



Case Study: Solar Panels

PART 2 OF 2



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▶ Performance Task: Solar Panels

SCENARIO

New Horizons is one of Europe's largest producers of photovoltaic (PV) solar panels. They have tried to sell their German-made panels to U.S. buyers for years but have been unable to compete with the prices of American manufacturers. They hope that by sourcing some solar panel components more cheaply from China and then manufacturing them directly in North America, they can penetrate the U.S. market and become one of the world's leading sustainable energy producers.

ROLE

New Horizons has recently hired you as an external consultant.

TASK

Now that you have organized the information and defined the problem (in part 1), Dylan Wilz, Senior Manager for New Horizons, has provided you with some infographics to help you further evaluate your options. Use the information from the following materials (as well as from any of the documents in part 1) to support your final recommendation.

▶ Document Library

Document 8: Infographics and Bar Graphs on Production Costs, Shipping Costs, Labor Costs, etc.

Document 9: Consumer Opinion Survey

Document 10: Projected Income Statement for New Horizons' North American Factory

DOCUMENT 8: Infographics and Bar Graphs on Production Costs, Shipping Costs, Labor Costs, etc.



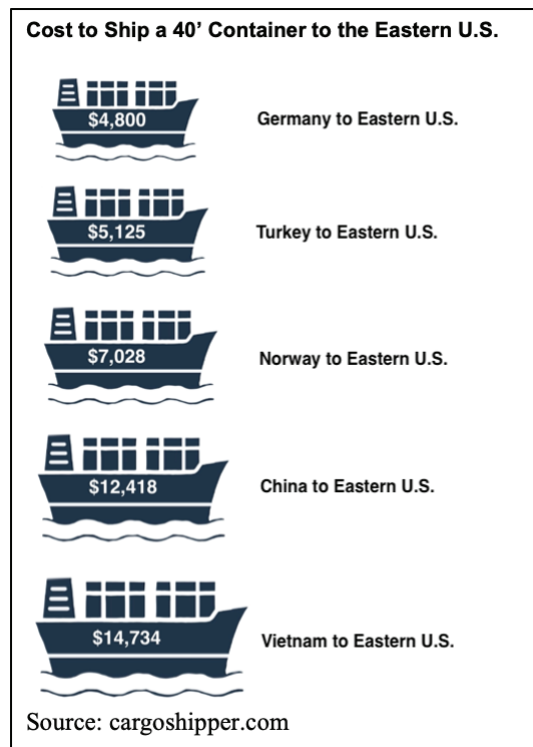
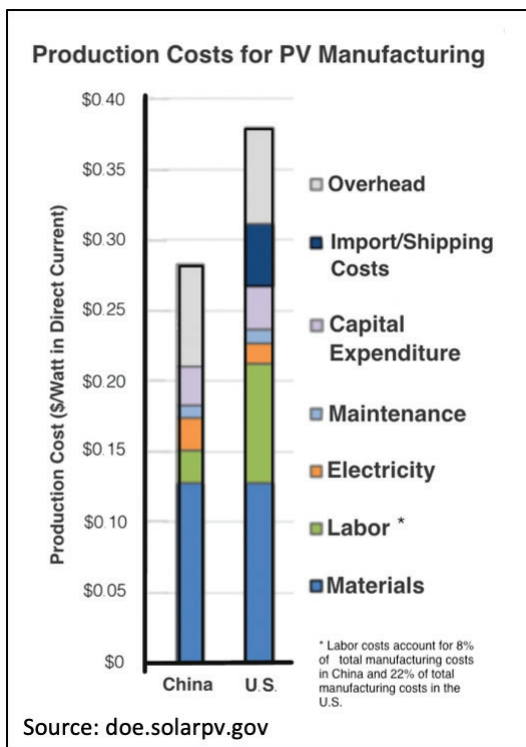
New Horizons

Thursday, June 9

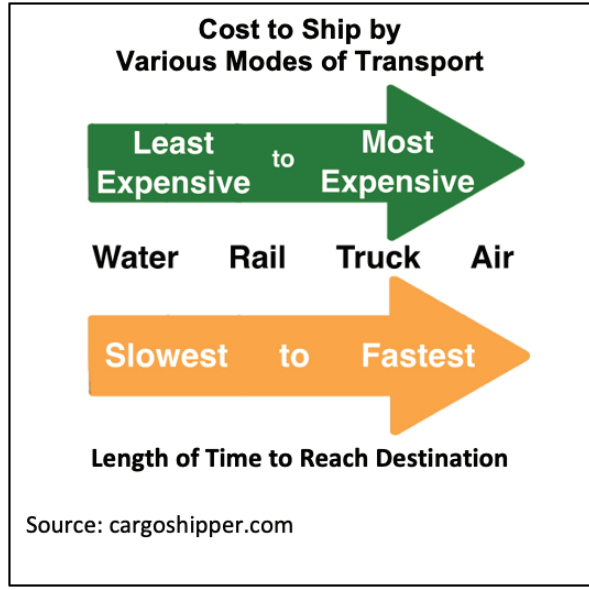
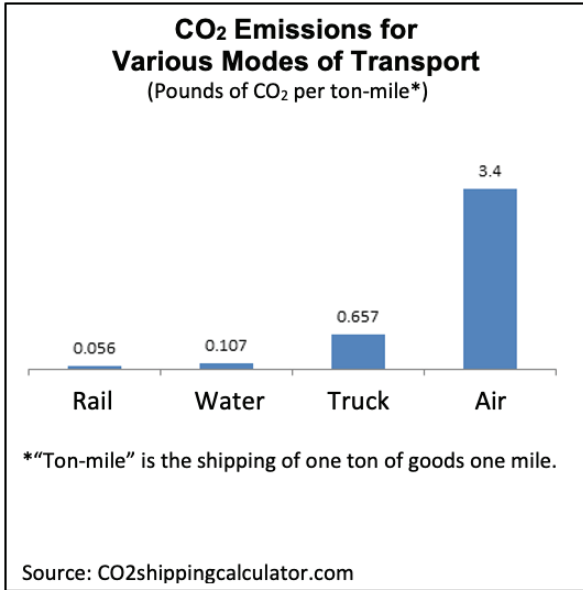
From: Dylan Wilz
To: External Consultant

RE: Data Addressing Supply Chain Issues and Alternatives

I've gathered some data for you to take a look at. We look forward to your guidance in determining a new direction for us in regard to our supply chain.



DOCUMENT 8: Infographics and Bar Graphs on Production Costs, Shipping Costs, Labor Costs, etc.

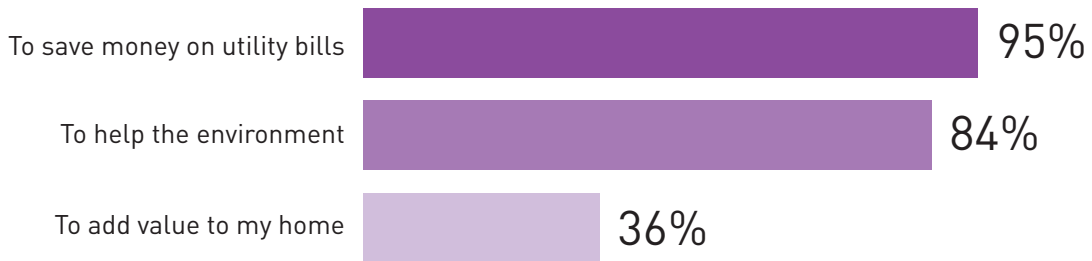


▶ DOCUMENT 9: Consumer Opinion Survey

Question 1:

Why did you choose solar panels for your home? (You may give more than one reason.)

Sample Size: 1,000



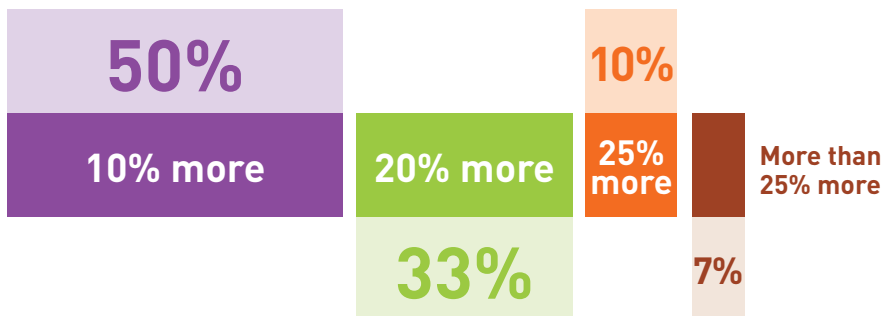
Question 2:

Do you prefer to buy products that are made in the United States?



Question 3:

How much more are you willing to pay for an American-made product? (of those that answered yes in the question above)



Source: Market Research Surveys, January 22

▶ DOCUMENT 10: Projected Income Statement for New Horizons' North American Factory



New Horizons

New Horizons, Inc.
Income Statement for Original Proposal of North American Factory
(in thousands)

	YEAR 1	YEAR 3	YEAR 5
Revenue (income from sales)	1,500,000	1,630,000	2,000,000
Cost of Sales			
Materials *wafers /ingots sourced from China. Remaining components sourced from U.S.	530,401	552,230	575,000
Labor *for our North American factory	275,700	288,120	300,000
Shipping	152,200	158,500	165,000
Other (Overhead, etc.)	423,500	440,785	460,000
Total Cost of Sales	1,381,801	1,439,635	1,500,000
Gross Profit	118,199	190,365	500,000
Operating Expenses			
Marketing, Administration, General	190,000	140,000	200,000
Research and Development	10,000	60,000	60,000
Production Start-up	100,000	0	0
Total Operating Expenses	300,000	200,000	260,000
NET INCOME (loss)	(181,801)	(9,635)	240,000

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