Employee benefit

Business

Find an option that would be best suited for Pharmacy to meet current and future demand. Scope: To discuss our options that we were given to lad In our 19, 000 units endeavourer. Airtime shifts on weekends Adding an additional operator to the line Automating all of the packaging operations Combine adding an operator and overtime Resources : Current Demand= 19, 000 units/week Cambridge Facility Capacity= 15.

000 unlit/week People: 4 employees per shift, 3 shifts per day, 5 days per week. Processes: The extra 4, 000 is produced in a facility in the unites States but the changeovers are costly and Inefficient. This results In a contribution of $3 less per bottle than the Cambridge plant. Constraints:

The future demand could increase to 23, 000 units per week within 2 years Allele’s patent protection expires In 2003 which opens the door to generic Imitations. Adding an Operator New Automated System Overtime and Adding Operator Current Demand 19, 000 units Current Capacity 15, 000 units Possible Future Demand 23, 000 units 23, 0000 units New Capacity 18, 750 units 24, 000 units 22, 750 units Meet Current Demand Yes No Meet Future Demand Almost Current Labor Cost $7, 200 New Labor Cost $10, 080 $2, 040 $11, 880 Labor Savings ($2, 880) ($1, 800) $5, 160 ($4, 680)

Net Benefit $9, 120 $9, 450 $17, 160 $7320 NP $963, 406. 81 Payback Period 0.

10 years 2. 35 years 0. 13 years Overtime Shifts Advantages Increase the outputs to 19, 000 units/week Same operators, no extra training cost Disadvantages Additional cost on the preventative maintenance program Additional labor cost work overtime Cannot meet future customer demand

Line operators, supervisors, maintenance & engineering may not available during weekend $9, 000 Easy to embark Increase the outputs 18, 750 units/week Additional $50, 000 cost to rearrange the line

Additional $1, 800 labor cost/week Can neither meet current demand nor future demand Training new operators, cost increased. Reduces 3 workers per shift Labor costs are reduced by $5, 160/week Increase the outputs to 24, 000 units/week Meet both current and future demands Line shutting down for two weeks, losing money The maintenance cost should be considered The cost of buying the equipment is $1. 2 million The outputs will increase to 22, 750 units/week Meet current customer demand Almost meet predicted future demand

Adding an operator will cost in additional $50, 000 to rearrange the line Additional $4, 680 labor costs Additional costs on the preventative maintenance program Additional training cost $1 1880 Decision is to implement overtime If demand increases over 19000 units per week then we would also add an extra operator Conclusion Four options: Overtime Adding an operator Adopt new automated system Combining overtime and adding an operator Ideal option: Schedule overtime shifts if the demand below 19000 units / week Combining overtime and adding an operator if demand is over 19, 000 units / week