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FONDERIA DEL PIEMONTE S.P.A.

INTRODUCTION

Fonderia Del Piemonte S.P.A. is an Italian company dealing in automotive and industrial components and there of this firm's critical strategic operations. The current challenge at the company is the consideration of whether to retrofit the new machine to provide for a state of the art automated molding.

FINANCIAL IMPLICATIONS

Accumulation of new machineries entails a major capital outlay. Here the management has to decide if the business is going to gain in the long run from the investment made.

FINANCIAL ANALYSIS

A careful cost-volume-profit analysis shows that the new machinery yields a net present value (NPV) greater than zero and an acceptable internal rate of return (IRR). This reveals the profit level of the project based on sales volume and profit per unit and normal business operations depending on customer traffic.

CONCLUSION

The case of Fonderia Del Piemonte S.P.A. also support the strategic investment on technology to remain competitive. The use of an automated molding machine in the manufacturing process empowers the company with better brand positioning on quality and efficiency thus guaranteeing growth.

RECOMMENDATION

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