



Arabian Institute For Training

Strategic Cost and Value Management in Procurement

INTRODUCTION

- This Strategic Cost and Value Management in Procurement training course will have a deep dive into Total Cost of Ownership and value creation by strategic procurement, which is critical for organizations to be able to compete at the global level with sustainable profitability. It will look at how to deliver acquisition cost reduction, TCO optimization, cost avoidance, and value creation in modern organizations.
- Strategic cost management is vital and increasingly important for all organisations. Competitive bidding with as many bidders as possible is the only way to help organizations buy goods or services at the lowest price such that the organizations can become more competitive than their peers? This common and traditional approach will remain a major mechanism in both private and public procurement. Still, there is a much bigger picture and scope that contributes to the competitiveness of organizations. Time-To-Market, Total Life Cycle Cost, Brand Image, Corporate Reputation, etc. will all contribute to the competitiveness of modern organizations. This training course leads the participants through the development and implementation of carefully crafted strategies for managing costs while maximizing value for the more significant organizations.

This training course will highlight:

- Setting strategies for world-class category cost management
- Maximising value for money
- Identifying costs drivers
- Improving profitability by minimizing Total Cost of Ownership (TCO)
- Understanding and managing supplier pricing models

OBJECTIVES

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

- Identify the major costs drivers to recommend cost control measures and strategies
 - Analyse the Elements of Cost in Supplier's Price
 - Evaluate total life cycle costs or Total Cost of Ownership (TCO)
 - Analyse costs within the organisation
 - Create an approach to Strategic Cost management
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TRAINING METHODOLOGY

- Leveraging world best practice proven in the real business, this Strategic Cost and Value Management in Procurement training course will be delivered by a recognized Strategic Procurement Professional who has been leading in complex procurement projects around the world. Exercises, role plays built on a carefully designed case study will maximize hands-on practice.

ORGANISATIONAL IMPACT

- Understanding the impact of Cost Management in Procurement
- Understanding how cost and management accounting information affects the strategic and operational decisions within the organization
- Understanding of profitability of key customers, and how this effect strategic cost management in the supply chain
- Crafting the right strategies to deliver quantifiable value to the organisation
- Appreciating the latest trend in procurement cost management in some of the biggest MNCs
- Understand the need for change to more strategic and innovative approaches

PERSONAL IMPACT

- Climbing the career ladder for a strategic procurement role vs. administrative role
- Upgraded status in the organization for directly impacting on the profitability of the organization
- Understanding the range of methodologies and techniques required for Total Cost of Ownership reduction
- Being respected as a change champion to lead all departments in TCO reduction
- Being more respected by suppliers for acting more professionally
- Adding consulting skills to his/her competence

WHO SHOULD ATTEND?

This Strategic Cost and Value Management in Procurement training course is suitable for a wide range of professionals in the petroleum and construction industries, but will greatly benefit:

- P&L Owners
 - Line Managers
 - Cost Engineers
 - Project Managers
 - Departmental Heads
 - Senior Procurement Leaders
 - Experienced Procurement Personnel
 - Tendering & Contracts Professionals
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Course Outline

Understanding the Value Proposition of Procurement to a Corporate

- Linking Corporate and Procurement Objectives
- World-Class Procurement Performance Benchmarking
- KPIs to Measure Procurement Performance
- Typical Procurement Organizational Structures
- Common Requisition-To-Pay and Contract Management Systems
- Private and Public Procurement Policies

Tools and Techniques in E2E Procurement Category Management

- Supply Market Analysis
- Market Approaches
- Best-Fit Contracting Strategy
- Contract Award
- Contract Performance Management

Cost Management and Value Creation

- Understanding the Financial Statements
- Applying and Interpreting Present Net Value
- Supply Chain Cost Modelling
- Total Cost of Ownership and Total Lifecycle Cost
- Porter's Five Forces
- Value in Post Contract Award Contract Management
- Tools and Techniques in Decision Making
- Decision Trees
- Root Cause Analysis

Selling Strategic Procurement to Stakeholders

- Create the Vision and Mission Statement
 - Quantify the Tangible Benefits and Cost to Implement the Strategies
 - Introduce the Organization, Process and Systems to Realize the Strategic Procurement Benefits
 - Specify the Deliverables and Milestones
 - Estimate the Resources and Time Needed for Implementation
 - Identify Stakeholders and Create Stakeholders Management Plan
 - Create Risks Mitigation Plan for the Project
 - Prepare Communication Plan
 - Influencing Skills
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Create A Deep Dive Category Strategy

- Define the Deliverables of a Deep Dive Category Strategy
- Introduction of Three Categories for Teams to Choose From
- Organizations Expectation
- Category Spend Data
- Supply Market Profiles
- Stakeholders' Positions



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