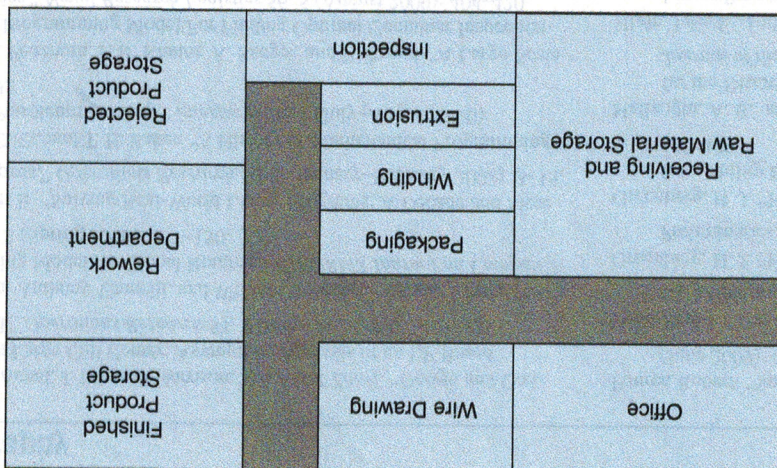


FIGURE 7.20

Mexicana Wire Winding, Inc.



Plant Capacity (Hours)

DRAWING	EXTRUSION	WINDING	PACKAGING
4,000	4,200	2,000	2,300

Note: Inspection capacity is not a problem; we can work overtime, as necessary, to accommodate any schedule.

Bill of Labor (Hours/Unit)

PRODUCT	DRAWING	EXTRUSION	WINDING	PACKAGING
W0075C	1.0	1.0	1.0	1.0
W0033C	2.0	1.0	3.0	0.0
W0005X	0.0	4.0	0.0	3.0
W0007X	1.0	1.0	0.0	2.0

Discussion Questions

1. What recommendations should Ron Garcia make, with what justification? Provide a detailed analysis with charts, graphs, and computer printouts included.
2. Discuss the need for temporary workers in the drawing department.
3. Discuss the plant layout.

Source: Professor Victor E. Sower, Sam Houston State University. This case material is based on an actual situation, with names and data altered for confidentiality.

Recovering quickly, he said, "Give me your data and let me work with it for a day or two."

April Orders

Product W0075C	1,400 units
Product W0033C	250 units
Product W0005X	1,510 units
Product W0007X	1,116 units

Note: Vivian Española has given her word to a key customer that we will manufacture 600 units of product W0007X and 150 units of product W0075C for him during April.

Standard Cost

PRODUCT	MATERIAL	LABOR	OVERHEAD	PRICE
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W0075C	\$33.00	\$9.90	\$23.10	\$100.00
W0033C	25.00	7.50	17.50	80.00
W0005X	35.00	10.50	24.50	130.00
W0007X	75.00	11.25	63.75	175.00

Selected Operating Data

Average output per month = 2,400 units

Average machine utilization = 63%

Average percentage of production set to rework department = 5% (mostly from Winding Department)

Average no. of rejected units awaiting rework = 850 (mostly from Winding Department)

Internet Case Study



See our Internet home page, at [www.pearsonhighered.com/render](http://www.pearsonhighered.com/render), for this additional case study: Agri Chem Corporation. This case involves a company's response to an energy shortage.