

Purchasing Techniques, Negotiating and Cost Reduction Training

Description

Introduction

This course will examine an organization’s revenue that is spent on goods and services – everything from raw materials to spares and stocks. Hence, when the goal is to increase earnings by lowering costs, world-class organizations look closely at their purchasing strategies.

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Success in purchasing is dependent not only on an awareness of the potential opportunities, but more importantly, and the focus of this course, is the knowledgeable implementation of the methods, processes, and techniques that should be utilized in order to become a leader in obtaining real supply management savings through negotiations and understanding cost reduction

This course will feature:

- How to be world class in cost reductions
- Processes for developing purchase price index
- How to evaluate supplier prices
- The importance of planning in successful negotiations
- Approaches in negotiations

Objectives

- Examine the key features in spend profiles
- Evaluating costing reduction opportunities
- Understanding supplier pricing structures
- Apply purchasing strategic plans
- Develop common approaches in planning for negotiations

Content

Day One

Continuous Improvement in Cost and Productivity

- How do other functions view purchasing
- A Purchasing Savings Model
- Total Cost of Ownership Models
- Cost Reduction Initiatives
- Establishing a Strategic Focus with Pareto Analysis on Cost
- Modern Methods of Analyzing the Spend

Day Two

Defining Cost Reduction Opportunities

- Developing Company Purchase Price Index and Comparing to External Indexes
- Understanding of Supply Marketplace and how Suppliers Price
- Benchmarking best practices in Cost Reduction
- Resisting Price Increases
- Supplier Performance Measurement
- Cost Saving Methods

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Day Three

Methods of Price Evaluation

- Price Justification
- Methods of Price Analysis
- The Competition that leads to price reduction and evaluation
- Methods of Cost Analysis
- Breaking down the Elements of Cost
- Developing “Should Cost”

Day Four

Successful Negotiations

- Negotiation Skill Sets
- Steps in Negotiation Preparation
- Methods of Persuasion
- What Does Win/Win Really Mean?
- Determining the Issues
- Rating & Valuing Issues

Day Five

Determining Strengths and Weaknesses

- Know Your Better Alternatives to Negotiated Agreements (BATNA)
- Analyzing The Other Side
- Negotiation Objectives Diagram

- Prepare the Negotiation Team
- Tips for the Actual Negotiation
- Participants will negotiate model cases & discuss the results to provide an opportunity for hands on experience

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