Introduction

In today’s competitive business landscape, **strategic purchasing** and **supply chain management** have become critical to reducing operational costs while improving quality and productivity. This course explores key concepts such as **strategic cost/price analysis**, **value analysis**, and **total cost of ownership (TCO)**, transitioning supply management organizations from a tactical to a strategic focus. The program emphasizes the importance of purchasing decisions and processes as central to an organization’s overall strategy.

Participants will gain the skills needed to handle **strategic purchasing** and **supply chain management** effectively, and upon completion, will receive a **purchasing and supply chain management certificate** that validates their expertise in the field and prepares them for advanced roles in their organizations.

Targeted Groups

This course is designed for professionals in:

- **Senior Procurement Managers**
- **Supply Chain Directors**
- **Operations Managers**
- **Strategic Planning Executives**
- **Logistics Managers**
- **Sourcing Professionals**

It is ideal for individuals seeking to advance their careers in **purchasing** and **supply management**.

Course Objectives

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

- Understand the elements of **cost in supplier pricing**.
- Recognize the impact of **international labor rates** on pricing.
- Develop a **purchasing coding system** to organize procurement.
- Analyze how **volume** influences **pricing**.
- Understand different **supplier pricing models**.
- Examine issues such as **supplier/contractor overhead expenses**.
- Develop a **purchase price index**.
- Obtain **supplier price breakdowns** to evaluate cost efficiency.
- Gain more time to focus on **strategic procurement issues**.
- Develop skills in **negotiation planning and strategies**.
- Apply **price and cost analysis** techniques effectively.
- Utilize **value analysis** concepts to optimize procurement.
- Understand the development of **should cost** models.
- Learn about different **TCO systems** and how to implement them.

Targeted Competencies

Upon completion of this course, participants will be proficient in:

- Understanding **supplier pricing models** and their implications.
- Developing **cost analysis** techniques to assess procurement decisions.
- Utilizing **price indexes** for strategic sourcing.
- Preparing for and executing effective **negotiations**.
- Implementing **strategic approaches in supply management**.
- Conducting **spend analysis** to optimize procurement spend.
- Applying **value analysis** and **total cost of ownership (TCO)** to improve procurement practices.

Course Content Outline

Unit 1: Setting the Strategic Direction

- Defining the **supply management mission and vision**.
- Stages to achieving **world-class supply management**.
- Developing the necessary **skill sets** for strategic supply management.
- Conducting a **spend analysis** and identifying areas for improvement.
- Creating time to be more strategic in procurement activities.
- Using **ABC (Pareto) analysis** for identifying priorities.
- Developing a **material/services purchasing code**.

Unit 2: How Do You Know That You Obtained a Good Price

- Understanding **supplier pricing models**.
- Defining **cost and price analysis**.
- Differentiating between **cost analysis** and **price analysis**.
- Methods for conducting **price analysis**:
    - **Historical analysis**
    - Working with **producer price indexes**.
- Developing the organization’s **purchase price index**.
- Estimating **cost relationships** and understanding price trends.

Unit 3: Getting a Better Price by Analyzing Cost

- Methods for **cost analysis**:
    - Identifying **major elements of cost**.
    - Assessing the importance of **supplier overheads**.
    - Understanding **sources of cost information**.
- Developing a **should cost** model to improve negotiation strategies.
- Requesting and analyzing **supplier cost breakdowns**.

Unit 4: Using Price Volume, International Labor, and Value Analysis

- Analyzing **global industrial labor rates** and their impact on pricing.
- Working with **currency exchange rates** in international procurement.

- Applying **cost volume profit analysis** to procurement decisions.
    - Defining **fixed and variable costs**.
    - Use of **cost volume relationships** in pricing decisions.
- **Value analysis**:
    - Defining value and conducting a **supplier value checklist**.

Unit 5: Total Cost of Ownership (TCO) Concepts

- Exploring the change in **supply management** practices.
- Defining **total cost of ownership (TCO)**.
- Identifying the **objectives** of implementing TCO.
- Overcoming **barriers to TCO** adoption.
- Using **process flow diagrams** to implement TCO.
- Approaches to modeling TCO:
    - **Dollar model**
    - **Value model**
    - **Total cost modeling** across the supply chain.
- Steps for **implementing TCO analysis** in procurement.

Course Approach and Certification

This course offers both **theoretical learning** and **practical applications** to ensure participants are equipped with the skills necessary for strategic purchasing and supply chain management. Upon completion, participants will receive a **purchasing and supply chain management certificate**, validating their expertise and preparing them for advanced roles in their organizations.