

Laborsave Bag opening - Business Case



1. Factory Operational time

| | | |
|-------------------------|----|-------|
| Days of week production | 7 | Days |
| Working Weeks per year | 50 | Weeks |

Tonnage considered for switching to bagged supply 50 tonnes per day

17,500 tonnes pa

2. Labour used in Bag opening

| | | | |
|---|----------|-----|------------------------|
| Number of operatives used in opening bagged material | 2 | FTE | (full time equivalent) |
| Cost per FTE including NI, and other costs (1.2 x salary) | £ 18,000 | pa | |
| Total cost | £ 36,000 | pa | £ 36,000 pa |

3. Material Wasted in Traditional Bag opening

| | | | | |
|-------------------------------------|-------|--------|-------------|-----------|
| Number of 25kg bags opened per week | 500 | 12,500 | kg per week | |
| Likely loss of material | 1.0% | 125 | kg loss | £6,125 pa |
| Laborsave | 0.01% | 1 | kg loss | £61 pa |
| | | | Saving | £6,064 pa |

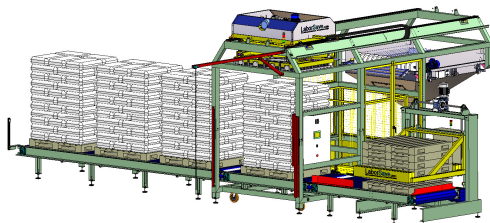
4. Reducing Material Costs (relating to the volumes indicated above in section 1)

| | | |
|---|---------------|----------------|
| Current Price per tonne | £1,000 /tonne | £17,500,000 pa |
| Possible price per tonne switching to spot purchasing | £980 /tonne | £17,150,000 pa |

Saving by switching to Bag stock

| | | |
|------------------|--|-------------|
| £20.00 per tonne | | £350,000 pa |
|------------------|--|-------------|

5. PAYBACK SUMMARY



| | |
|--------------------------------------|----------|
| TOTAL SAVINGS PA | £392,064 |
| COST OF EQUIPMENT (as per quotation) | £100,000 |

| | |
|-----------------|------|
| PAYBACK (weeks) | 13.3 |
| PAYBACK (years) | 0.3 |

www.laborsave.com