Solution

# 13. Cost Assessment

*Below is an example answer. Your solution may differ from the one provided – that’s okay! The goal is to think about how to put these leadership tips into practice.*

a. Sarah can share the specifics of the cost assessment with her procurement team to connect to that leverage. Their spending budget seems to keep increasing, but their effort in saving is diminishing.

To help reach your desired outcome, you should always do a cost assessment to understand what is at risk if you don’t meet the outcome. You should also use leverage to motivate your team to meet the desired results.

To understand her leverage Sarah has done a cost assessment. What will it cost if the desired outcome is not achieved? There are several different factors to take into account:

* Time - If you are working on a project and that project doesn’t get completed on time how much time are you going to lose?
* Money - What is it going to cost you in money? The procurement team is increasing their spending budget, and not making enough effort to save money. By sharing this information with the team, Sarah can use money as leverage to motivate them: if we don’t reduce our spending, we are going to lose X amount of money.
* Market share - What is it going to cost you in market share? How many clients are you going to lose if you are not successful?

Sarah can share the cost assessment with the team so everyone can connect to the leverage. Leverage will make the team take action. If there is a pain point, that gets people into movement and gets them to change their behavior. Sarah wants to make sure that she has enough leverage that there is a consequence (losing money) if she doesn’t get the desired outcome. She can also use a reward as leverage by offering an incentive if the desired outcome is achieved.