



Advanced Cost Reduction Tools

Shanghai 22-23-24 May and 13-14-15 November 2017

Beijing 21-22-23 August 2017 – Wuhan 20-21-22 February 2017

Learning Goals

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

- Lead functional analysis sessions for product and service by using standard methodology
- Understand principles for Value analysis and its application to Dfx (design for X) optimisation workshops
- Differentiate fundamental product cost elements linked to financial income statement
- Understand cost element drivers and impact on product cost
- Create product or service should cost supporting suppliers cost breakdown analysis
- Apply methodology to develop TCO model with key parameters and cost drivers
- Develop a supplier engagement plan or cost reduction supported by in depth analysis of product cost elements

Methods and Tools

- Each trainee will be given a handbook containing reusable templates used to the different tools.
- A master document will present each technique as seen during the training session.
- All tools and techniques are presented in a simplified and reusable way and illustrated by real application examples taken from various industries, including the most demanding ones (automotive, food, household...)

Target Group

- Technical buyers with technical background or culture involved in leading cost reduction activities.
- Other buyers willing to understand the cost drivers of their company as well as with the suppliers in order to identify and take advantage of saving opportunities

Duration

- 3 days

Training location

- Shanghai Beijing Wuhan - China



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Phase Content

Day 1

Functional definition of requirement: a tool to better understand the real needs and avoid over specification

- Concept of functions and functional specification
- Understand when to use it
- Step by step approach to build up a functional specification
- Application to various situations: products, systems and services
- Using the functional approach to support the purchasing strategy.

Value analysis: A re-design to cost approach

- From cost reduction to value management.
- Value analysis work plan and conditions for successful implementation
- Understand how to assess the value of the existing solution (importance of functions and benefit versus cost)
- Make a diagnosis of the design of a product using value analysis tools.
- Seek innovative solutions through brainstorming and other techniques.
- How purchasing can initiate and support value analysis projects.

Day 2

Cost analysis & tool set

- Understand cost structures and the key items in a cost breakdown.
- How to challenge suppliers' cost breakdowns: machine cost, labour cost, material cost, overheads, and margin
- What are the most frequent “mistakes” found in suppliers quotations?
- Challenge supplier operations

Day 3

TCO (total cost of ownership)

- What is TCO in real life
- TCO example
- TCO cost drivers and application to products or services

Credits for



Expert Buyers Certification Programme