















Unit Theory

"If there is learning in the production process, the cost of some *doubled unit* (say, unit #100) equals the cost of the undoubled unit (= unit #50) times the slope of the learning curve"

- Credited to J. R. Crawford in 1947
 - Led a study of WWII airframe production commissioned by USAF to validate learning curve theory

























Example #1											
 Given curve this eq the slo 	the followi equation v uation to p pe of the o	ng historic which desc predict the curve (Note	al data, find the Uni ribes this productior cost (in hours) of th e: same numbers as	it Theory learni n environment. le 150th unit ar s in Chapter 9.)	ng Use nd find)						
	(X)	(Y)	ln(X)	ln(Y)							
	<u>Unit #</u>	<u>Hours</u>	<u>In (Unit #)</u>	<u>In (Hours)</u>							
	5	60	1.6094	4.0943							
	12	45	2.4849	3.8067							
	35	32	3.5553	3.4657							
	75	26	4.3175	3.2581							
	125	21	4.8283	3.0445							
					9 -21						













$\begin{array}{l} \textbf{Estimating Lot Costs} \\ \textbf{S} = (1-1)^{n} (1-1)^$





н	Lot ow Data	Cost Exa a is Usual	ample: Ily Receiv	ved
<u>Lot #</u>	<u># Units</u>	<u>First Unit</u>	Last Unit	Lot Cost
1	50	1	50	\$10M
2	50	51	100	\$8M
3	100	101	200	\$14M
4	50	201	250	M62







Unit Theory Lot Cost Example

• Given the following historical production data on a tank turret assembly, find the *Unit Theory Learning Curve* equation which best models this production environment and estimate the cost (in man-hours) for the seventh production lot of 75 assemblies which are to be purchased in the next fiscal year.

Lot #	Lot Size	Cost (man-hours)
1	15	36,750
2	10	19,000
3	60	90,000
4	30	39,000
5	50	60,000
6	50	in process, no data available 9-35

Solution Lot # Lot Size Cost Cum Qnty LMP AUC ln (LMP) ln (AUC) 36,750 15 15 5.00 2450 1.609 1 7.804 2 10 19,000 25 20.25 3.008 7.550 1900 3 60 90,000 85 51.26 1500 3.937 7.313 115 4 30 39,000 99.97 1300 4.605 7.170 5 60,000 50 165 139.42 1200 4.938 7.090 6 50 ? 215 b = -0.217 A' = 8.17 -----A = 3533.22 slope = $2^{b} = 2^{-0.217} = .8604 = 86.04\%$ The Unit Learning Curve equation: $Y_x = 3533.22x^{-0.217}$ 9 - 36

F	Cegres Ln(A	sion UC) vs	Printc Ln(LMI	out of P)	
SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.997900729				
R Square	0.995805865				
Adjusted R Square	0.994407819				
Standard Error	0.021841242				
Observations	5				
ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.33978808	0.33978808	712.2844842	0.000115425
Residual	3	0.00143112	0.00047704		
Total	4	0.3412192			
	Coefficients	Standard Error	t Stat	P-value	Lower 95%
Intercept	8.170231838	0.030986711	263.6688988	1.20302E-07	8.071618295
In(LMP)	-0.216840315	0.008124811	-26.68865834	0.000115425	-0.242697091
					(9-37)























By regressing t	he Cumulative Av	erage Values or Regre	essi	ng the
Cumulative Val	ues We get o or do	exactly the same resul	lt	The Standard Error Fit) is the same. Th difference is down to range of data value
Whilst the calcul results are not!	ated parameter val	ues may be the same th	ne s	tatistical test
"Statistics: The	Statistic	Cum Ave Regression	C	umulative Regress
only science that	R-Square	0.999705581	<	0.999939688
experts using the	Standard Error	0.002819859	=	0.002819859
same figures to draw different	Significance F	2.14425E-06	>	1.98793E-07
conclusions"	Intercept P-value	9.28868E-09	=	9.28868E-09
Evan Esar	Slope P-value	2.14425E-06	>	1.98793E-07







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ow pre	ecise	ly inac	curat	e do w	ve wan	t to b	e?			Same c but with
		l i	Unit Value:	s	Cu	m Ave Va	ues	C	Cum Value	S
	Unit No	Crawford	Wright	Difference	Crawford	Wright	Difference	Crawford	Wright	Difference
	1	1000	1475	475	1000	1475	475	1000	1475	475
	2	800	885	85	900	1180	280	1800	2360	560
	3	702	747	45	834	1035	201	2502	3106	604
	4	640	669	29	786	944	158	3142	3775	633
	5	596	617	21	748	878	131	3738	4392	654
	6	562	578	16	717	828	112	4299	4970	671
	7	534	548	13	691	788	98	4834	5518	684
	8	512	523	11	668	755	87	5346	6041	695
	9	493	502	9	649	727	78	5839	6543	704
	10	477	485	8	632	703	71	6315	7027	712
	15	418	423	5	567	617	49	8511	9251	741
	20	381	384	3	524	562	38	10485	11244	759
	25	355	357	2	492	523	31	12309	13081	772
	30	335	336	2	467	493	26	14020	14802	782
	40	305	306	1	430	450	20	17193	17990	797
	50	284	285	1	402	419	16	20122	20929	807
	75	249	250	1	356	367	11	26727	27552	825
	100	227	227	0	327	335	8	32651	33486	836
	200	182	182	0	264	268	4	52720	53578	858
	500	135	135	0	198	199	2	98847	99729	881
	1000	108	108	0	159	160	1	158671	159566	895

