

Topic: Cost

Course: **COST ANALYSIS**

### General information

#### ◆ Aim of the course

To gain a solid understanding of the basics of cost analysis.

#### ◆ Learning goals

- Understand how suppliers calculate their costs and their selling price
- Identify a product/service cost structure through its cost breakdown analysis
- Calculate the Total Cost of Ownership of a product/ service they know well.

#### ◆ Audience

Procurement professionals who wish to learn how to use cost breakdown and TCO methodology to better negotiate price reductions with suppliers.

#### ◆ Prerequisites

- A good command of English or French
- Have the necessary [technical equipment](#) to follow online courses.

#### ◆ Learning mode & pedagogy

- 1) **Theoretical e-learning** through individual self-paced sessions. This first step has to be considered as the essential pre-work for:
- 2) Learning **application in online group classes**. Participants use actively their knowledge and put it into practice in workshops, role-plays, case studies, presentations and debates.

Theoretical learning content - Estim. duration: 1,5 hrs

#### 4 e-modules:

##### 1. Basic Cost breakdown

Supplier price - Fixed Costs & Variable Costs - Analytical approach - Cost pie - Cost breakdown - benefits, best practices and pitfalls

##### 2. Cost & savings

Cost visibility - Stakeholder expectations - Savings definition & path - Savings from RFX

##### 3. Cost breakdown analysis

Cost drivers - Specificities - Negotiation & follow up

##### 4. Total Cost of Ownership (TCO)

What is TCO? - Locating costs - Handling costs

#### Readings & videos (Optional)

- Cost breakdown of the Fairphone 2
- Facebook's vending machine for tech nerds
- Zero-based Budgeting



Dates of first & last classes / 3 sessions per language:

In **English**: from 25 March to 01 April 2025

from 06 to 13 May 2025

from 28 October to 04 November 2025

In **French**: from 24 to 31 March 2025

from 05 to 12 May 2025

from 27 October to 03 November 2025

### Programme of the trainer-led classes | 3,5 hrs x 2

#### I. Cost Analysis

- Quiz & recap: Cost Breakdown basics
- Lecture & Workshop: Breakdown of a price. Insights into the main components of a price of a product and a service
- Workshop of Participants own cases (categories) or select a product/service to work on
- Lecture: TCO, Go beyond Cost and understand the concept of the TCO
- Discussion & Q&A.

#### II. Fixed Costs vs Variable Costs, Cost Breakdown & TCO

- Quiz & Recap on the key elements of a Cost breakdown
- Case study: Roll-away "Seats"
- Lecture: the concept of TCO
- Discussion & interactions: Key factors to consider in a Cost based Negotiation
- Workshop : TCO implementation through own cases (categories) or select a product/service to work on
- Case-study based on workshop and debriefing
- Individual quiz to validate the understanding of the whole course.