GRAND CANYON UNIVERSITY

LOPESWRITE

Belinda Smith

Smith_BelindaACC650_docx4.docx

Submission Id: 2eabb55c-f319-481b-b4f2-f2d663a5bcdc

Summary

428 Words

98% SIMILARITY SCORE
Internet Source 0%
Institution 98%

8 CITATION ITEMS

9 GRAMMAR ISSUES

0 FEEDBACK COMMENT

1. Sales mix comes into discussion when the business is producing more than one product, and collectively the revenue generation is from those products, hence those together make sales mix.

2a. Plan A satisfies the company's objective of an increased presence in the market place in the case of Deluxe ceiling fans and does not satisfy in the case of Basic ceiling fans. Because of implementing plan A the sales of deluxe fans would increase from 39000 units to 45500 units and in case of basic fans the sales would decline from 21000 units to 19500 units.

2b. From a basic sales mix perspective, the sales people would prefer promoting deluxe ceiling fans more than basic ceiling fans. The existing sales mix is 39:21. Plan A has sales mix of 45.5:19.5.

The sales team would be earning more commission if they adhere to this plan.

2c. The sales people would be satisfied with the results of Plan A as they would receive 10% commission on sales made instead of flat salaries which amount to 400,000.

In plan A they will compensate with 10% on gross sales (5356000 * 10%) which will be valued to 535600.

As this compensation is higher than the flat salaries at present the sales personnel will be very much satisfied with the results of plan A.

d. Profit at present:

Sales = 39000 * 86 + 21000 * 74 = 4908000

Less: variable costs = 39000 * 65 + 21000 * 41 = 3396000

Less: Sales staff compensation = 400000

Profit = 1112000

Profit as per plan A

Sales = 45500 * 86 + 19500 * 74 = 5313000

Les: variable costs = 45500 * 65 + 19500 * 41 = 3757000

Less: Sales staff compensation @ 10% on sales= 531000

Profit = 1024700

This would be not satisfied with the impact of Plan A on the profitability of company, as the profit by implementing plan A decreased than the profit at present. Therefore, its likely to be unsatisfied with the resulting impact of Plan A on company profitability.

3a. In plan A and B, the total units sold are the same which are 65000 units. Sales mix differs from plan A than what is in plan B. In plan A the proportion of Deluxe ceiling fans is more than basic ceiling fans. In plan B, however the basic units have a higher proportion.

3b. In comparison with flat salaries plan B is more attractive to the sales force, because in plan B the compensation will be the 30% of contribution margin which is 549000 is more than flat salaries 400000.

Compensation to sales people in Plan B:

Sales = 26000 * 86 + 39000 * 41 = 5122000

Variable costs = 26000 * 65 + 39000 * 41

Student: Submitted to Grand Canyon University 0...

in the case of (abou...: in the case of → about

in the case of (abou...: in the case of → about

Two consecutive articles: A the → A

Student: Submitted to Grand Canyon University 1...

Student: Submitted to Grand Canyon University 1...

Possible typo: A they → A

Punctuation error, sentence looks lik...: As

Student: Submitted to Grand Canyon University 2...

Student: Submitted to Grand Canyon University 1...

as per (as, in ac...: as per → in accordance wi...

Student: Submitted to Grand Canyon University 1...

Possible typo: its

Two consecutive articles: A the → A

Student: Submitted to Grand Canyon University 1...

Punctuation error: comparison → comparison,

Student: Submitted to Grand Canyon University 1...

= 3289000

Contribution = sales - variable costs

= 5122000 - 3289000

= 1833000

Compensation to sales people = 1833000 * 30%

= 549900