



Economics of One Unit: Retail & Service

EOU: Retail Business			
One Unit of Sale = 1 Ring			
Selling Price (per unit)			\$200
Variable Expenses			
Cost of Goods Sold			
Rings (1)	\$100		
Cost of Goods Sold		\$100	
Other Variable Expenses			
Commissions	\$30		
Shipping & Handling	\$7		
Other Variable Expenses		\$37	
Total Variable Expenses			
Contribution Margin (per unit)			\$63

EOU: Services Business			
One Unit of Sale = 1 Hair-Styling Job			
Selling Price (per unit)			\$55
Variable Expenses			
Cost of Goods Sold			
Materials (shampoo, etc.)	\$5		
Labor (\$30/hour)	\$30		
Other Variable Expenses		\$35	
Commissions	\$0		
Shipping & Handling	\$0		
Other Variable Expenses		\$0	
Total Variable Expenses			\$35
Contribution Margin (per unit)			\$20