FIRST CUT FINANCIALS

Summary

The Dream Team has compiled a document that summarizes the financials for our product. Please refer to the sections below for information on product production cost, cash flow, pricing strategies, and break-even analysis. We are going to be selling the schematic because we want students to learn how to make this.

Cost Breakdown of Product

Researched at Santa Clara University. Sold to other students in order to teach others about product design.

Material

- Wood (1)
  - $4.99 Home Depot (⅛" x 4' x 8') Hardboard Tempered wood
- Superglue (2)
  - $0.91 each
- LCD screen (1)
  - $5.99 each
- 1" by 1" Conductive pads (2)
  - $26.00 for a 1" by 10ft roll

Material	Source	Amount	Unit Cost	total cost per product
Wood (⅛" x 4' x 8')	Home Depot	1	$4.99	$0.60
Super Glue	Grainger	2	$0.91	$1.82
LCD Screen	Amazon	1	$5.99	$5.99
Conductive pads	Basic Copper Website	1	$26.00	$0.43
Electrical Wire (100ft)	Amazon	1	$4.55	$0.09
Magnets	Amazon	12	$0.20	$2.40

Cost for ONE $11.33

Cost for 20 $226.60

Labor

- 3 man hours for one box
- California minimum wage is $10.50/hr
  - $31.50 in wages to make one
- 3 people working

Overhead

- Electricity ~ 12 cents/kWh
- Overhead allocation rate is $0.25 per material dollar

Product Viability

The team cannot compete with a traditional set of resistor drawers. Those drawers are cheaper so many will choose our competitor's drawers. Instead, the team will sell the schematics for $9.99. The benefit of selling the schematics is that there are no material costs, labor costs, or transportation costs.

Cash Flow Estimation

SALES

- Sales will be made based on demand from the School of Engineering, Department of Physics, and any other related research labs or teaching spaces.
- The team will also sell the schematic for extra drawers

ADVERTISING

- Will rely on word of mouth advertising as this is intended to be a small scale project.

Pricing Strategy

The pricing strategy is two fold. The pricing will be used to create further iterations of the design. Additionally, the pricing makes the product assessable as a learning tool for students.

Product Viability

FIXED_COST/[(PRICE_PER_UNIT)-(COST_PER_UNIT)]= #units to breakeven

Fixed cost = $100 for employee rate and electricity cost

Price per unit = $9.99

Cost per unit= $0. We are selling the IP

$100/($9.99) = 10 units to break even