



## Strategic Purchasing & Supply Management

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Procurement

Supply Chain

Distribution

Time to Market

# Strategic Purchasing & Supply Management

## Introduction:

The development and implementation of carefully crafted strategies for the acquisition of all goods, parts, equipment, and services has become a critical issue in all organizations wishing to reduce operating cost while improving quality and productivity. This course explores key concepts of Strategic Cost/Price Analysis, Value Analysis, and Total Cost of Ownership that will move today's supply management organization from its typical tactical focus to the strategic focus needed to successfully implement the processes and methods needed to reach world-class performance.

## Who should attend?

Purchasing, Procurement, Contracts, Contract Administration, Projects, Engineering, Facilities, Finance, and Maintenance personnel, anyone who are involved in the planning, evaluation, preparation and management of purchasing and contracts that cover the acquisition of materials, parts, equipment, and services, and who are in organizations whose leadership want high levels of excellence in those involved in these activities.

## Course Objectives:

**By the end of this course, delegates will be able to:**

- Analyze the elements of cost in supplier's price
- Understand differences in international labor rates
- Understand how to develop a "purchasing coding system"
- Understand how volumes should impact price

- Evaluate supplier's different pricing models
- Analyze issues of supplier/contractor overhead expenses
- Create a purchase price index
- Analyze supplier's price breakdowns
- Create more time to work on strategic issues
- Apply skills in negotiation planning and strategies
- Understand methods of price and cost analysis
- Apply concepts of value analysis
- Evaluation of "should cost"
- Understand types of TCO systems
- Create an approach to implementing TCO analysis

## **Course Outline:**

### **Setting the Strategic Direction**

- Defining the supply management mission and vision
- Stages to world class supply management
- Change and becoming more strategic
- Supply management skill sets
- Developing the spend analysis
- Creating time to be strategic
- The ABC (Pareto) analysis
- Material/services purchasing code development

### **How Do You Know That You Obtained a Good Price?**

- Supplier pricing models
- Defining cost and price analysis
- Difference between cost and price analysis

- Selection tool
- Methods of price analysis
- Historical analysis
- Working with producer price indexes
- Developing the organization's purchase price index
- Estimating cost relationships

### **Getting a Better Price by Analyzing Cost**

- Methods of cost analysis
- Major elements of cost
- What and how important are supplier overheads
- Sources of cost information
- Developing "should costs"
- Requesting supplier cost info
- Issues in analyzing supplier cost breakdown

### **Using Price Volume, International Labor & Value Analysis**

- Global industrial labor rates
- Working with currency exchange rates
- Cost volume profit analysis
- Fixed and variable costs defined
- Use of cost volume relationships
- Calculating fixed and variable cost algebraically
- Defining value analysis?
- The test for value list
- The supplier value check list

## **Total Cost of Ownership (TCO) Concepts**

- Change in supply management
- Definitions of TCO
- Objectives of TCO
- Barriers to TCO
- Process flow diagrams
- Approaches to TCO
- Dollar model
- Value model
- Total cost modeling of the supply chain
- Implementing TCO