



Hidden Costs Associated with Manufacturing Your Own Dispersions

- Non-active ingredients cost
- Capital cost of plant & equipment for dispersion manufacture
- Cost of maintenance and up-keep of plant & equipment including keeping an inventory of essential spare parts
- Capital and running costs of laboratory and laboratory equipment required to control the quality of in-house dispersions
- Cost of keeping and controlling raw materials inventories for multiple materials (outsourced dispersion can be a 'composite' containing several ingredients) including staff costs, factory space and financial outlay.
- Cost of the factory space utilized for the in-house dispersion making activities. This is not the actual cost of rental/purchase but an additional 'opportunity cost' if the space can be more profitably used for production of the mainline product (eg. gloves)
- Cost of the labor/staff to carry out and control the production and QC
- Cost of energy (usually electricity) for the mix preparation, milling and packaging operations
- Costs of treating effluent and disposing of wastes arising from dispersion manufacture
- Cost of raw materials packaging waste (may require disposal in same category as chemical wastes)
- Cost of potential downtime on mainline production which is relying on the in-house dispersion
- Cost of wasted or down-graded final product if the quality consistency of the in-house dispersion is not maintained

Compared to a specialized dispersion manufacturer, the user making in-house will have a smaller scale of operation which will result in:

- Bigger impact from fixed and capital costs
- Higher percentage of materials wasted. Lower purchasing power on raw materials
- More costs of regulatory compliance per ton of dispersion
- Higher labor/staff cost per ton of dispersion