

Recommendation for purchase of a new two-color printing press



**ASSIGN
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Date: April 29, 2002 To: Dan Riordan, President From: Bradley Flagge, Vice-President of Operations Subject: Recommendation for Purchase of a New

Two-Color Printing Press Introduction This memo is in response to your request for a recommendation concerning the purchase of a new two-color printing press. The purpose of this memo is to analyze two printing presses and recommend the best choice. The two printing press manufacturers I researched are Roland Press Inc. and Heidelberg Press Company. I spent a week at each facility observing the Roland 200 GTO and the Heidelberg Speedmaster in operation. I also met with their engineers, sales

representatives, and support staff to obtain detailed information on each press. I recommend the purchase of the Heidelberg Speedmaster. Criteria

The criteria that have been established for the recommended purchase of a new printing press are as follows: 1. Price must not exceed our \$500, 000 budget limit. 2. Press capacity must be 10, 000 impressions per hour. 3.

Available options must include ultraviolet dryers, computer control console, and automatic register systems. 4. Maximum sheet size must be 52 inches.

5. Press size must be less than 6, 000 square feet and its weight no more

than 15, 000 pounds. Discussion The remainder of this memo will discuss the criteria and conclude with my recommendation. Must not exceed our \$500,

000 budget limit The Heidelberg two-color Speedmaster Press has a base price of \$350, 000. The three options we require cost \$135, 000 each, for a

total of \$485, 000. Roland's 2000 GTO has a base price of \$335, 000 with the options costing an additional \$180, 000, for a total of \$515, 000 (see Table

1). Heidelberg has the best value per dollar compared to the Roland. TABLE

1 Cost Comparison | Criterion | Heidelberg | Roland | Base price | \$350, 000 |

\$335, 000 | Ultraviolet dryers | 35, 000 | 45, 000 | Computer control console |
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75, 000 | 90, 000 | Auto register system | 25, 000 | 45, 000 | Total | \$485, 000 | \$515, 000 | Press Capacity must be 10, 000 impressions per hour Both printing presses have a higher impressions-per-hour rate than our current presses. The Heidelberg's impression-per-hour rate is 10, 500 and the Roland's rate is 9, 500. In this category the rate of both presses rate is nearly equal. Options available must include ultraviolet dryers, computer console, and automatic register systems Options for both companies vary not only in price but in what the price includes. Heidelberg has a more advanced computer control console and includes two UV dryers. Roland has a more advanced register system but only includes one UV dryer and a digital control console (see Table 2). Heidelberg rates higher in this category because it meets two out of the three criteria. TABLE 2 Options Comparison | Criterion | Heidelberg | Roland | Ultraviolet dryers | Two dryers | One dryer | Computer controlled console | CRT update | Digital update | Auto register system | Gage controlled | Computer controlled | Maximum sheet size must be 52 inches Both the Roland and the Heidelberg presses have maximum sheet sizes of 52 inches. In this category, both presses meet the criterion. Press must fit within 6, 000 square feet, and weigh no more than 15, 000 pounds The Heidelberg Speedmaster weighs 16, 000 lbs. And has a size of 5, 800 sq. ft. The Roland 2000 GTO weighs 14, 500 lbs. and has a size of 5, 200 sq. ft. (see Table 3). The Roland 2000 GTO conforms to all of our specification but the Heidelberg Speedmaster's weight would require that the floor to be reinforced. The cost of reinforcing the floor is \$8, 000. This cost can be added onto the total cost of the Speedmaster, and it will still be within our budget (\$485, 000 base price + \$8, 000 reinforcement = \$493, 000). TABLE 3 Size and Weight Comparison | Criterion | Heidelberg | Roland |

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Size | 5, 800 sq. ft | 5, 200 sq. ft. | Weight | 16, 000 lbs. | 14, 500 lbs. |

Recommendation I recommend the Heidelberg Speedmaster printing press, which meets all of our criteria. More importantly, the Speedmaster would cost \$493, 000 and the Roland 2000 GTO would cost \$515, 000. Even with the cost of reinforcing the floor, the Speedmaster press is still a better deal. If this recommendation receives your approval, I will schedule preliminary meetings with Heidelberg Press Company.