

Bartel Job Shop

Bartel Job Shop Co. has received an offer to assemble approximately 15,000 electronic “portasols” for \$26.50 each. Using its existing manufacturing facility, Bartel estimates their variable cost of assembling each portasol is \$21.

Alternatively Bartel can subcontract some of the assembly steps to Wizard Fabrication Co., thereby reducing Bartel’s assembly cost to \$18 each. Wizard will charge Bartel a fixed fee of \$42,000 for their contract. Another option for Bartel is to lease a parts insertion robot for \$150,000. If leased, the robot will reduce Bartel’s variable assembly cost to \$11.

Prepare a handwritten profit model, using the format shown below, that projects total profit for each production option. Be sure to write out the formulas you used in your calculations. Include the following calculations in your model:

- For each production option:
 - the per unit contribution margin and
 - breakeven quantity
- The indifference point between:
 - The existing facility and subcontracting option and
 - The subcontracting and leasing robot option

	Scenario 1	Scenario 2	Scenario 3
SP			
Qty			
VC (per unit)			
FC			
Financial Results:			
Revenue			
Total VC			
Total FC			
Total Cost			
Profit			
CM (per unit)			
Breakeven			
Indifference Point			