A Inc is currently operating at 80 % capacity. Worried about the company's performance, the general manager reviewed the company's operating performance. (All fixed costs are allocated to the segments)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Segment | North | South | East | West  |
| Sales | 30 | 40 | 20  | 10  |
| Less: variable costs | 11 | 8 | 21  | 8  |
| Contribution margin | 19 | 32 | (1) | 2  |
| Less: fixed costs  | 9 | 12 |  6  | 3  |
| Operating profit (loss) | 10 | 20 |  (7) | (1) |

|  |  |
| --- | --- |
| A. | What is the current operating profit for the company as a whole? |
| B. | If the manager eliminated the two unprofitable segments, what would be the new operating profit for the company as a whole? |
| C. | Given the data provided above, how can management maximize profits? |