

Form a five-person team. Each team member should assume responsibility for calculating the unknown values for one of the following scenarios.

| Scenario | Sales                    | Total Variable Costs | Total Fixed Costs | Net Income |
|----------|--------------------------|----------------------|-------------------|------------|
| 1        | ? (50,000 units)         | \$500,000            | \$180,000         | \$120,000  |
| 2        | \$700,000 (75,000 units) | ?                    | 100,000           | 175,000    |
| 3        | \$400,000 (40,000 units) | 80,000               | ?                 | 130,000    |
| 4        | \$900,000 (90,000 units) | 475,000              | 175,000           | ?          |
| 5        | ? (20,000 units)         | 400,000              | 50,000            | 50,000     |

Then, decide which team member's scenario has the:

Lowest break-even point in units

Highest net income

Lowest contribution margin per unit

Highest fixed costs

Highest total variable costs

Discuss the cost structure attributes for each scenario and debate which represents a company you would most wish to own.