Unit 6: Chapter Homework Paper details: Questions and Problems Chapter 10: Objective Question 17 (page 340). (5 Points) A company currently using an inspection process in its material receiving department is trying to install an overall cost reduction program. One possible reduction is the elimination of one inspection position. This position tests material that has a defective content on the average of 0.04. By inspecting all items, the inspector is able to remove all defects. The inspector can inspect 50 units per hour. The hourly rate including fringe benefits for this position is $9. If the inspection position is eliminated, defects will go into product assembly and will have to be replaced later at a cost of $10 each when they are detected in final product testing. a. Should this inspection position be eliminated? b. What is the cost to inspect each unit? c. Is there a benefit (or loss) from the current inspection process? How much? Chapter 11: Case: Inventory Management at Big10 Sweaters.com (page 392). Answer all 5 questions. Use the available Excel Template (Links to an external site.). (20 Points) Directions You are to work alone to analyze and prepare answers/solutions for the following questions and/or case studies. The text should be your primary source of information for this assignment. Note: Do not copy answers from other internet sites. It is plagiarism when you use another person’s answers rather than preparing your own submission. Park University maintains a university license agreement for an online text matching service called Turnitin. This tool may be used to evaluate the originality of student papers in this course. Other services and techniques may also be applied to evaluate your work for evidence of appropriate authorship practices as needed. Consolidate your response into one file for submission. You will have to import Excel spread sheets and graphs into your Word documents. 1. Chapter 11: Case: Inventory Management at Big10 Sweaters.com Questions 1. You are curious as to how much Rhonda and Steve made in their business last year. You do not have all the data, but you know that most of their expenses relate to buying the sweaters and having them monogrammed. You know they paid themselves $50,000 each and you know the rent, utilities, insurance, and a benefit package for the business was about $20,000. About how much do you think they made "before taxes" last year? If they must make their payment to the venture capital firm, and then pay 50 percent in taxes, what was their increase in cash last year? 2. What was your reasoning behind using the aggregate demand forecast when determining the size of your order rather than the individual school forecasts? Should you rethink this or is there a sound basis for doing it this way? 3. How many sweaters should you order this year? Break down your order by individual school. Document your calculations in your spreadsheet. Calculate this based on the aggregate forecast and also the forecast by individual school. 4. What do you think they could make this year? They are paying you $40,000 and you expect your benefit package addition would be about $1,000 per year. Assume that they order based on the aggregate forecast. 5. How should the business be developed in the future? Be specific and consider changes related to your supplier, the monogramming subcontractor, target customers, and products.