



Arabian Institute For Training

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# Contract Cost and Price Analysis

## INTRODUCTION

- Obtaining fair and reasonable pricing from contractors and suppliers is a primary objective for all businesses and governments. Evaluating prices through Cost and Price analysis are essential skill sets in meeting these objectives Those involved in these activities understand well the significant challenges in this ever changing business environment and also that there exist significant opportunities for improvement by providing best practice competencies to all those involved in contract and procurement activities. Attending this Contract Cost and Price Analysis training course will provide insight into:
- Managing Cost and Prices in Volatile Market Conditions
- Obtaining Better Pricing for the Original Contracts and Changes
- Understanding the Methods Contractors use for Pricing
- Understanding the Elements of Price that Make up the Price

## PROGRAMME OBJECTIVES

- The Importance Of Price/Cost Analysis In Continuous Improvement Programmes
- The Difference Between Price And Cost Analysis
- Criteria For Selecting The Analysis Type
- Methods Of Price Analysis
- Knowledge of Supplier Strategic Alliances
- Analytical Tools for Cost Drivers
- Methods Of Cost Analysis
- Development Of "Should Cost"
- Types Of TCO Models

## WHO SHOULD ATTEND?

- Contract Managers, Contract Engineers, Quantity Surveyors, Contract Administrators, Project Managers and Engineers, Tenders Managers
  - Buyers, Purchasing Managers, Procurement Managers
  - Engineering, Contract Holders, Construction Managers
  - Maintenance Mangers and Systems Managers and all others in organizations whose leadership want world-class skills sets in those involved in contracts for the procurement of goods, equipment, construction, and service
  - The Contract Cost and Price Analysis training course is a great way to develop those new to contracts, prepare for a major project, or useful as a refresher for veterans
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## TRAINING METHODOLOGY

- Participants will increase competencies through a variety of instructional methods including lecture by an experienced practitioner and consultant, cases/exercises, reviewing published articles, checklists, and group discussions covering current practices and their relationship to the implementation of best practices.
- Delegates are encouraged to bring real problem examples with them, for discussion on a confidential basis, and to share their experience of particular issues in their company or industry. Time will be allowed for general discussions, and for one-to-one discussion with the consultant

## PROGRAMME SUMMARY

- This training course provides both strategic and practical insights into the concepts of Contract Cost/Price/Value Analysis and Total Cost of Ownership that are essential skill sets in developing and implementing the strategies required for continuous improvement.

## PROGRAM OUTLINE

### Defining Cost Savings Opportunities

- Reducing The Cost Of Purchased Goods And Services
- Contract's Savings Impact On The Bottom Line
- Understanding Where To Focus Your Efforts
- Supplier Pricing Models
- Develop Opportunity Hypotheses
- Cost Reduction Reporting Procedure
- Continuous Improvement Skill Sets

### Performing Price Analysis

- Difference Between Cost And Price Analysis
- Selection Tool
- Methods Of Price Analysis
- Historical Analysis
- Using Price Indexes
- Calculating Change
- Developing the Organization's Contract Price Index

### Performing Cost Analysis

- Methods Of Cost Analysis
  - Major Elements Of Cost
  - What And How Important Are Supplier Overheads
  - Developing "Should Costs"
  - Requesting Supplier Cost Info
  - Issues In Analyzing Supplier Cost Breakdown
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## Other Important Valuation Criteria

- Industry Analysis
- Global Industrial Labor Rates
- Working With Currency Exchange Rates
- Total Costs Of Ownership Models
- Reengineering Processes to reduce Cost
- Cost Volume Profit Analysis
- Defining Value Analysis?

## Controlling Contract Pricing in Volatile Markets

- Dealing in Volatile Economic Situations
- Contract Economic Adjustment Clauses
- Continuous Improvement Methods
- Early Supplier Involvement
- Reducing Waste In The Supply Chain
- Savings Reporting
- Get The Big Savings Now



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