

**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**

<b>Company</b>	<b>Quality</b>	<b>Price/Unit</b>	<b>Hidden Cost/Unit</b>	<b>Total Cost/Unit</b>	<b>Total Cost</b>
Co. A	Average	50 c	1 c	51 c	\$255,000.00
Co. B	Average	40 c	8 c	48 c	\$240,000.00
Co. C	Good	60 c	3 c	63 c	\$315,000.00

Which company will you buy from? Justify your choice.

**2. Cups – 1 million needed**

<b>Company</b>	<b>Quality</b>	<b>Price/Unit</b>	<b>Hidden Cost/Unit</b>	<b>Total Cost/Unit</b>	<b>Total Cost</b>
Co. D	Good	5 c	1.5 c	6.5 c	\$65,000.00
Co. E	Average	3 c	1.0 c	4.0 c	\$40,000.00
Co. F	Poor	1 c	0.5 c	1.5 c	\$15,000.00

Which company will you buy from? Justify your choice.

**3. Takeout Containers – 20,000 needed**

<b>Company</b>	<b>Quality</b>	<b>Price/Unit</b>	<b>Hidden Cost/Unit</b>	<b>Total Cost/Unit</b>	<b>Total Cost</b>
Co. G	Good	22 c	1 c	23 c	\$4,600.00
Co. H	Poor	20 c	3c	23 c	\$4,600.00
Co. I	Poor	21 c	2 c	23 c	\$4,600.00

Which company will you buy from? Justify your choice.