

Marvelous Meaningful Monthly Math

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Central Area Tech Prep, Mitchell Technical Institute, and Bridges

Business, Management and Administration December

Career – Small Business Owner

Math Activity

Howard Smith is the co-owner of a small web design and multimedia company.

"The accounting part is really important of course," he says. "But you are dealing with software packages now that handle all the real math for you. So basically, it is the processes that you go through to input that data."

You're a small business owner specializing in customized T-shirts, coffee mugs and pens. Most of your orders involve small numbers, like 20 or 30 items.

You've just received a phone call from a major computer company in town. They want you to make up 500 mugs and 100 T-shirts with their logo on them. This is a big contract, so you've agreed to give them 15 percent off the regular price.

Your regular price for a mug is \$2.25.

Your regular price for a T-shirt is \$12.95.

Tally up what these mugs and shirts are going to cost your customer -- making sure to take 15 percent off the total and then add 11 percent for taxes.

How much will this package cost your customer?

Name _____ School _____ Teacher _____

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Solution

The sooner you come up with an estimate, the sooner you can get started on this order. You get out a scratch pad.

500 mugs x \$2.25 per mug = \$1,125
100 T-shirts x \$12.95 per shirt = \$1,295
Total = \$2,420

Discount: \$2,420 x 0.15 = \$363
\$2,420 - \$363 discount = \$2,057

Now you need to figure out what the taxes will be.

0.11 x \$2,057 = \$226.27

Now you can total things up for the estimate:

Total before tax: \$2,420 - \$363 = \$2,057
Plus 11 percent sales tax: \$226.27

Final total = \$2,283.27

You give the manager of the computer company a call and he likes the estimate, so you start on your first big order.

Most businesses don't require their owners to know advanced math, but basic math knowledge is essential.

"I don't use calculus or advanced differential equations, of course, but I do use math every day to figure clients' balances, to honor my 'percent-off' specials, and to keep a running account of my income and expenses," says Lisa Bryan, owner of a marketing communications firm.