained at Ringold's. It is expected that two sets will be replaced every year, making the lifespan of one set of tools two years. This tool breakdown is listed in Figure 4.

The initial payout will be $1, 000 to purchase all of the supplies. After that, the company can expect to pay out approximately $500 each year to replace equipment.

Given 3% for inflation and averaging it out over a five year period, this puts the Net Present Worth of cost of all of the equipment at $3, 719. At an average of one pool installation per week, this amounts to $45. 20 for equipment per pool for that five year period.

Costs and Profits Together with the revised cost of labor, the total cost of installing an above ground pool comes to $252. 34. In order to make this investment profitable, a Return of Investment (ROI) of 50% would be acceptable. In order to do this, the company would have to charge $378. 1(Figure 5). Companies that specialize in assembling pools generally charge around $350 for installation.

If Ringold's were to charge the standard $350, this would yield a ROI of 38. 7% (Figure 5). At the profit of $97. 66 per pool, over a period of 5 years at a rate of one pool per week this yields a NPW of $8, 874.

75 (Figure 6). Conclusion To maintain prices at a competitive level, installing the pools would yield a small profit. As the price of the installation goes up, customers are going to be convinced to go elsewhere for business.

Since it can be estimated that most people hire installers at the same place they buy the pools, this may affect sales of above ground pools at Ringold's. My recommendation to John Sr.

is based on a couple of variables. If the pools are competitively priced so that the he can charge the $378 for installation and still keep the overall cost low for the consumer, it may be profitable to do so. However, based on the analysis of the installation alone, it is not advisable to Ringold's to invest in installation of above ground pools. Project Scope

This project will determine the profitability of installing above ground pools by Ringold's Pool and Patio Supply. We will research the costs that will be incurred by the company that will not be paid by the customer.

Once the costs have been accurately determined, we will generate a couple of different scenarios where the Return of Investment will be 50% or greater, which we have determined to be an acceptable ROI. By the completion of this project we will deliver a recommendation to John Ringold, Sr. on what we confidently feel is the best course of action.