

TAKING CARE OF BUSINESS

How much would it cost to run a submarine sandwich shop in your community? Given the cost of rolls, meat, cheese, lettuce, and so forth that would be needed per sandwich. (Determine what you would have to pay your help (two workers at all times). Assume you sell 200 submarine sandwiches per day when you stay open from 10:00 AM to 8:00 PM. Write this information in the column at the left below. Then answer the questions that follow.

Costs of Running a Submarine Sandwich Shop

ITEM	COST PER DAY	FIXED OR VARIABLE?
Rent per day (monthly rent= \$1300, daily rent = \$____(divide by 30)	\$	
Cost of 200 rolls (\$.30 x 200 = \$____)	\$	
Cost of meat, cheese, lettuce, condiments etc. (\$2.50 x 200 = \$____)	\$	
Cost of 200 bags and napkins (\$.10 x 200 = \$____)	\$	
Cost of employees (\$7.25 per hour x 10 hours x 2 workers + 20% for fringe benefits = \$____)	\$	
Cost of insurance per day (\$240/month)	\$	
Utilities (\$360/month)	\$	
Other costs	\$ <u>20</u>	
TOTAL	\$	

How much would you need to charge per sandwich to earn 5 percent return on your sales?

To find the answer, proceed as follows:

- Multiply total costs times 1.05 to find the amount you must take in from sales.

_____ x 1.05 = _____

- Divide the amount you must take in by 200 sandwiches, and you have the price you must charge per sandwich.

_____ divided by 200 = _____ (price)