Consider the following information, prepared based on a capacity of 40,000 units:

|  |  |
| --- | --- |
| **Category** | **Cost per Unit** |
| Variable manufacturing costs  | $5.00 |
| Fixed manufacturing costs | $1.50 |
| Variable marketing costs | $1.00 |
| Fixed marketing costs | $0.50 |

a) The company is currently producing 30,000 units per month. A potential customer has contacted the firm and offered to purchase 10,000 units this month only. The customer is willing to pay $5.50 per unit. Since the potential customer approached the firm, there will be no variable marketing costs incurred. Should the company accept the special order? Why or why not? **Be specific.**

b) Assume the same facts as in part a, except that the company is producing 40,000 units per month. Should the company accept the special order? Why or why not? **Be specific.**

c) List and describe other factors should be taken into consideration when deciding whether to accept a special order**? Be specific in your responses.**