

Hammer Supplier

05 October 2024

Proposal

Hammers Sold

The total number of wrenches sold for the entire year is 410,665. We expect hammers to sell at a similar rate. Since we anticipate a 10% increase in sales for every Tool Depot item, the number of hammers projected to be sold is 451,732.

Cost Per Hammer

Supplier B would be the best option with carrier Y. Although the price is slightly higher by \$0.02 per hammer, the shipping cost to the stores increases when using carrier X. Shipping to stores 1 and 2 with carrier X costs a total of \$49,279.80 more compared to carrier Y, which charges a lower shipping fee to Store 1. Carrier X charges \$0.12 per pound to ship to store 1 compared to Carrier Y's \$0.07 per pound. Carrier X's expenses are 31% higher than carrier Y's. The cost per hammer would be \$0.96 per hammer.

Next Year

We expect a 10% growth in all shipments next year. It would be wise to negotiate with Supplier B, as they offer better shipping prices for Tool Depot. Carrier X only makes sense if the growth in costs aligns closely with current prices, which is expected for just one year after 2017. After that, Carrier X becomes more expensive again. Therefore, it's preferable to continue with carrier Y.

After 10 years

After 10 years, saws remain one of the most in-demand products, with demand increasing steadily. If this trend continues, securing a deal with the supplier for lower prices or reduced shipping fees would be beneficial.

Suggestions

When negotiating with Supplier B regarding hammers, Tool Depot should inquire about the cost of having Supplier B also supply wrenches and saws. Their shipping fees to stores 1 and 2 using

carrier Y are significantly lower than with carrier X, likely due to distance or a better contract with them.