

Please answer only one question depending on your student ID last (end) digit

Submit only the questions and your answers for your quiz version to lessen the amount of paper. Please limit the amount of pages that you will submit

Please show background formulas and calculations for math problems. No credit if no backup data is provided.

1-1 Chapter 1. (Please answer only one question depending on your last digit on your UML ID)

2. A part is specified with a tensile strength 2-sided specifications. It has a $C_p = 0.8$. Please determine the reject rate.

$$RR = 16400 \times 10^{-6}$$

$$2 \text{ sided } \therefore C_p = \frac{USL - LSL}{6 * \text{Sigma}} = 0.8$$

$$\Rightarrow \text{Process Sigma} = \pm \left(\frac{0.8 \times 6}{2} \right) * \text{Sigma}$$

$$= \pm 2.4 \text{ Sigma Process} \cdot \left(\text{rejection will be from both sides} \right)$$

$$\downarrow$$

$$Z = -2.4$$

$$\downarrow$$

$$f(Z) = 0.00820$$

$$= 8200 \times 10^{-6}$$

\therefore Rejection from both sides.

$$2 \times f(Z) \rightarrow 16,400 \text{ PPM}$$

\downarrow
16400 defect in 1 million.

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1-2. (Please answer only one question depending on your last digit on your UML ID)

2. A pull test for aluminum is conducted with strength minimum only (no maximum specification). The reject rate is 8%. Please determine the C_p and C_{pk} of the pull test. (Assume average is centered = N)

$$C_p = \underline{0.4667}; C_{pk} = \underline{0.4667}$$

$$RR = 8\% \\ = 0.08$$

Since avg. is centered $\rightarrow C_p = C_{pk}$

Now,

$$Z = 3C_p = 3C_{pk}$$

$$RR = 0.08 = f(Z) \text{ [one-sided]}$$

$$Z \approx -1.4 \quad (f(Z) = 0.08076)$$

$$\Rightarrow C_p = C_{pk} = \frac{1.4}{3} = 0.4667$$

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1-3 (Please answer only one question depending on your last digit on your UML ID).

If there is no applicable answer, please indicate by placing N/A.

2. A design of experiment is to be performed on 4 factors and two levels. How many experiments do you need to do? Please specify the orthogonal experiment, using the nomenclature Lx.

Full factorial 16 1/2 factorial (half Fraction) 8 Saturated (Screening Design). 8

i) full-factorial

$$\# \text{ Experiments} = 2^4 = 16$$

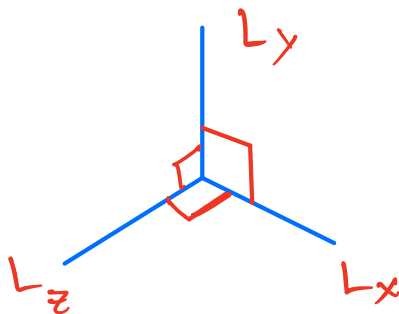
ii) half-factorial

$$\# \text{ Experiments} = 2^{(4-1)} = 8$$

iii) Saturated

$$\# \text{ Experiments} = 8 \text{ (Slide 7)}$$

→ Orthogonality means that all estimates can be obtained independently of one another & it is critical for experiment design.



L_x, L_y & L_z are 3 mutually \perp axes.
which represent orthogonal designs.

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Chapter 2. (Please answer only one question depending on your last digit on your UML ID)

2.1 Give 3 differences (Maximum) between the following: Limit yourself to one paragraph, max 6 lines:

Please list the reasons separately as items 1, 2 and 3.

2. Maturity versus Commodity products

Maturity

- i) A product is called maturity product when it is in the maturity stage of its cycle (i.e. growth → Maturity → decline)
- ii) Value to the product can be added in the maturity stage.
- iii) A maturity product is available in a polished state.

Commodity

- i) A product is commodity when it is an input or a basic product in the production line. (i.e. products are in fact made using commodities)
- ii) Value cannot be added to a commodity.
- iii) A commodity is always available in a natural state.

2.2 (Please answer only one question depending on your last digit on your UML ID)

Briefly Discuss the attributes (max of three) of Product lifecycle Stages in Design and Manufacturing.

Please limit yourself to one paragraph, max 6 lines. Please list attributes separately as items 1, 2 and 3 :

2. Maturity Stage

- i) During this stage companies face a no. of different challenges & try to retain or establish their market share.
- ii) It's a stage in which the sales growth slows down after reaching a peak
- iii) which also means that decreasing market share and declining profits are often observed in this stage.
- iv) This stage usually lasts longer than the growth stage/startup stage.
- v) This also a stage in which the product competes against other similar products.
- vi) Leading the company to increase advertisements & marketing of products.

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Chapter 3 Continued. (Please answer only one question depending on your last digit on your UML ID)

3.1 Briefly give **two (Max)** differences between the methods of the following. Limit yourself to one paragraph, max 6 lines. Please list the differences separately as items 1 and 2 (except for questions 8/9).

2. World Class versus Best-in-Class Company performance

(Benchmarking).

World Class Company Performance

- i) These are the companies which provide the best possible product, at the best possible price, when the customer needs it.
- ii) Driven to a single vision & a shared goal among employees, which is to deliver the optimal product.
- iii) Most world class companies have a predefined operational framework to tackle a new product launch.

Best-in-Class Company Performance

- i) They thoroughly study the market of a product & design their own version of a product which beats the existing competitors in the market.
- ii) Pushing the employees to be highly competitive in their area of interest & building teams with such mentality.
- iii) The Best-in-class always tries to enhance the existing framework & keeps on modifying their structure to survive the competition.

3.2 (Please answer only one question depending on your last digit on your UML ID)

For Patents, please provide an answer. Limit yourself to one paragraph, max 6 lines

2. How should you label any document during new project negotiations?

- i) Always have a Sales contract.
- ii) Negotiable credit letter application
- iii) Should issue a letter of credit.
- iv) Also, should have an advising letter of credit.
- v) Documents control, Payment release at maturity.
- vi) Finally a document release.

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Chapter 5.1 (Please answer only one question depending on your last digit on your UML ID)

2. Compare the two scenarios for acquiring a machine for a project for 25 years expected operations, at a company with an internal rate of return of $i = 14\%$. Which scenario is better? Please round to the nearest \$.
Scenario 1. Buy an initial small machine at \$12,000, it cost \$2,400 to run for the first 12 years, buy a second larger machine at \$30,000 and run it for 13 years at a cost of \$4,000/year. There is no salvage value at the end of service for either machine.
Scenario 2. Buy a large machine for \$34,000 and run it for 25 years at a cost of \$1,000/year. At the end of the 25 years, the machine is assumed to have a salvage value of \$12,000.

sol: Assume \rightarrow machines are purchased at the beginning of the year.
 \hookrightarrow (\because at $n=0$ & $n=12$)
 Operation cost is assumed to be incorporated at the end of a year.

Now,
 Smaller machine \rightarrow Operation cost is assumed to be incorporated at the end of a year (i.e. end of 1st yr ($n=1$) up till end of 12th yr ($n=12$))

 Larger machine \rightarrow operates from ($n=13$ to $n=25$)

Scenario 1:-

$$ROI \rightarrow 14\%$$

$$IC \rightarrow \$18,000$$

small

$$IC \rightarrow \$25,000$$

large

$$OC_{small} \rightarrow \$2400/yr^{(1+12)}$$

$$OC_{large} \rightarrow \$4000/yr$$

No salvage.

$$PV = \text{initial cost of smaller machine (year 0)} - \text{Running cost of smaller machine (year 1 to 12)}$$

$$- \text{initial cost of larger machine (yr 12)} - \text{Running cost of next 8 yrs (starting from 13th year and 25th year end)}$$

$$\Rightarrow PV = -\$18,000 - 2,400(P/A, 14\%, 12) - 25,000(P/F, 14\%, 12) \\ - [4000 \times (P/A, 14\%, 25) - 4000 \times (P/A, 14\%, 12)]$$

$$= -\$18,000 - 2,400 \times (5.6603) - 25,000 \times (0.2076) \\ - [4000 \times (6.8729) - 4000 \times (5.6603)]$$

$$= \underline{\underline{-41,625.12\$}}$$

Scenario 2 :-

ROI $\rightarrow 14\%$

IC $\rightarrow \$34,000$

OC $\rightarrow \$1000/\text{yr}$ (n=1 to 25)

Salvage $\rightarrow \$12,000$

$PV = \text{initial cost of large machine (Year 0)} - \text{Running cost of machine (years 1 to 25)}$
 $+ \text{Salvage value after 25 yrs.}$

$$\begin{aligned}\Rightarrow PV &= -\$34,000 - 1000 (P/A, 14\%, 25) + 12000 (P/F, 14\%, 25) \\ &= -\$34,000 - 1000 (6.8729) + 12000 (0.0378) \\ &= \underline{-40,646.1 \$}\end{aligned}$$

We can see that Scenario 2 has lower PV & hence it is preferred to get 1 large machine and run it for 25 yrs.

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Chapter 5.2 (Please answer only one question depending on your last digit on your UML ID)

2. There are two electric motors that can provide 100 hp. Alpha motor can be purchased at \$1,400 and has an efficiency of 50%, an estimated life of 10 years, and estimated maintenance costs of \$50/year. Beta Motor will cost \$1,800 and has an efficiency of 60%, life of 12 years and maintenance cost of \$25/year. Assume that the company internal rate of return is 12%. Perform a Breakeven analysis to find out at what hours of operations the two motor costs are the same. Assume an electricity rate of \$0.06 per kilowatt hour. Please plot your results.

sol $P = 100 \text{ hp} = 100 \times (0.7457 \text{ kWh}) = 74.57 \text{ kWh}$

	α	β
Purchased	\$1400	\$1800
Efficiency	50%	60%
Estimated life	10 yrs	12 yrs
Estimated maintenance	\$50/yr	\$25/yr

Electricity rate $\rightarrow \$0.06$

Annual return rate $\rightarrow 12\%$

α -motor :-

$$\begin{aligned} \text{Total electricity cost} &= 1400 (A/P, 12\%, 10) \\ &+ 50 + [(74.57 \times 0.06) / 0.5] \times N \end{aligned}$$

$$= 1400 (0.177) + 50 + 8.9484N$$

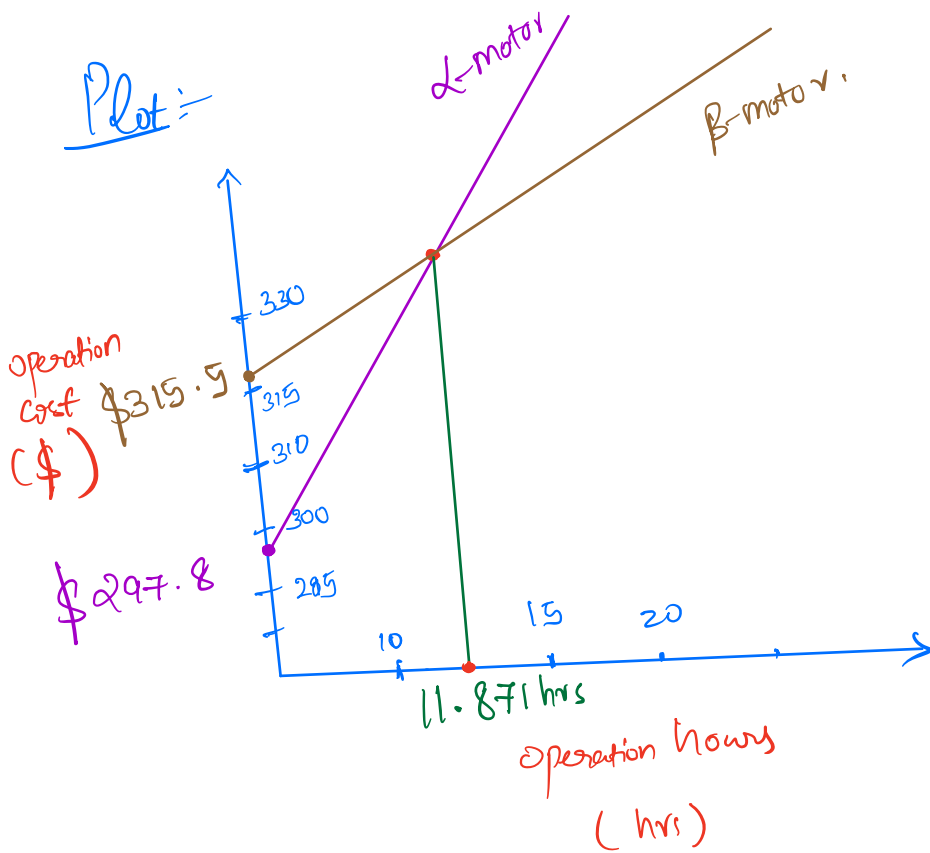
$$TE = 297.8 + 8.948N \rightarrow (1)$$

β -motor :-

$$\begin{aligned} \text{Total electricity cost} &= 1800 (A/P, 12\%, 12) \\ &+ 25 + [(74.57 \times 0.06) / 0.6] \times N \end{aligned}$$

$$= 1800 (0.1614) + 25 + 7.457N$$

$$TE = 315.5 + 7.457N \rightarrow (2)$$



Conclusion:

at $N = 11.871$ hrs we reach a breakeven.