



Specialty Glass, Inc.: **Cost Accounting and Hazardous Wastes** *(Abstract)*

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The Company, Its Products, and Markets

Specialty Glass, a privately owned company located in the Pacific Northwest of the United States, manufactured about 30 percent of the world's supply of colored sheet glass for stained-glass windows and lamps. Specialty was a high-volume, low-margin producer with about \$12 million in annual sales. The majority (50-60 percent) of sales were to the stained glass market (e.g., arts and crafts shops, stained glass artists). The remaining sales were to overseas specialty lighting manufacturers who received the shipped glass, incorporated it into lighting products, and shipped the finished products back to the United States. Although other manufacturers produced specialty sheet glass in North America, Specialty (with 160 employees) was substantially larger than any of these competitors (typically with five to six employees each).

Specialty used both day tanks (where melting, cooking, and usage take place in a 24-hour cycle) and continuous furnaces (where molten glass is removed at the same rate that raw materials are added). Continuous furnaces produce glass that withstands more stress than other sheet glass. Continuous furnaces require large amounts of electricity, affordable for Specialty because of the relatively low price of electricity in the Pacific Northwest. Continuous furnaces also require a substantial capital investment. These high capital and operating costs kept many of Specialty's smaller competitors from investing in similar equipment. Consequently, Specialty had a competitive advantage in producing this glass. Apparently, the limited size of the worldwide market kept even the better-capitalized firms from entering it.

This case was prepared by Dr. Christine H. Stinson, Associate Professor of Business Administration, Darden Graduate School of Business Administration, University of Virginia. The case is intended to serve as the basis for class discussion rather than as an illustration of effective or ineffective management strategies. It is based on material collected for Green Ledgers. Case Studies in Corporate Environmental Accounting a 1995 publication of the World Resources Institute (WRI), edited by Daryl Ditz, Janet Ranganathan, and R. Darryl Banks. Copyright © 1998 World Resources Institute.