

1.6 Commission

Commission: an amount of money paid for selling a product or service

Commission Rate: A specified amount of money for each sale or a percent of the total value of sales

Straight Commission: Pay that consists only of money earned from sales

$$\left(\begin{array}{c} \text{Total} \\ \text{Sales} \end{array} \right) \times \begin{array}{c} \text{Commission} \\ \text{Rate} \end{array} = \text{Straight Commission}$$

Apr 1-2:51 PM

Apr 1-2:32 PM

CONVERT PERCENTAGES TO DECIMALS:

move decimal two places left
 $7.3\% \rightarrow .073$ $15\% \rightarrow .15$

CONVERT DECIMALS TO PERCENTAGES:

Find the straight commission:

1. \$9,400 \times 8% commission rate

2. \$143,400 \times 5.5% commission rate 7885

3. \$10,539 \times 6.2% commission rate 653.41

$$(9400)(.08) = \$752$$

Apr 2-10:29 AM

Apr 1-2:33 PM

Sales Position	Total Sales	X	Straight Commission Rate	=	Commission
Real Estate	\$198,000	X	8%	=	
Computers	\$18,100	x	2%	=	
Major Appliances	\$9,598	X	1.5%	=	
Clothing	\$8,250	X	9%	=	
Computer Supplies	\$15,000	X	15%	=	
Auto	\$68,417	X	12%	=	

Jennifer sells commercial real estate at 7.5% straight commission. Last week her sales totaled \$290,000. What was her commission?

$(290,000)(7.5\%)$
 $(290,000)(.075)$
 $= \$21,750$

Oct 22-8:35 AM

Apr 1-2:48 PM

Sam earns 6.5% commission on sales of \$4,226 as an advertising agent. What is his commission?

Minimum Salary: Instead of only making commission, you might be guaranteed a minimum weekly or monthly salary.

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$$\left(\begin{matrix} \text{commission} \\ \text{rate} \end{matrix} \right) \left(\begin{matrix} \text{total} \\ \text{sales} \end{matrix} \right) + \begin{matrix} \text{minimum} \\ \text{salary} \end{matrix} = \begin{matrix} \text{gross} \\ \text{pay} \end{matrix}$$

Mar 31-2:35 PM

Michael sells chairs at Staples. He is guaranteed a minimum salary of \$1,850 per month plus his commission of 6.25% of his total sales. What are Michael's total sales for a month in which his gross pay was \$3,890?

$$\begin{aligned} (.0625)(x) + (1850) &= (3890) \\ -1850 &\quad -1850 \\ \hline (.0625)(x) &= 2040 \\ \hline .0625 &\quad .0625 \\ x &= \$32,640 \end{aligned}$$

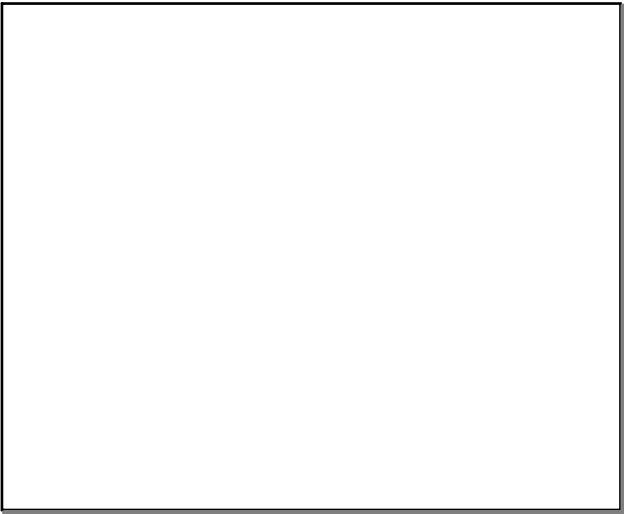
Apr 1-2:49 PM

Andrew sells tennis equipment. He is guaranteed a minimum salary of \$1,500 per month plus 5.75% of his sales. What are Andrew's total sales for the month in which his gross pay was \$2,075?

$$\begin{aligned} (.0575)(x) + (1500) &= (2075) \\ -1500 &\quad -1500 \\ \hline (.0575)(x) &= 575 \\ \hline .0575 &\quad .0575 \\ x &= \$10,000 \end{aligned}$$

Oct 22-8:17 AM

Apr 1-2:49 PM



Oct 22-8:28 AM