

Numbers and Operations: Purchasing Agent

Micron Technology, Inc.

Job Description: Order and maintain sufficient parts to complete customer orders. Assemble and test print heads. Responsible for obtaining materials, components, equipment, and services and evaluate vendor reliability.

Problem:

"Bare" wafers (wafers waiting to be processed) are currently being stored in two warehouses off site.

The cost per month in Warehouse A is \$.45 per square foot. The wafers are taking up a 1,200 sq/ft area.

Warehouse B as 2,000 sq/ft of wafers, and they cost \$.43 per square foot to store each month.

What is the total annual cost for storing wafers in the two warehouses? How much could be saved by storing all the wafers in Warehouse B?

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Solution:

$\$.45 \times 1200 \text{ sq ft} = \540 per month in Warehouse A

$\$.43 \times 2000 \text{ sq ft} = \860 per month in Warehouse B

$\$540 + \$860 = \$1,400 \times 12 \text{ months} = \$16,800$ annually (Warehouses A & B)

$1200 + 2000 = 3200 \text{ sq ft}$ total storage area

$3200 \text{ sq ft} \times .43 = \$1376 \times 12 \text{ months} = \$16,512$ annually (Warehouse B)

$\$16,800 - \$16,512 = \$288$ savings if all stored in Warehouse B