



"Putting it all Together" Open-Ended Questions & Answers

Questions for the Ops Director:

- Can you please describe your current paper cup manufacturing environment?
 - Current environment was implemented 9.5 years ago
 - Manufacture approximately 500 cups per hour
 - 10 employees run the environment
 - Average employee salary = \$50,000 annually
 - Cups manufactured are not corrugated, so they require an additional corrugated sleeve
 - Our cup branding is accomplished via a separate machine, but the same 10 employees take care of it
- Who exactly are your customers? Both internal and external.
 - Our customers are local and regional retail coffee shops
 - Internally, our customers are marketing, sales, and product development primarily
- I read an article that paper cups and the sleeves that are used to prevent the holders of the cups from burning themselves are only recycled 25% of the time and the remainder is going in to the landfills. What are you doing to assist with increasing the recycling efforts?
 - We are currently including a branding on our cups 'please recycle'
 - We would like to eliminate the corrugated sleeve, if possible, because we actually do not manufacture those for our customers. They must purchase them elsewhere. We do not have the machinery to do it.

- What are your current top 3 issues or business challenges that must be solved?
 - How to produce more cups in a shorter amount of time
 - Upgrading the quality of our cups – this has been a marketing and sales ask for years
 - Reducing our operational costs thus providing a higher profit margin on our product
- What is the top organizational demand you are you faced with? What is your plan to solve it?
 - Only having 10 employees to run both the cup manufacturing and the branding machines is quite a stretch of manpower daily. If one person is off, it really affects our product output. My plan is to figure out how to create efficiencies in our manufacturing process that will resolve this.

Questions for the CFO:

- Can you describe your current paper cup manufacturing environment's high-level cost model?
 - Current environment cost \$500,000 9.5 years ago, but it is old and inefficient at this stage in technology
 - Current environment is almost fully depreciated – 10 year depreciation
 - Maintenance costs have increased annually by 20% and are now \$12,000 per year. I would expect that to decrease if we purchased a new environment.
 - Labor costs are approximately \$500,000 annually and I would not expect that to change if we purchased a new environment