**Procurement Journey**

**Supplier Cost Drivers**

|  |  |  |  |
| --- | --- | --- | --- |
| **Labour** | **Overheads** | **Materials** | **Transportation** |
| * Wage
* NI
* Insurances
* Pension contribution
* Sick/Holiday pay
* Maternity/Paternity pay
* Training
* Travel & Subsistence
 | * Utilities
* Property costs e.g. offices, warehousing
* Rent/Rates
* Consumables
* Sundries
* Head Office charge
* Car Fleet
* R & D
* Functional support e.g. IT, HR, Fin, Proc, PR, Acc Mgt
* Hospitality
* Refrigeration (specialist)
* Quality Assurance & control
 | * Raw Materials
* Work in Progress
* Finished Goods
* Rework/ Quality cost
* R & D
* Inventory
* Storage
* Picking Costs
 | * Vehicles
* Fuel
* Maintenance
* Distribution Centres
* Software e.g. route planning/sat nav.
* Shipping – rail, road, air, sea
* Port storage
* Import/export duties
* Insurances
 |

Supplier Cost Drivers : Checklist

Supplier Cost Drivers Example

|  |  |  |  |
| --- | --- | --- | --- |
| * *Cost Component*
* *(Material, Order processing, Sub-contract, Transport, Overheads…*
 | * *% of Piece Price*
* *(Estimate, market, supplier and existing analysis*
 | * *Source of Data*
 | * *Data Confidence (Low, Medium, High)*
 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| * *Total*
 |  |  |  |



Suppliers Cost Drivers – Sources of Information.