

California space heaters assignment



**ASSIGN
BUSTER**

New line of invented, convection, kerosene space heaters Due to high energy prices In the ass, the units were expected to do well The target market was aimed at low Income consumers who had electric heating systems – especially In the east Also would be used by those consumers who had their heat shut off 1) Is this heater a socially useful product? Should it be produced at all? Yes, based on the incremental benefits of existing heating mechanisms, the space heater is a socially useful product.

More cost efficient, enabled heat to be focused where needed eliminating unnecessary waste In rooms where heat wasn't needed, and could enable certain demographics to have heat where they otherwise wouldn't (due to high energy prices). 2) under what legal standards will consumer In]rules be dealt with? Liability lawsuits were probable should there be injuries or adverse health consequences. Strict liability in tort would in all likelihood be the applicable liability standard, so the company could be held liable even if an injury were due to reasonable misuse by a consumer.

Total costs would include the cost of liability insurance, legal and court costs, and the time of management required by the cases. Insurance costs could be reduced by adding safety features. 3) What framework should the company use to make decisions about which product safety features to add? Given that framework, which particular product safety features should they add? The company should weigh the costs of the bare bones option of the space heater.

From here determine the costs and benefits of adding subsequent safety features while incorporating the likelihood of harmful effects based on the

data that they have. Electric spark ignition should clearly be incorporated given that it reduced the likelihood of death by an estimated 50%. 4) Should the company offer a line of products with various safety features/price combinations from which customers can choose? How should the product be priced? There should be one consistent, standard safety level that the company should strive to achieve.

By implementing different safety levels, the company runs a large risk of legal risk of future penalties and the final price should have an optimal balance between cost of parts and labor vs. future liability. 1) What were the underlying causes of the spill? 2) Evaluate the political and economic logic of the \$20 billion fund from both President Obama and BSP point of view. 3) Should the U. S. Government change the way that it regulates this industry? Implement policies that minimize risk