Cost And Price Analysis In Procurement

Irrespective of the industry, size of a Company or the maturity of the procurement discipline, realizing cost savings will always be one of the most important objectives of the procurement function. Procurement activities can lead to significant savings and a number of other benefits. For large organizations a reduction of cost maverick buying between 5-10% can easily generate millions of dollars of savings. Hence, cost and price analysis in procurement has a huge impact on the profitability of a company.

Course Content

MODULE 1 – INTRODUCTION TO PURCHASING ANALYSIS
• Purchasing Savings Impact on the bottom line
• Improve Profitability through Purchasing decisions
• Purchasing opportunity assessment and developing spend profile
• Power through informed Negotiation
• Forecasting and understanding the market situation
• How To Perform The ABC Analysis

MODULE 2 – UNDERSTANDING THE COST ELEMENTS
• Major Elements Of Cost
• Methods Of Cost Analysis
• Determining Cost Drivers
• Requesting and Evaluating Supplier Cost Info
• What And How Important Are Supplier Overheads
• Sources of Cost Information
• Difference between Cost Reduction and Cost avoidance
• Total Cost of Ownership (TCO) Process
• Case: Develop a RFI template

MODULE 3 – PRICE ANALYSIS TECHNIQUES
• Difference between Cost And Price Analysis
• The importance Price-cost analysis
• Methods Of Price Analysis
• Comparison of Competitive Bids
• Comparison of Prior Quotations
• Comparison of Published Price List / Indexed price
• Prices Set by Law or Regulation
• Similar Item Comparison
• Historical price analysis
• Industry Benchmark
• Case: Selecting competitive offer based on TCO

MODULE 4 – SUPPLIER PRICING MODEL
• Market Penetration Pricing
• Market Skimming
• Cost-Plus Pricing
• Marginal Pricing
• Going Rate Pricing
• Premium Pricing
• Buyer Based Pricing
• Discriminating Pricing
• Captive Pricing
• Relationship Pricing

MODULE 5 – HOW DO COST & PRICE ANALYSIS APPLY TO THE DIFFERENT CONTRACTS
• Small Purchases.
• Sealed Bidding.
• Single Quotation
• Competitive Proposals.
• Noncompetitive Proposals.
• Contract Modifications.
• Contract Terminations.
• Cost-reimbursement Contracts.
• Construction Contracts.

MODULE 6 – DEVELOPING “SHOULD BE COSTS & PRICE”
• Case: Develop a “Should be Cost” for a service / product and determine the composite

MODULE 7 – MAKE OR BUY ANALYSIS AND OUTSOURCING DECISIONS
• Make vs. Buy analysis
• Cost and resource analysis in make or buy decisions
• Reasons for outsourcing
• Drivers and drawbacks of outsourcing
• What are the critical factors of choice?

MODULE 8 – REOPENING & RENEGOTIATING CONTRACTS
• When & Why contracts are reopened?
• What are the strategies for negotiating reopened contracts?
• What details you must consider?
• Negotiation Role Play – Reopening Contracts

REGISTRATION FORM

FMM INSTITUTE PERAK (Centre for Professional Development)
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COST AND PRICE ANALYSIS IN PROCUREMENT

Dear Sir / Madam
Please register the following participant(s) for the above programme:

Name                        Designation                        I.C. No.
1.  
2.  
3.  
4.  

(Submit a separate list if space is insufficient.)

Submitted by:
Name:  
Designation:  
Company:  
Tel:  
Fax:  
Email:  

FMM Membership No:  
Company GST Registration No:  
MyCoS ID:  

Enclosed cheque / bank draft No. ______________________ for RM _______________ being payment for participant(s) made in favour of the ‘FMM INSTITUTE’.  

ADMINISTRATIVE DETAILS

Closing date: November 1, 2017
Medium of Instruction: English
CPD: 14 hours

COURSE FEE (Fees inclusive of GST, Course Materials, Refreshment, Lunch and Certificate of Attendance)
FMM Members RM 583.00 per pax
Others RM 689.00 per pax

Registration:
• Upon Faxing / Mailing the completed Registration Form to FMM Institute, Perak, you are deemed to have read and accepted the terms and conditions. The course would also be deemed as confirmed unless informed otherwise.
• Will be based on First-Come-First-Served basis.

Payment:
• Cheques made in favour of FMM INSTITUTE should be forwarded to FMM Institute Perak.
• For SBL Scheme, an Attendance of 100% is a MUST, in any case, employers will be billed in full.
• FMM Institute GST Registration No. 001764515840

Cancellation:
Must be in Writing with Reasons.
• 7 days before the course — 50% Payment Charged
• 3-6 days before the course — 50% Payment Charged
• < 3 days before the course — Full Payment Charged
• Participants who did not turn-up will be charged full payment.
• Replacements can be accepted at no additional cost.

Disclaimer:
The FMM Institute reserves the right to change the facilitator, date and to vary / cancel the course should unavoidable circumstances arise. All efforts will be taken to inform participants of the changes.