

Learning Objectives



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

- 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.

General information



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.



Modalities

Theoretical e-learning through individual selfpaced sessions. This first step has to be considered as the essential pre-work for.



Learning application in online group classes. Participants use actively their knowledge and put into practice in **workshops, role-plays**, case studies, presentations and debates.



Graduation

Digital certificate of attendance

Programme of the trainer-led classes



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.

Self-learning



4 e-modules

- **Basic cost breakdown**
Supplier price - Fixed Costs & Variable Costs - Analytical approach - Cost pie - Cost breakdown - benefits, best practices and pitfalls.
- **Cost and savings**
Cost visibility - Stakeholder expectations - Savings definition & path - Savings from RFX.
- **Cost breakdown analysis**
Cost drivers - Specificities - Negotiation & follow up.
- **Total Cost of Ownership (TCO)**
What is TCO? - Locating costs - Handling costs.



Readings

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