

### Agenda

- Background information, Jody
- Case Issues ..... Sarah
- Alternative 1 ..... David
- Alternative 2 ..... Will
- Alternative 3 ..... Michael
- Recommendation ..... Michael
- Questions and Answers ..... Team



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### Additional Issues

- Trailer Capacity (currently 25 goats)
- Trucks 2/20




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Item	Price	Quantity	Total
Trailer	1750	1	1750
Truck	2000	1	2000
Trailer	150	10	1500
Truck	200	10	2000
Trailer	150	10	1500
Truck	200	10	2000
Trailer	150	10	1500
Truck	200	10	2000
Trailer	150	10	1500
Truck	200	10	2000

### Alternative 3

- Buy a bigger truck and trailer
- Keep current truck and trailer
- Allow for multiple goats at one time
- Use additional shepherd



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### Implementation

- Incrementally purchase new set of equipment
- Plan shepherd with the same role
- Provide increased capacity and reduced prices
- Explore more expansion opportunities



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### Case Background

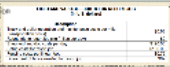
- Jody McCoy is dairy farm
- Team need further land
- Seeked to nearby resort
- Advantages:
  - Access bank overlooking area
  - Cost effective
  - Environmentally beneficial
  - Well equipped



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### Case Issues & Assumptions

- Revenue:
  - \$5 per goat per day
- Costs:
  - Feed: Sheep feed and hay: 1.90 per day, Setup: 1000
- Variable:
  - Variable: negotiable
  - Variable: negotiable
- Assumptions:
  - Unlimited goats
  - Unlimited demand
  - Can hire additional shepherd



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### Alternative 1

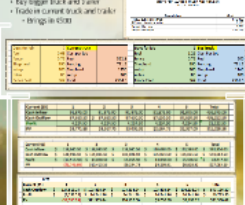
- Manufacture own trailers
- Some trucks to trailer



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### Alternative 2

- Buy bigger truck and trailer
- Keep current truck and trailer
- Bring in 1000



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### Recommendation

- Alternative 3: Buy bigger truck and trailer, maintain current truck and trailer
- Use additional shepherd
- New cost structure




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### Questions & Answers



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# PepsiCo's Bid for Quaker Oats (B)

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# Agenda

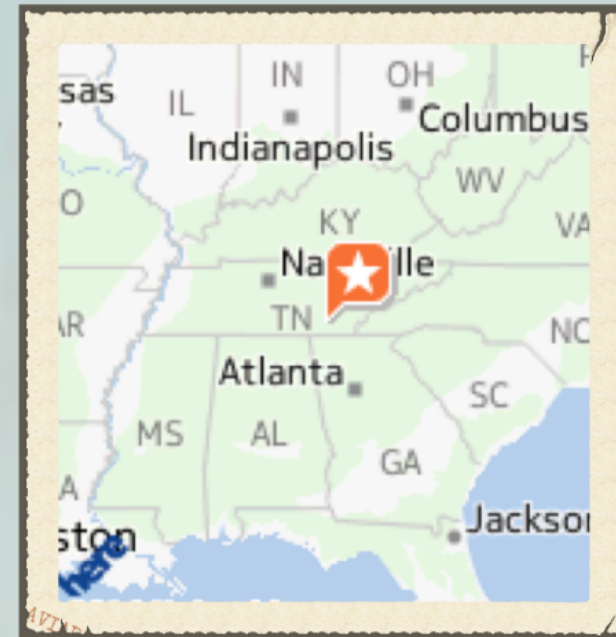
- Background Information..Kelly
- Case Issues.....Sarah
- Alternative 1.....David
- Alternative 2.....Will
- Alternative 3.....Michael
- Recommendation  
& Justification.....Michael
- Questions and Answers....Team



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# Case Background

- Jaden McCoy & dairy farm
- Goats used to clear land
  - Rented to nearby resort
- Advantages
  - Access hard-to-reach areas
  - Cost effective
  - Environmentally beneficial
    - Will eat kudzu



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# Case Issues & Assumptions

- Revenues
  - \$15 per goat per day
- Costs
  - Fixed: Shepherd and dog - \$190 per day, Setup - \$100; Fencing - negotiable
  - Variable: transportation
- Assumptions
  - Unlimited goats
  - Unlimited demand
  - Can hire additional Shepard

**FIXED AND VARIABLE COSTS FOR RESORT JOB**  
(in U.S. dollars)

Description	
Truck and trailer operation and maintenance costs per mile (transportation costs)	\$0.63
Round trip to resort job site (miles per day)	80
Shepherd and dog costs per day	\$190.00
Setup costs for resort job	\$100.00
Fencing costs per linear foot	\$0.75
Linear feet of fence needed for resort job	962

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# Additional Issues

- Trailer Capacity (currently: 25 goats)
- Truck Size



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# Alternative 1

- Maintain current operations
  - Same truck & trailer

Days for job	7	Current truck	
fuel	0.63	Cost per job	
fence	0.7	Fuel	352.8
Shephard	190	Fencing	673.4
setup	100	Shephard	1330
miles	80	setup	100
Fence Feet	962	total	2456.2

Current (35)	1	2	3	4	5	Total
Cash Inflow	91,875.00	91,875.00	91,875.00	91,875.00	91,875.00	459,375.00
Cash Outflow	87,650.50	\$ 87,650.50	87,650.50	87,650.50	87,650.50	438,252.50
Profit	4,224.50	4,224.50	4,224.50	4,224.50	4,224.50	21,122.50
PV	\$3,771.88	\$3,367.75	\$3,006.92	\$2,684.75	\$2,397.09	\$15,228.38

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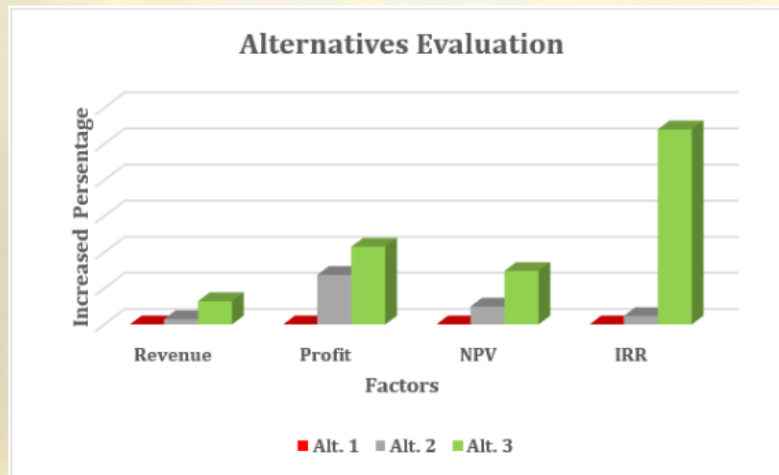




# Recommendation

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- Alternative 3: Buy bigger tuck & trailer;  
maintain current truck and trailer
- Hire additional shepherd
- New cost structure



Cost structure for combined operation	
Estimated fixed and variable costs for goat rental operation with a larger truck and trailer	
Op. and maintenance costs per mile	\$ 1.88
Average round trip to job site	\$ 80.00
Shepherd and dog costs per day	\$ 380.00
Setup costs for resort job	\$ 100.00
Fencing costs per linear foot	\$ 0.68
Linear feet of fence needed for resort job	962.00
Days required for one acre project	3
Project per year	82
Daily revenue	\$ 855.00
Profit per project	\$ 219.64
profit per year	\$ 18,010.48