**Activity: You are the Purchaser**

Imagine that you have been hired to do the purchasing for a fast-food restaurant chain. For each item below, consider the quality, costs, and hidden costs. Select the company you will buy from, and explain why you made that selection.

1. Hamburgers – 500,000 needed

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Quality** | **Price/Unit** | **Hidden Costs/Unit** | **Total Cost/Unit** | **Total Cost** |
| A | Average | $0.50 | $0.01 |  |  |
| B | Average | $0.40 | $0.08 |  |  |
| C | Good | $0.6 | $0.03 |  |  |

??Which company will you buy from? Justify your choice.

1. Cups – 1 million needed

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Quality** | **Price/Unit** | **Hidden Costs/Unit** | **Total Cost/Unit** | **Total Cost** |
| D | Good | $0.05 | $0.015 |  |  |
| E | Average | $0.03 | $0.01 |  |  |
| F | Poor | $0.01 | $0.005 |  |  |

??Which company will you buy from? Justify your choice.

1. Takeout containers – 20,000 needed

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Quality** | **Price/Unit** | **Hidden Costs/Unit** | **Total Cost/Unit** | **Total Cost** |
| G | Good | $0.22 | $0.01 |  |  |
| H | Poor | $0.20 | $0.03 |  |  |
| I | Poor | $0.21 | $0.02 |  |  |

??Which company will you buy from? Justify your choice.