



## Cost/Price Analysis and Total Cost Concepts in Supply Management - SC-64

### COURSE

#### About the Course

Managing and reducing cost continues to be one of the primary focal points of PSCM in oil and gas today. In many organizations, more than half of the total revenue is spent on goods and services, everything from raw material to overnight mail. Maintaining a competitive position and even survival will depend on the organization's ability to use all of the continuous improvement strategies that have been developed to reduce cost across the entire supply chain for the life of the product or service. Fundamental to developing and implementing these strategies is knowledge of cost/price analysis, value analysis, and total cost of ownership concepts.

This course provides the concepts that are essential skill sets in developing and implementing the strategies required to achieve the high levels of cost reductions possible from the supply chain.

*"The theory and the application on the theory combined with real example - clear example given helps me understand better."* - Participant, Malaysia

#### Target Audience

Managers and professionals in purchasing, procurement, and contracts as well as those involved in operations, engineering, maintenance, quality, projects, and other company activities that expose them to suppliers and buying activities for production, maintenance, equipment, MRO, services, and other outside purchased requirements.

#### You Will Learn

- Importance of price/cost analysis in continuous improvement programs
- The difference between price and cost analysis
- Methods of price analysis
- How to manage volatile markets
- Use of Producer Price Indexes
- Methods of cost analysis
- Development of "Should Cost"
- Types of TCO models

#### Course Content

- Use of price indexes
- Cost/price analysis
- Total cost of ownership
- Cost estimating relationships
- Purchasing savings impact on the bottom line
- Developing the spend profile
- How to perform the ABC analysis
- Difference between cost and price analysis
- Selection tool
- Methods of price analysis
- Historical analysis
- Major elements of cost
- Requesting supplier cost info
- Sources of cost information
- What and how important are supplier overheads
- How much profit should the supplier make economic
- Economic price adjustment clauses
- Total costs of ownership models
- How to combine price and performance to obtain TCO

## Product Details

Categories: Upstream

Disciplines: Energy Business Procurement/Supply Chain Management

Levels: Intermediate

Product Type: Course

Formats Available: In-Classroom

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