

# Written analysis and communication sands corporation assignment

[Sociology](#)



Dear Sir, I am submitting the detailed report on the installation of the new plant. Sands Corporation has two options for installing the new plant, either at Kimberly or at Hampton. Various factors such as capital cost, labor cost, and overhead expenses have been taken into consideration.

I hope the analysis I have done satisfies your concerns. I will be glad to seek any further clarification regarding the analysis. Regards, Executive assistant  
Sands Corporation Executive Summary  
Sands Corporation established in 1941 manufactures a wide range of parts for aircraft, automotive and agricultural equipment industries. It has two branch plants which is approximately 200 miles away from the main plant. Not required In 1961 Sands Corporation won the competitive bidding to supply the military aircraft parts. Company executives decided to install a new plant to fulfil this contract in stipulated time.

Company has two options to locate the new plant either at Kimberly Street or at Hampton Taking in to consideration the various factors such as land, labour, electricity and other factors both the options were analysed.

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1. Situation Analysis  
Sands Corporation is a company which manufactures wide range of parts for the aircraft, automotive and agricultural equipment industries. It operated at three plants which were located in Midwestern section of United States. There was a further increase

in the production of military and space programs and it started receiving more orders .

Sands corporation won the competitive bidding in 1961 to supply the military aircraft parts. To fulfil this order, Sands Corporation decided to install a new plant as the order could not be manufactured in existing plant as the specifications mentioned were of larger sizes. Company executives concluded that a new plant would require a space of 75, 000 square feet and it was estimated that a new plant would cost approx \$6, 00, 000 with a requirement of 600 employees. For this, it has to choose between two options, a site at Kimberly Street or at Hampton.

The construction of the new plant would approximately take 4-6 months under the condition that work should be started within the next two weeks if the foundations were to be laid before the first frost. A penalty of \$1000 would be charged/day in case of late delivery after a grace period of a week.

Cost To Be Incurred By The Company It was estimated that to install a new plant at Kimberly street it would cost \$33, 07, 410 and at Hampton it would cost \$35, 11, 980. These cost include the cost of land, labour and other overhead expenses.

Except this last small paragraph, there is only descriptive summary of the information. Where is the analysis? Problem Statement To decide whether the plant has to be set up at Kimberly Street or at Hampton considering the profitability of Sands Corporation. Criteria For Evaluation • Capital Expenses (Cost of Land, Property Tax) is this the most important criterion? • Overhead Expenses (Electricity, Water, Gas) • Labour Availability and Costs • Transport

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Facility (Road, Rail, Airways) • Savings and other Benefits Options These are the following options to be considered. a.

Set up a plant at Kimberly Street. b. Set up a plant at Hampton. Evaluation Of Options 1. Kimberly Street a. Capital expenses: The cost of the land is \$50000 for 2 acres. The property tax rate and the real estate price when calculated on the Cost of land is \$1770. b. Over head expenses: The total cost of electricity, water and gas annually comes to \$4, 29, 640. (see exhibit 2) c. Labour availability and costs : when the survey was conducted by the US Employment service it showed that approx 1000 skilled, 2000 semiskilled and 3300 unskilled female workers are available . why have you ignored available male workers? ] The total cost of Labour annually is around in \$28, 26, 000. It includes the cost of 600 employees. Which consists of 300 skilled labours, 150 semi-skilled, 150 unskilled.. (see exhibit 1) d. Transport facility: Transportation facilities were considered to be good. Well connected by air, rail and road. More over it is few blocks away from the main plant. e. Savings and other benefits: A savings of \$ 63, 000 as salary of seven fewer employees could be made if the plant is located at Kimberly Street.

As the assistant manager of the main plant would become the new defence plant manager it would be easier for him to relocate, as the new plant is just few blocks away from the main plant. 2. Hampton a. Capital expenses: The cost of the land is \$20, 000 for 10 acres of land. The property tax rate and real estate price when calculated on the cost of land is \$480 b. Overhead expenses: The total cost of electricity, water and gas comes to \$8, 81, 500 annually (exhibit 2) c. Labour availability and costs: Company had conducted

a mail survey of labour force which showed that Out of 7800 people in the town only 700 were available for employment.

In that only 35 were skilled, 70 were semiskilled and 105 were unskilled. So the company has to bear an additional cost to train them. If we hire employees from outside then the company will have to bear an additional cost of transportation and rent of their stay. The total labour costs incurred is \$26, 10, 000. which includes 300 skilled, 150 semi-skilled and 150 unskilled(exhibit1) d. Transport facility: Transport facilities were adequate; it is located along the main line of a major rail road and one block away from the U. S. highway. e.

Savings and other benefits: In Hampton only the cost of land is less when compared to Kimberly. When overhead costs are compared they are higher than Kimberly. As the site is 180 miles away from the main plant it becomes difficult for the defense manager to travel and report in the main plant. So no savings can be done. Maintain consistency in fonts usage Recommendation Sands Corporation should consider Kimberly Street to for installing a the new plant after analysing the above criterias [criteria is plural] [the analysis is expected to be over when we reach the stage of recommending the decision].

Company will make a saving of \$5, 28, 570 when compared to Hampton. Kimberly is also easily accessible as it is just few blocks away from the main plant . Labour force was is available in abundant in Kimberly in case of any shortage or emergency without incurring any extra costs. From the future point of view Hampton could be considered as an alternative for the

company's future expansion as the sufficient land is available at cheaper price. Action plan • Start the construction within next two weeks so that the plant is ready for the manufacturing process and goods can be delivered in time. The relationship between the employer-employee should be well maintained so that labours work more efficiently and maximize the production. Too general. What specific steps you have in mind for this. • Labours should be motivated to work by giving incentives and promotion on the basis of their performance. Again, being little more specific will help. • Shift system should be implemented as the workers are available in abundance . With the help of this, parts can be manufactured on large scale in emergency. This may be a current practice already. Exhibit-1 : Labour Costs

Labour Cost At	Dollar	Labour Cost At	Dollar
Kimberly	(\$)	Hampton	(\$)
Skilled	16, 20, 000	Skilled	14, 76, 000
Semi-Skilled	6, 66, 000	Semi- Skilled	6, 30, 000
Unskilled	5, 40, 000	Unskilled	5, 04, 000
Total	\$28, 26, 000	Total	\$26, 10, 000

Maintain consistency in fonts Exhibit-2: Over Head Costs

Overheads at	Dollar	Overheads at	Dollar
Kimberly	(\$)	Hampton	(\$)
Electricity	4, 04, 000	Electricity	8, 40, 000
Gas	23, 000	Gas	35, 500
Water	2, 640	Water	6, 000
Total	4, 29, 640	Total	8, 81, 500

Numbers - align right Savings: Total cost at Hampton-Total cost at Kimberly = 26, 10, 000+8, 81, 500+20, 000+480- 28, 26, 000+4, 29, 640+50, 000+1770 =\$35, 11, 980-\$33, 07, 410 =\$ 2, 04, 570

Data - comprehensiveExcellent / Good / Average / Poor  
Data - relevantExcellent / Good / Average / Poor  
Analysis - logicalExcellent / Good / Average / Poor

Analysis - in-depth Excellent / Good / Average / Poor Feasible action plan Excellent / Good / Average / Poor Structuring of presentation - Excellent / Good / Average / Poor Flow and coherence - Excellent / Good / Average / Poor Reader orientation - Excellent / Good / Average / Poor Language - Excellent / Good / Average / Poor Formatting - Excellent / Good / Average / Poor Overall grade D+ You need an all round improvement. More analysis; also, think through clearly the managerial objectives to arrive at prioritised criteria. Also, keep some time for going through the report before submitting so that you can improve the quality of writing and ensure error free formatting.