2026-10-25 / METHOD EXERCISE

Three quotes. One comparison basis.

Worked exercise with invented suppliers, prices, lead times and documents. No supplier was contacted and no quote or test result was obtained. This demonstrates a method, not a completed procurement case.

Assume all three offers pass the same nominal part, package, temperature and six-week delivery gates. The immediate requirement is 10,000 pieces. Prices are in USD with known freight to the same receiving point; taxes, duties, testing, finance and service fees are excluded. Those exclusions must be resolved before a real total-cost decision.

Offer	USD / part	Order qty	Freight USD	Cash USD	USD / required part
A	0.038	10,000	80	460	0.046
B	0.032	20,000	100	740	0.074
C	0.041	10,000	60	470	0.047

Cash commitment = order quantity × unit price + freight.

A commits US$460 for 10,000 pieces; B commits US$740 for 20,000; C commits US$470 for 10,000. B's lowest unit price leaves US$280 more committed than A and 10,000 extra pieces. Dividing B's commitment by the immediate need gives US$0.074 per required piece; its cost per purchased piece is US$0.037. These answer different questions. C's faster stated delivery cannot resolve its traceability gap.

No purchase is approved. Verify A first, ask B for evidence and comparable quantity/release terms, and require C to reconcile the lot records. The scenarios below change the commercial preference only after each offer meets the technical and traceability gates.

How the next release changes the decision

Demand case	Conditional calculation	Commercial decision
Only 10,000 pieces needed	A: US$460. B: US$740, including 10,000 pieces with no established use. B needs US$280 more commitment.	Prefer the smaller commitment if A's evidence is acceptable. A lower unit price alone does not justify B's surplus stock; ask B for a 10,000-piece or scheduled-release offer.
Another 10,000 pieces definitely needed later	Two A purchases: 2 × US$460 = US$920. One B purchase: US$740. B could reduce expenditure by US$180 before holding, financing and demand-change costs.	B can become commercially attractive if the second release is firm, storage is suitable and its extra costs stay below the saving. Compare the consumption date with lead time, quote validity and cash availability.
Second demand is uncertain	Simplified, undiscounted model: A costs US$460 + US$460p if another batch is bought only when needed. B costs US$740; unused extra stock has zero recovery value. B's expected-spend threshold is p > 60.9%, before holding costs.	p is the probability of needing the complete second batch within the chosen horizon, not a forecast supplied here. Without a supportable demand estimate, favour flexibility or negotiate releases; price the holding and write-off exposure explicitly.

The US$180 comparison assumes A's second price and US$80 freight remain unchanged, and B's full 20,000-piece purchase is usable. If A also quotes one 20,000-piece order at the same unit price and US$80 freight, its model cost is US$840 and B's gap falls to US$100. Obtain comparable quantity, shipment and payment terms before deciding. Technical, document-coverage and traceability failures remain independent stop conditions.

Total commitment is not today's payment

Timing assumptions added for this calculation only: the order is accepted at t0; A's goods and freight are paid together immediately before shipment; B's 30% deposit applies to goods only, with freight and the balance due before shipment; C has approved credit, invoices at shipment, and collects goods plus freight 30 days after that invoice. All need written confirmation in a real quote. Taxes and other excluded costs remain outside this table.

Offer	Order accepted	Before shipment	Invoice +30 days	Total USD
A	US$0*	US$460 · week 6	US$0	US$460
B	US$192 = 30% × US$640 goods	US$548 = US$448 balance + US$100 freight · week 5	US$0	US$740
C	US$0*	US$0* · invoice at week-4 shipment	US$470	US$470

*The original descriptions do not establish a zero order-date payment for A, the due date for freight, or the starting event of C's Net 30. The zeros above follow the added assumptions, not verified terms. C's cash timing is unavailable until credit and invoice terms are approved; it cannot waive the unresolved lot discrepancy.

Resolve the evidence before release

A / Prioritise document verification

100% before shipment; 6 weeks stated

Exercise: the proposed lot matches the document index, but the actual certificate still needs verification. Request the original certificate and sample-to-lot link before release.

B / Hold for coverage and quantity terms

30% deposit, balance before shipment; 5 weeks stated

Exercise: the report covers the product family, without a mapping to the offered construction and plant. Request the applicability statement and negotiate 10,000 pieces or scheduled releases.

C / Hold purchase release

Net 30, subject to credit approval; 4 weeks stated

Exercise: the offered lot differs from the certificate lot. Hold purchase release until the discrepancy is resolved. If traceability cannot be established by the agreed cut-off, stop this route.

Required handover record

For each route: selection reason; channel and contact date; follow-up or escalation; response and document reference; remaining issue; stop reason and next action. Agree the follow-up cut-off before work. A message count alone does not establish a completed review.

Source: invented exercise inputs dated 13 October 2026; scenario and payment analysis revised 25 October 2026. The editable workbook contains the original cost comparison; PDF values are a fixed snapshot.