

ACCOUNTING in the headlines

What happens to the breakeven point when Sports Illustrated lays off all six staff photographers and uses freelancers instead?

Sports Illustrated announced in late January 2015 that it would be laying off all six of its staff photographers. Instead, it will be using freelance photographers around the world. *Sports Illustrated* is one of 90 magazines owned by Time Inc. ([TIME](http://time.com)). Published 56 times a year, *Sports Illustrated* is read by over 23 million people each week.

Questions

1. What type of cost would staff photographers be for *Sports Illustrated* (fixed, variable, or mixed)?
2. What type of cost would the freelance photographers be for *Sports Illustrated*?
3. What is likely to happen to the breakeven point for *Sports Illustrated* due to the switch to using freelance photographers?
4. What are some disadvantages to *Sports Illustrated*'s decision to outsource its photography?