Danshui Plant No. 2

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Thank you.
BKAL3063 Integrated Case Study
(Group I)

Danshui Plant No. 2

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Recommendation
- 4. 55% of work is allocated to raise awareness in the workplace
- 4. 60% of work is allocated to improve workplace culture
- 4. 65% of work is allocated to improve workplace performance

Justification
- 4. 55% of work is allocated to raise awareness in the workplace
- 4. 60% of work is allocated to improve workplace culture
- 4. 65% of work is allocated to improve workplace performance

Conclusion
- 4. 55% of work is allocated to raise awareness in the workplace
- 4. 60% of work is allocated to improve workplace culture
- 4. 65% of work is allocated to improve workplace performance

Thank you
Keep learning.
Present to Prof. Ku Nor Izah Binti Ku Ismail

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Introduction

Danshui Plant No.2 is a contract manufacturer that assembled electronic products

In high expectation of demand for iPhone 4, Apple had contracted with Danshui to assemble 2.4 million iPhone 4

Wentao Chen, manager of Danshui was anxious upon reviewing the monthly operation’s performance for August as in the third month of the contract, production was only 180,000 units
Problem statement

Danshui is underproduction

Lack of qualified labor

Insufficient information to train their workers

Insufficient experience to manage operation
Data analysis

- **Break-even point analysis**
- **Total cost variance analysis**
- **Flexible budget performance analysis**
- **Variance analysis**
### Break-even Point Analysis

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Production Units</td>
<td>200</td>
</tr>
<tr>
<td>Revenue</td>
<td>$41,240</td>
</tr>
<tr>
<td>Variable cost</td>
<td>$40,411</td>
</tr>
<tr>
<td>Fixed cost</td>
<td>729</td>
</tr>
</tbody>
</table>

- **Price per unit** (\(\frac{\text{Revenue}}{\text{Unit}}\)) = $206.20
- **Variable cost per unit** (\(\frac{\text{Variable cost}}{\text{Unit}}\)) = $202.055
- **Contribution Margin** (Price per unit - variable cost per unit) = $4.145

**Break Even Point**

\[
\text{Break Even Point} = \frac{\text{Fixed cost}}{\text{Contribution margin}} = \frac{729}{4.145} = 175.875 \text{ units}
\]
BEP graph

Break even analysis

Sensitivity analysis

Production units

Sales & Cost ($) vs.

Total cost

Total revenue

0 50 100 150 175 200 250

0 5 10 15 20 25 30 35 40 45

Millions

36.265

0 50 100 150 175 200 250

Production units

Sales & Cost ($)