The Jacobs Division 2010
Background

- Richard Soderberg is a financial analyst for Jacobs Division of MacFadden Chemical Company
- Most of MacFadden's divisions have products that focus around one chemical
- The Jacobs Division is an exception
The Jacobs Division

- The newest and smallest division
- No products exceeding $5 million in sales
- One of the fastest growing divisions
MacFadden Capital
Budgeting Standards

- 8% for cost-reduction projects
- 12% for expansion of facilities
- 16% for new products and processes
Jacobs Division Standards

• Set by Mark Reynolds, the division manager
• Wanted higher returns than the MacFadden standards
• Expected improvement on return on total net assets within 3 years
• Skeptical of estimates and therefore wanted at least 4% more than the company standards before becoming enthusiastic about a project
The Silicone X Project

- Added slipperiness to a surface with a special coating to reduce friction
- Sound product because of its hardness, adhesiveness, and durability
- Superior to current substitutes