

Everdex Services Forecast Case Studies & Analysis

- Overview: Present Company
- Business Plan: 2008 - 2010
- Financial Projections: 2008 - 2010
- 2008 Revenue: \$10,000,000
- 2008 Profit: \$1,000,000



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2008 The 2008 Budget

2008 Budget



Question 1

What is the budgeted rate of return?

Question 2

What is the budgeted rate of return?

Question 3

What is the budgeted rate of return?

Question 4

What is the budgeted rate of return?

- Budgeted Rate of Return
- Actual Rate of Return
- Budgeted Profit Margin

Conclusion

- Operating at budgeted rate would produce desired profit
- Small margin for error
- Reputable firm, will likely succeed



Breeden Electronics Harvard Case Solution & Analysis

- German Parent Company
- Herman Klein and Marlene Baer
- Remote garage door operators
- 2 products successful in Europe
 - RC1
 - RC2
- \$210,000 target profit (2008)

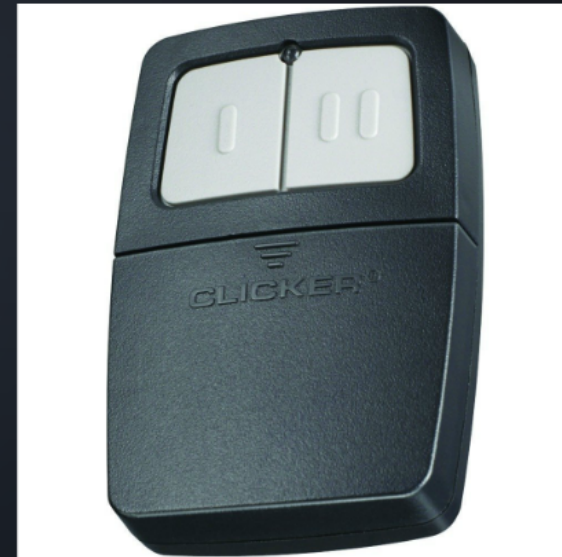


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The 2008 Budget

- Budget Meeting
- \$20,000 monthly profit
 - 120,000 units of RC1
 - 60,000 units of RC2
- Thin margin for error





Question 1

Exact level of sales for \$210,000 profit for the year.

- *Target Profit*
- 123,750 units of RC1
- 54,000 units of RC2



Question 2

Break-even volume assuming mix remains constant - two RC1s for every RC2.

- *Break-even analysis*
- 109,167 units of RC1
- 47,636 units of RC2



Question 3

What's the manufacturing cost per unit if they produce only 8,000 RC1s and 4,000 RC2s?

- *Total manufacturing costs and allocating costs*
- \$21.32 per unit of RC1
- \$22.92 per unit of RC2



Question 4

What's the profit if they only sell 8,000 RC1s and 4,000 RC2s but produce 10,000 RC1s and 5,000 RC2s

- *Finished goods inventory*
- A monthly loss of \$10,200
- \$30,200 worth of profit in finished goods inventory

Conclusion

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