**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 Costs** |
| Company A | average | 50¢ | 1¢ |  |  |
| Company B | average | 40¢ | 8¢ |  |  |
| Company C | good | 60¢ | 3¢ |  |  |

Which company will you buy from? Justify your choice.

1. ***Cups – 1 000 000 needed***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Quality** | **Price/Unit** | **Hidden Costs/Unit** | **Total Cost/Unit** | **Total Costs** |
| Company D | good | 5¢ | 1.5¢ |  |  |
| Company E | average | 3¢ | 1.0¢ |  |  |
| Company F | poor | 1¢ | 0.5¢ |  |  |

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 Costs** |
| Company G | good | 22¢ | 1¢ |  |  |
| Company H | poor | 20¢ | 3¢ |  |  |
| Company I | poor | 21¢ | 2¢ |  |  |

Which company will you buy from? Justify your choice.