

SSM 24 – CONTROLLING PRICES AND COST EFFECTIVE EXPEDITING

In the world today it is not unusual for more than 50% of an organization's revenue to be spent on goods and services — everything from raw materials to overnight mail. So, when the goal is to increase earnings by lowering costs, World-class organizations look closely at their purchasing strategies. Success in purchasing is dependent not only on an awareness of the potential opportunities, but more importantly, and the focus of this seminar, is the knowledgeable implementation of the methods, processes, and techniques that should be utilized in order to become a leader in obtaining real supply management savings. This seminar will combine a variety of instructional methods including lecture by an experienced practitioner and consultant, exercises and role playing, and group discussions covering current practices and their relationship to the implementation of new concepts.

WHO SHOULD ATTEND?

- Contracts, Purchasing, and Procurement personnel,
- Engineering, Operational, Project, and Maintenance personnel,
- And all others who are involved in the planning, evaluation, preparation and management of purchasing, tenders, and contracts that cover the acquisition of materials, equipment, and services, and who are in organizations whose leadership want high levels of competency in those involved in these activities.

PROGRAMME CONTENTS

Session 1: Continuous Improvement in Cost and Productivity

- The Need For Change
- How Do Other Functions View Purchasing
- A Purchasing Savings Model
- Total Cost Of Ownership Models
- Continuous Improvement Skill Sets
- Cost Reduction Initiatives
- Cost Savings Reporting Procedure
- Data Mining
- Establishing A Strategic Focus With The ABC Analysis
- Modern Methods Of Analyzing The Spend

Session 2: Defining Cost Reduction Opportunities

- User Group Brainstorming Sessions
- Developing Company Purchase Price Index And Comparing To External Indexes
- Understanding Of Supply Marketplace And How Suppliers Price
- Benchmarking
- Process Mapping To Eliminate Low Value Activities
- Developing Purchasing Material/Services Strategic Plans
- Resisting Price Increases
- You Will Never Be Better Than Your Suppliers
- Supplier Performance Measurement
- Cost Saving Methods

Session 3: Methods of Price Evaluation

- Price Justification
- Model For Selecting Analysis Methods
- Methods Of Price Analysis
- Competition
- Historical Prices
- How Much Profit Is Fair
- Methods Of Cost Analysis
- Breaking Down The Elements Of Cost
- Developing "Should Cost"

Session 4: Successful Negotiations

- Our Responsibilities As Agents
- Negotiation Skill Sets
- Steps In Negotiation Preparation
- Methods Of Persuasion
- What Does Win/Win Really Mean?
- Determining The Issues
- Defining Issues For Specific Contract Provisions
- Payment Terms
- Progress Payments
- Warranties
- Spare Parts
- Rating & Valuing Issues
- Standards Of Ethics In Purchasing And Contracting Conduct

Session 5: Determining Strengths and Weaknesses

- Evaluating Your Position
- Know Your BATNA
- Analyzing The Other Side
- Negotiation Objectives Diagram
- Negotiations Planning Forms
- Prepare The Negotiation Team
- Tips For The Actual Negotiation
- Participants will negotiate model cases and discuss the results to provide an opportunity for hands on experience