



Key facts

- *Price: € 431 per watch*
- *Desired delivery delay: 2 weeks*
- *Percentage of successful sales calls with a delivery delay of 2 weeks: 90%.*
- *Salesperson productivity: 9 new orders per week (90% of 10)*
- *Salesforce: 40 individuals*
- *Monthly salary per salesperson: € 3.000 gross*
- *Percentage of sales revenue for salesforce salaries: 25%.*
- *Delay for hiring new salespeople: 1 - 4 weeks (depending on the growth rate)*
- *Maximum weekly production capacity initially: 1,512 watches*
- *Shifts per week: 5, 6, 7, 10, 12, 14, 15, 18 or 21*

Shifts, capacity utilization, possible production and labor costs

<i>Shifts per day</i>	<i>Labor days per week</i>	<i>Shifts per week</i>	<i>Capacity utilization fraction</i>	<i>Production</i>	<i>Cost coefficient</i>	<i>Extra shift multiplier</i>	<i>Salary costs per unit</i>
1	5	5	0.238095238	360	5.00	1.000	140.00
2	5	10	0.285714286	432	6.25	1.042	145.83
3	5	15	0.333333333	504	7.75	1.107	155.00
1	6	6	0.476190476	720	11.25	1.125	157.50
2	6	12	0.571428571	864	14.00	1.167	163.33
3	6	18	0.666666667	1.008	17.25	1.232	172.50
1	7	7	0.714285714	1.080	18.75	1.250	175.00
2	7	14	0.857142857	1.296	23.25	1.292	180.83
3	7	21	1.000000000	1.512	28.50	1.357	190.00

- *Initial production configuration: 5 shifts, capacity utilization 0.238095238, possible production 360 and unit labor cost 140.*
- *Open orders initially: 720*
- *Delivery delay: Open orders / possible production = $729/369 = 2$.*
- *Acquisition cost for production capacity: € 20.000 per watches/week*
- *Lifetime of equipment: 8 years = 416 watches = € 48,07 per watch*
- *Production cost per watch: € 200 for 5 shifts (of which 140 labor costs) to € 250 for 21 shifts (of which € 190 labor costs)*
- *Delay for commissioning additional production capacity: 8 weeks*