

Price versus Cost-in-Use

Acquisition Costs + Possession Costs + Usage Costs =

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|---|-------------------------------------|-----------------------|
| 1. Price | 7. Interest cost | 13. Training costs |
| 2. Paperwork cost | 8. Storage cost | 14. User labor costs |
| 3. Shopping time | 9. Quality control | 15. Marketing |
| 4. Expediting cost | 10. Taxes + insurances | 16. Field defects |
| 5. Cost of mistakes in order | 11. Shrinkage and obsolescence | 17. Replacement costs |
| 6. Prepurchase product evaluation costs | 12. General internal handling costs | 18. Disposal costs |

Total Cost-in-Use

Source: Frank V. Cespedes, *Managing Sales Interfaces: An Introduction*, Harvard Business School Case Study 9-592-068