

## Results of Previous Quarter

Nexus Inc. Quarter 6

The tables in the Workspace document the activity and production costs in the last quarter.

### YOUR TASK

1. Note the stock-outs and ending inventory. How closely were you able to match supply (production) with demand?
2. Analyze the sources of the production costs for each brand. Your materials, labor, and overhead costs will decrease as you increase your production volumes in future quarters.
3. Look at the effect of brand changeover on your final production costs. In order to reduce changeover costs, you must either reduce the number of components that are different between brands or invest in improving your changeover procedures. Manufacturing experts recommend that you spend money on improving your changeover procedures to the point that changeover costs will have no effect on your manufacturing or marketing decisions.

Before you complete your production decisions, you may wish to revisit your production worker compensation decisions or build in additional safety stock in the expectation that actual production will fall short of planned production.