

Numbers and Operations: Container Supply

Container & Packaging Supply, Inc.

Job Description: Figures costs, selling prices, manage employees, purchase equipment, arrange for long-term financing and make decisions for the direction of the company.

Problem:

I buy a product that costs me \$10.00. I need to make a 20% gross profit (selling price – cost of goods sold). What should my selling price be? What will my gross profit be?

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Solution:

Selling price (100%) – Cost of Goods (80%) = Gross Profit (20%)

To calculate my selling price (x):

$$x - \$10 = (.20)$$

$$x - .2x = \$10$$

$$.8x = \$10$$

$$x = \$10 \div .8 = \$12.50$$

$$\$12.50 - \$10.00 = \$2.50 \text{ gross profit}$$