

Problems for Further Thought



### Factors to Consider

- demand for cookies on campus
- cost of materials
- number of workers
- capital

### Changes in Production Plan?

**Bottleneck: oven**

$$22 \text{ orders} \times \frac{55.00}{1 \text{ dozen}} = 1210.00 \text{ per day} \times 180 \text{ school days} = \$217,800$$

Profit = \$36,828/school year  
Invest in an oven!

### Discounts? How much?

Order Qty	Unit Price	Total Price	Discount	Final Price
100	\$1.10	\$110.00	0%	\$110.00
200	\$0.90	\$180.00	18%	\$147.60
300	\$0.70	\$210.00	36%	\$133.80
400	\$0.50	\$200.00	54%	\$92.00

Now 400 = 22 (Orders)  
1 Box Cost = 22 x \$4.20 = \$92.40

- Decreasing cost/box
- 4th dozen would increase labor and material costs due to increased time

### Promised Delivery & Safety Margin

- Increase delivery after cookies are packed to 10 mins

Time until order is ready =  
time to finish current order + (20 minutes x # orders on hand)

Safety margin = 3 minutes

Activity	Time
Order placed	4 minutes
Order shipped	2 minutes
<b>TOTAL</b>	<b>6 minutes</b>

### Change in Production System?

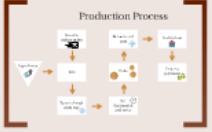
- standard cookie = NO customization
- result will lead to a change in the production system
- create surplus!
- not as fresh

### How much valuable time will it take to fill rush order?

Order Qty	Time
100	12 minutes
200	24 minutes
300	36 minutes
400	48 minutes

## Kristen's Cookie Company

Santosh Bommidala  
Christopher Huang  
Susie Lee



### Special Rates?

- Discounts should NOT be offered for rush orders
- orders from discounts can pile up orders
- Can you hold inventory while fulfilling current order?
  - No
  - Cookies are already in the oven
  - Make faster while current order cookies are baking
  - Only charge premium if you have to stop and prep for current order

### How long does it take to fill a rush order?

Order Qty	Time
100	12 minutes
200	24 minutes
300	36 minutes
400	48 minutes

### Kristen's Cookie Company

Order to produce fast, but not a rush order

Time will be substantial regardless. The question is if it's worth the cost. If it can't be produced right now, consider it.

### Working without your Roommate

- one dozen = 12 minutes
- more cookies = longer time



# Kristen's Cookie Company

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Ingredient

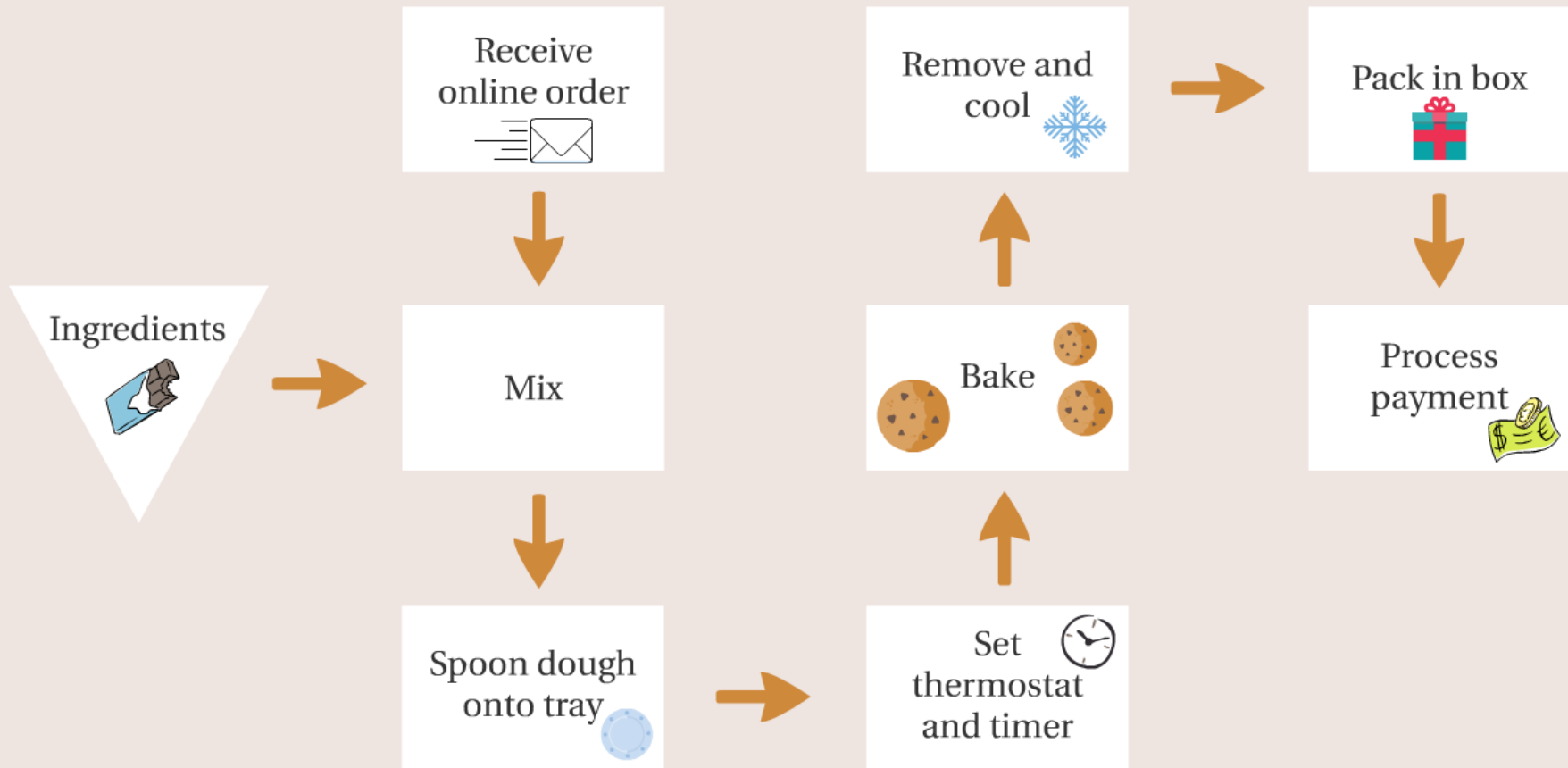


# Kristen's Cookie Company

Mission: To provide fresh, hot out of the oven cookies

There will be a plethora of ingredients the customers can choose to add to their cookies. All of this would be available right on campus!

# Production Process





Thank  
you!