

Subject : Cost Management

Total Cost Management

Program overview

- 4 hours e-learning
- 3 days classroom

As companies in supply chains look for ways to differentiate themselves in the 21st Century, technology, quality, service and timely delivery may not be the answer. However, providing all of these at a lower cost than that of a rival supply chain will ensure long-term profitability and survival. In the Total Cost Management training, participants will learn about the different cost models for analyzing cost in the supply chain.

Next to cost models to analyze a suppliers price (should cost, percentage of sales, etc.) another method of analyzing supply chain costs which is key in total cost management is Value Analysis (VA). VA is a methodology for identifying and dealing with the factors that cause un-contributing cost or effort in products, processes, or services.

Target Audience

This program is intended for employees:

- with a bachelor or master degree (or on equivalent level via work experience) with at least 3 years of procurement/supply management experience, mastering core procurement/supply management skills and at least 3-5 years of business experience
- who are involved in discussions internally and with suppliers to reduce overall cost in the supply chain

Only buyers will attend the first day on financial analysis. Other involved in discussions with suppliers to reduce overall cost in the supply chain will attend the two following day on total cost management.

Objectives

Through this program participants will be able to:

Financials

- Understand the key elements of a Annual Report;
- Use cost knowledge from the Annual Report and risk impact to understand the price;

Total Cost Management

- Calculate the value and cost structure of a product of service;
- Understand the importance of cross functional and cross company approach to strategic cost management;
- Recognize sustainable cost reduction potential;
- Construct a product or service flow diagram;
- Identify cost drivers and cost levers;
- Identify in-efficiencies related to the value chain;
- Drive action planning for cost reduction: measure, track and drive improvements and cost reduction.

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Content: E-learning, 4 hours

1. Financial Analysis
2. Cost Analysis
3. Strategic Cost Management

Content: Classroom, 3 days

Financials

- Annual reports – valuable information for procurement
 - ◇ Balance Sheet
 - ◇ Profit & Loss
 - ◇ Cash flow statements
- Financial ratio analysis to evaluate financial health

Total Cost Management

- Market Intelligence for Cost Management
- Introduction to Total Cost Management and Integrated Supply Chain Management
- Cost Analysis Techniques
 - ◇ Should Cost technique
 - ◇ Total Cost of Ownership technique
- Value Analysis
 - ◇ Mapping/cost & activity breakdown
 - ◇ Analysis (cost drivers & benchmarking)
 - ◇ Improvement opportunities
 - ◇ Action planning
- Identifying Cost Reduction opportunities
- Price indexation