

I'm not a bot





Whole life cost analysis should be conducted by clients and their representatives at the initial stage of planning, to ensure accurate estimates for a new building. This analysis helps identify all costs associated with owning and operating the asset, including acquisition, maintenance, and disposal costs. Total Cost of Ownership refers to all expenses associated with owning an asset, including not just the initial purchase price but also ongoing costs such as usage fees and disposal costs. These costs can be divided into four main categories: procurement costs, acquisition costs, usage costs, and end-of-life costs. When considering the total cost of ownership, it's essential to go beyond just the initial price tag and factor in the broader expenses involved. The Iceberg Model helps illustrate this concept by highlighting the often-overlooked costs that are not immediately apparent but can have a significant impact on the overall cost. These hidden costs include things like training and support, logistics and handling, customer service, stock costs, and rework or disposal fees. By understanding the total cost of ownership, businesses can make more informed decisions about their investments and better plan for the long-term expenses involved. This knowledge is particularly valuable in procurement and supply chain management, where accurate forecasting and budgeting are crucial to success.

Whole-life costing. Disadvantages of whole life costing. Whole life costing advantages.