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BUF 2255 OL50

Homework #3

Sales per Full-Time Employee Equivalent

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2. If a department needs to operate with a minimum selling cost of 8.5%, how much would a salesperson need to sell to have earnings of $100?

Formula for selling cost: Gross Sales / Net Sales
Wages / Selling Cost = Net Sales (solve for x)
100 / 0.085 = $1,176.47

A salesperson would need to sell $1,176.47 to have earnings of $100

5. A store pays all of its employees $7.50 per hour. For the week, the store has scheduled 164 hours of sales help. If the store desires to maintain the same selling cost percent when the minimum wage goes to $8.00, how many hours of sales assistance can be allowed so that the store still maintains the same selling cost?

Selling Cost Percentage: Gross Wages per hour / Net Sales per hour
$7.5 / 164 hours = 0.045 (45%) is the selling cost percentage
Net Sales per hour: Gross Wages per hour / Selling Cost Percentage
$8 per hour / 0.045 = $177.77 per hour.

7. Last month Cody sold $26,500 worth of merchandise during the 168 hours he worked. He earns 7.5% commission. (a) How much did Cody make in commission? (b) What was his average earnings per hour?

Commission $: Net Sales x Commission %
Average Earning per hour: Total commission / number of hours worked

A. $26,500 x 0.075 (75%) = $1,987.5 is what Cody made in commission
B. $1,987.50 / 168 = 11.83 is the average earnings per hour

14. According to payroll records, 45 employees worked during the past week. Of these employees, 21 were full timers who worked a regular 40-hour week. Part-time employees worked a total of 480 hours, and sales for the week were $68,000. What were the sales per full-time employee equivalent?

Number of FTE = working hours of part time employees / working hours of full time employees

480 hours / 40 hours = 12 FTE
12 FTE + 21 FT = 33
Sales per FTE = 68,000 / 33 = 2,060.60

2,060.60 is the sales per full-time employee equivalent.