



# Cost Savings Justification Worksheet

## Inventory Savings

### Reduced Consumption

Example: We have seen reductions in consumption in excess of 20%.

Annual Spend \$ \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_ +

### Inventory Reduction

Example: We have seen 26% decreases in inventory levels.

Annual Inventory \$ \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_ +

### Inventory Recovery

Example: Many hoard inventory in their cabinets or toolboxes, which can be eliminated with the WebVend installation. We have seen situations where nothing is vended for a month as these inventories are consumed.

Annual Inventory \$ \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_ =

**1. Total Annual Inventory Savings** \$

## Transaction Reduction Savings

### Purchase Order Reduction

Example: The industry average is \$75. If you do not know your cost to issue, receive and pay a purchase order, we recommend using \$50.

Annual # of PO's \_\_\_\_\_ x \$ \_\_\_\_\_ = \_\_\_\_\_ =

**2. Total Annual Transaction Savings** \$

## Burdened Cost Savings

### Savings from Eliminating Stock Outages

Example: In many facilities, there are next day and expedited delivery charges for products that are not there when they are needed. Our systems provide reporting that significantly reduce these outages and the associated cost.

Expedited Delivery Cost \_\_\_\_\_ x # of Receipts per week \_\_\_\_\_ x 52 weeks = \_\_\_\_\_ +

### Savings of Point-of-Use Inventory

Example: We have seen average savings of 170 hours every month (3 1/2 minutes to 4 1/2 minutes travel time) in medium-sized manufacturing facilities.

Hourly Burden Rate \_\_\_\_\_ x  $\left( \frac{\text{Old Travel Time} \text{ _____} - \text{New Travel Time} \text{ _____}}{60} = \text{_____} \right)$  x # Annual Requisitions \_\_\_\_\_ = \_\_\_\_\_ +  
(in minutes; from Central Crib for Vending Items)

### Consignment / Vendor Managed Inventory Savings

Example: With Consigned Inventory or VMI, you eliminate the cost of material receipt and the resulting put-away time.

Hourly Burden Rate \_\_\_\_\_ x  $\left( \frac{\text{Receiving Time} \text{ _____}}{60} = \text{_____} \right)$  x # Annual Requisitions \_\_\_\_\_ = \_\_\_\_\_ +  
(in minutes; per requisition received in Central Crib)

**3. Total Burdened Cost Savings** \$

### Add Total Inventory Savings, Total Annual Transaction Savings, and Total Burdened Cost Savings

Note: Total Annual Savings will add Reduced Consumption, Purchase Order Reduction, Savings from the Point of Use Inventory, and Consignment, VMI Savings.

**Total Annual Savings (1 + 2 + 3)** \$

In addition, our customers find other savings opportunities, including:

- Reductions in Obsolescence
- Training Opportunities for Misuses of MRO Products
- Accountability
- Management Information Reporting without the Cost of Information Technology