

# How many hamburgers? essay sample



**ASSIGN  
BUSTER**

The data:

Charlie sells around 12 cases of hamburgers weekly.

- Each case contains 80 hamburgers
- Each hamburger patty costs \$. 60

New vendor offer is:

- Week 1 order: 50 cases at \$. 30 per patty
- Then 15 cases for the next 12 weeks at \$. 45 per patty

Question

1. How many hamburgers does Charlie normally sell during the period of the contract? Charlie normally sells 12480 hamburgers during the period of the contract.  $80 \text{ hamburgers (12 cases)} = 960 \text{ hamburgers a week}$

$960 \text{ hamburgers a week (13 weeks)} = 12480 \text{ hamburgers during the period of the contract (13 weeks)}$

2. What is the total cost of the hamburger inventory for the period? The total cost of the hamburger inventory for the period is \$7428. 00.  $12480 \text{ hamburgers } (\$0. 60) = \$7488. 00 \text{ during the period of the contract.}$

3. How many hamburgers will Charlie need to purchase under the new vendor contract? Charlie will need to purchase 18400 hamburgers under the new vendor contract of 13 weeks.  $50 \text{ cases (80 hamburgers)} = 4000 \text{ hamburgers for week 1}$

$15 \text{ cases (80 hamburgers) (12 weeks)} = 14400 \text{ hamburgers for the next 12 weeks}$   
 $4000 \text{ hamburgers (week 1)} + 14400 \text{ hamburgers (12 weeks)} = 18400 \text{ hamburgers during the period of the contract of 13 weeks}$

4. What is the total cost of this inventory?

The total cost of the hamburger inventory for the period is \$7680.00.

4000 hamburgers (\$0.30) = \$1200.00

14400 hamburgers (\$0.45) = \$6480.00

\$1200.00 + \$6480.00 = \$7680.00 during the period of the contract.

5. What is the average cost of a hamburger under this deal? (Round to the nearest cent.) The average cost of a hamburger under the new deal is \$0.42

$\$7680.00 / 18400 \text{ hamburgers} = \$0.42$  (.4173.....3)

6. What is the percent savings per hamburger under the new deal? The percent savings per hamburger under the new deal is 30%

$\$0.60 - \$0.42 =$

$\$0.18$

$\$0.18 / \$0.60 = .3$

7. What is the total cost savings? If Charlie accepts the new deal, rather than buying the same amount of burgers from his current vendor, what is the

total cost savings? The total cost saving is \$3360.00

$\$11040.00 - \$7680.00 = \$3360.00$

8. If hamburger sales remain stable at 12 cases per week during this period, how many hamburgers will Charlie have remaining in inventory at the end of

13 weeks? The remaining inventory at the end of 13 weeks is 5920

hamburgers

13 weeks (12 cases per week) (80 hamburgers) = 12480  
hamburgers 18400 hamburgers - 12480 hamburgers = 5920 hamburgers

9. If hamburger sales remain stable at 12 cases per week into the future, how many weeks will it take to sell the remaining hamburgers? (Round to the nearest week.) It will take Charlie about 6 weeks to sell the remaining hamburgers after the contract period ends.  $50 \text{ cases (week 1)} + (15 \text{ cases} * 12 \text{ weeks}) = 230 \text{ cases in inventory}$   $12 \text{ cases per week (13 weeks)} = 156 \text{ cases sold in 13 weeks}$

$230 \text{ cases} - 156 \text{ cases sold} = 74 \text{ cases remaining}$

$74 \text{ cases remaining} / 12 \text{ cases sold per week} = 6 \text{ weeks (6. 166666.....)}$

10. If Joe can figure out a way to sell 14 cases a week, how many weeks will it take to sell the entire new vendor inventory? (Round to the nearest week.)

If Joe can figure out a way to sell 14 cases a week, it will take him about 16 weeks to sell the entire new inventory.  $230 \text{ cases in inventory} / 14 \text{ cases per week} = 16 \text{ weeks (16. 428....)}$

11. Beyond the price per patty savings, what factors should Joe consider when advising Charlie whether or not to take the new deal? Some factors Joe should consider is will they have to pay the entire cost up front? Or can they make weekly payments? What are the payment terms on the new contract?

Will they have enough space in the freezer to take in 50 cases and then another 15 cases per week for the next 12 weeks? Will they be able to sell the hamburger fast enough to store the rest of the cases if they don't have enough room? Will they be able to sell the all hamburgers before they expire or go bad? If they don't sell all the cases by the end of 13 weeks, will the next shipment come in and then they are over stock? Will the quality of the

new patties be as good as the one they currently have? Will the customers like the new patties?

Will they be able to sample the new patties before they decide to sign the contract?

12. The price per patty quoted by the new vendor is attractive, but is this a good deal for the restaurant? If the customers like the new patties, they have enough room in the freezer, and the patties will keep fresh for a long enough time, I think that the deal is great for the restaurant.

13. Beyond the cost savings, what other factors need to be considered before buying a lot more hamburgers than you have sold in the past? I think I cover the answer to this question in question 11. (Please refer to question 11)

14. How can Joe make this deal more attractive to Charlie?

Joe can make this deal more attractive to Charlie by explaining that the restaurant will save about 30% per patty. Work out a deal with the vendor that if they are not satisfied with the new patties within a certain time frame they would be able to cancel the contract and explain it to Charlie the risk is minimum. If the patties are as good quality or better than the patty they currently have, the sales would stay the same or get better with better quality patties.