

Concept Summary

	Total Factory Cost FY09 Standard (£/case)	Factory Cost FY09 New (£/case)	Total Variance / Saving (£/case)	Total Variance / Saving (%)	Total Variance / Saving (£/yr)	Comments
1. Current Pillow Bag	7.26	6.87	0.389	5.36%	-596,878	FY09 standard costs vs. the latest supplier prices, labour savings due to the effect of new production lines
2. - Gusseted Bag - Current film (5% increase to allow for additional sealing solutions)	6.87	7.06	0.198	2.88%	293,395	Current packaging specifications should work. 8% added to the film cost to allow for slight changes to the film spec, may be required to improve sealing. The case dimensions could change to 379x283x205mm. Large variance caused by the estimated increase in Labour costs because of the lower output.
3. - Gusseted or Pillow Bag - 40% Thicker film - 20OPP / 50PE	6.87	7.10	0.160	2.33%	351,482	Packaging on-cost caused by thicker film, this may improve the bag's appearance and function in vertical displays. Large variance caused by the estimated increase in Labour costs because of the lower output.
4. - Gusseted or Pillow Bag - 80% Thicker film - 20OPP / 70PE	6.87	7.16	0.101	1.47%	442,314	Packaging on-cost caused by thicker film, this may improve the bag's appearance and function in vertical displays. Large variance caused by the estimated increase in Labour costs because of the lower output.
5. - Gusseted or Pillow Bag - Mono 45µm LLDPE film	6.87	6.98	0.279	4.06%	168,476	Probably the cheapest option if cost saving were the only target, could be combined with the cheaper outer case and PE allows bag perforation. New (impulse / poly-weld) sealing jaws would also be required. Large variance caused by the estimated increase in Labour costs.
6. - Gusseted or Pillow Bag - Mono 55µm LLDPE matt film	6.87	7.01	0.246	3.58%	219,258	Slightly cheaper than the current film, could be combined with the cheaper outer case and PE allows bag perforation. New (impulse / poly-weld) sealing jaws would also be required. Large variance caused by the estimated increase in Labour costs.
7. - Gusseted or Pillow Bag - New case	6.87	7.05	0.206	3.01%	279,965	Savings associated with slight changes to the case dimensions and board grade.
8. - Gusseted or Pillow Bag - Biodegradeable film (55µm Composetex)	6.87	7.78	-0.520	-7.57%	1,395,239	Change to biodegradeable film; numerous technical issues!
10. Current 1kg Chips bags cut off increased by 20mm	7.31	7.15	0.103	1.40%	-245,267	Material on cost for increasing the bag length to improve running speed. Because of the higher output, I have assumed a 5% reduction in Labour costs.
11. Current 1kg Chips bags cut off increased by 40mm	7.31	7.18	0.081	1.10%	-211,540	Material on cost for increasing the bag length to improve running speed. Because of the higher output, I have assumed a 5% reduction in Labour costs.