

Theme: What is the impact to product cost per unit of right and left handed geometry vs. our current symmetrical geometry?

Symmetrical Geometry vs. Right and Left Geometry

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Cost Impact	Symmetrical Geometry (K\$)	Right and Left Geometry (K\$)
Development:		
50 hours of additional development time	0	0.3
20 hours of additional testing	0	0.1
Additional prototyping costs	0	2.8
Total Development Costs	0	3.1
Tooling:		
Tooling required for the 12 parts affected by geometry.	1,280	2,070
Inventory Management Costs:		
12 vs. 24 parts at \$2K per part # per year for 5 years.	0.2	0.5
WIP Inventory Costs:		
12 vs. 24 parts per unit for 200 units	6.8	13.6
Finished Goods Inventory Costs:		
One unit vs. RH/LH units - assumes we will need 125% of current product's inventory until we can balance to customer demand.	300	375
Additional Service and Support Costs:		
Additional calls from added complexity of installation	0	149.4
Additional returns (1% error rate on shipping wrong unit)	0	5,625
Service and Support Parts Inventory - 12 vs. 24 parts for 1K units	34	68
Total Additional Service and Support Costs	34	5,842.4
Total Amortized Costs:	1,621.0	8,332.8
Current Total Anticipated Demand (in units):	750,000	750,000
Total Cost per Unit (in dollars) of Affected Parts:	\$2.16	\$11.11

Recommendation:

We do not proceed with developing right and left hand geometry for our products:

- Adds \$8.95 to the total cost of the product
- Does not fit the strategic goal of reducing overall part count to simplify inventory management