



## Supply Chain Strategic Cost & Value Management

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Procurement  
Supply Chain  
Distribution  
Time to Market

# Supply Chain Strategic Cost & Value Management

## Introduction:

This course explores the key concepts of strategic cost/price analysis, value analysis, and total cost of ownership that will move today's organization to the strategic focus needed to achieve world-class performance. This course will look at how to deliver price reduction, cost reduction and cost avoidance in modern organizations. Strategic cost management is vital and increasingly important for all organizations. As global economic conditions place an increased focus on cost reduction to maintain profitability, it is essential that costs are managed in ways that ensure continued performance in strategic areas, and increase value for the organization and stakeholders overall. This course leads delegates through development and implementation of carefully crafted strategies for managing costs while improving quality and productivity. This course will highlight:

- Setting strategies for world class strategic cost management
- Maximizing value for money
- Examining costs drivers
- Improving profitability by controlling total costs
- Understanding and managing supplier pricing models

## Who should attend?

Procurement Professionals, Supply Chain Professionals, Tender/Bidding Managers, Project Managers, Contract Administrators, General Supervisors, Supervisors, Foremen, Contracting Unit Supervisors, Project Engineers, Project Managers, Senior Buyers, Warehouse and Distribution Professionals,

Procurement, Buyers and Purchasing Professionals, Contracts, Purchasing, and Project Personnel, Engineering, Operational, and Maintenance Personnel, Logistics Professionals, Stock, Warehouse and Logistics/Distribution Professionals, Production and Manufacturing Professionals, Logistics, Warehouse and Distribution Professionals, Commodity Procurement Specialists, Supply Chain Generalists, Contract Administration, anyone who need an understanding of how to establish a warehouse that contributes directly to the efficacy of the value chain and the firm's overall profitability, anyone who needs an understanding of the relationships between risk, cost and service in supply chains, Managers and Leaders involved in major global sourcing activities, Finance professionals involved with major capital.

## **Course Objectives:**

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

- Identify the major costs drivers to recommend cost control measures and strategies
- Analyze the elements of cost in supplier's price
- Evaluate total life cycle costs
- Analyze costs within the organization
- Create an approach to strategic cost management

## **Course Outline:**

### **Setting the Strategic Direction**

- The strategic planning process & models
- Porter's 5 Forces Model
- Routes to competitive advantage
- Price, cost and value

- Essential cost drivers and potential savings
- Stages to world class cost management

### **Price Down: Understanding and Managing Price**

- Supplier pricing models
- Krajlic supply positioning matrix
- Methods of price analysis
- Strategies and tactics
- Competition and partnership – routes to better pricing

### **Cost Down: Analyzing and Managing Internal and Supplier Costs**

- Total cost of ownership/life cycle costing
- Methods of cost analysis
- Major elements of cost
- What and how important are supplier overheads
- Sources of cost information

### **Driving Cost Out: Supplier Engagement and Cost Elimination**

- Inventory, warehousing and shipping costs, economic order quantity
- Cost-volume-profit analysis and break-even analysis
- Cost engineering
- Fixed and variable costs defined
- Checking supplier value
- Profit and risk sharing
- What-if analysis to build scenarios and test sensitivity

## **Implementing and Measuring Strategic Cost Management**

- Barriers to strategic cost management
- Key performance metrics
- Cost cutting traps and how to avoid them
- Types of budgets, their purpose/benefits & problems & limitations
- Types of controls - personnel action & results controls