Case in Point Summary Exercise

SUBWAY

www.subway.com

Facts:

- 1965: First store opened in Connecticut
- 1974: First store franchised to an individual
- 1995: Supports cancer research
- 2013: Over 37,000 restaurants in 100 countries



With the help of a family friend, seventeen-year-old Freed DeLuca opened the first SUBWAY store in 1965. DeLuca believed in using only the freshest ingredients and drove many miles each week in his Volkswagen bug to buy fresh produce. Later management decided to "give back" to the community and now supports research related to both heart disease and cancer. The firm differs from other fast-food firms by offering heart-healthy meals.

Profit margins are surprisingly small in most businesses, so managers must work very hard to control costs. A primary responsibility of a store manager at SUBWAY is to control costs. Of course, the store manager is also responsible for many issues related to employees, the quality of food and service, and also sales.

1. Jessica Fernandez is the manager of a SUBWAY store. Find the total of an invoice with the following costs: produce, $486.12; meat and cheese, $1236.14; bread dough, $364.76; shipping charges, $103.75. **1.** _____

2. One employee worked the following hours during the week: Thursday, 3.5 hours; Friday, 4.5 hours; Saturday, 6 hours; and Sunday, 5.5 hours. He is paid $8.65 per hour. Find the total number of hours worked and the pay for the week rounded to the nearest cent. **2.** _____

3. Fernandez notes that meat and cheese costs went up from $1864.92 last week to $2065.48 this week and attributes it to additional customers. Find the difference between the two. If the average cost of meat and cheese per sub sandwich is $.94, estimate the number of additional customers this week compared to last week, rounded to the nearest whole number. **3.** _____

4. This month, Fernandez plans to spend four times as much on advertising as the $168.32 spent last week. Find the amount spent on advertising. If the increased advertising brings in 1.3 times last week's revenue of $10,984.76, estimate the revenue. **4.** _____

Discussion Question: *If sales increase by $1500 in a week, do you think profit for the week will also increase by about $1500? Why or why not?*

Source: SUBWAY, www.subway.com