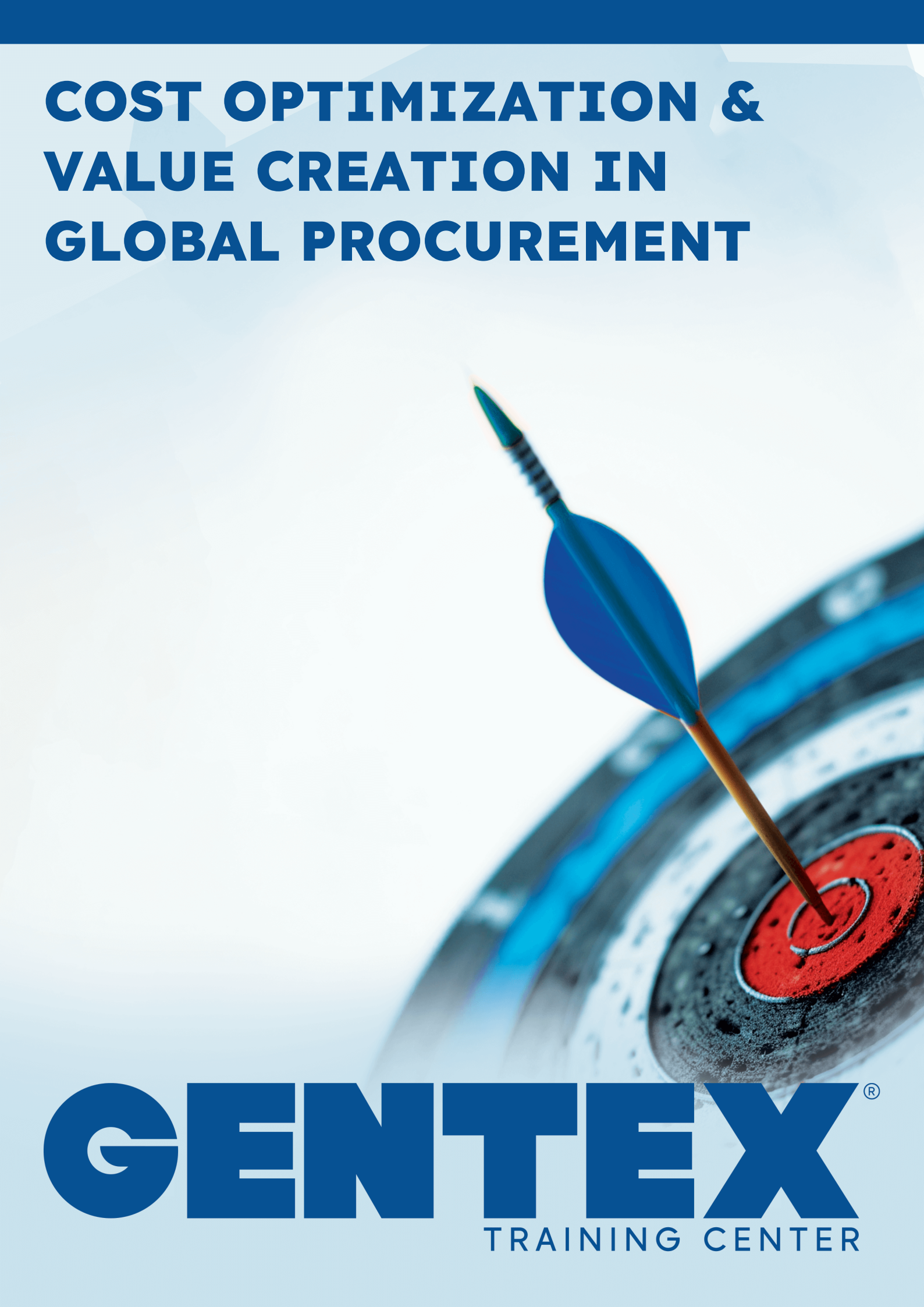
COST OPTIMIZATION & VALUE CREATION IN GLOBAL PROCUREMENT



GENTEX®
TRAINING CENTER

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Introduction

Saving on price is the easiest gain to claim and the first one to disappear when quality, lead time, or risk moves the other way. Real procurement value comes from understanding cost structure, removing non-value work, and reshaping demand before a supplier is even selected. This Cost Optimization & Value Creation in Global Procurement Training Course gives procurement managers, category leaders, and supply chain professionals a complete method for building value beyond unit price. Participants learn spend analysis, should-cost modelling, total cost of ownership, demand and specification management, supplier collaboration, and savings validation. Furthermore, the course covers how to prove value to finance and sustain it across contract cycles.

Cost Optimization & Value Creation in Global Procurement Course Objectives

- Perform spend analysis and build a spend cube to target the right categories first.
- Apply the Kraljic portfolio matrix to choose leverage, strategic, bottleneck, and routine approaches.
- Build should-cost models that decompose price into material, labour, overhead, and margin.
- Calculate total cost of ownership and lifecycle cost rather than purchase price alone.
- Reduce demand and rationalise specifications before going to market.
- Run structured negotiations with BATNA analysis and value-based trading.
- Design supplier cost reduction programmes and gain-sharing agreements.
- Apply levers including consolidation, standardisation, payment terms, and logistics optimisation.
- Validate and baseline savings so finance accepts the reported figure.
- Track value creation with measurable cost, cash, risk, and sustainability indicators.

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Course Methodology

- Facilitated sessions built on real spend data, cost breakdowns, and contracts.
- Case workshops on price reductions that raised total cost and on value that held.
- Spreadsheet drills on spend cubes, should-cost models, and TCO calculation.
- Negotiation role-play on cost transparency and gain-sharing terms.
- Group exercise on a category cost optimisation plan with validated savings targets.

Who Should Take This Course

- Procurement and category managers.
- Senior buyers working on strategic categories.
- Cost engineering and value analysis specialists.
- Supply chain and operations managers driving cost programmes.
- Finance business partners supporting procurement savings.
- Internal audit staff validating savings and value claims.

Cost Optimization & Value Creation in Global Procurement Course Outlines

Day 1: Spend Visibility and Category Strategy

- Cost optimisation versus simple price reduction.
- Spend analysis: data extraction, classification, and the spend cube.
- Segmentation with the Kraljic portfolio matrix and strategy per quadrant.
- Cost drivers, price indices, and commodity exposure mapping.
- Internal demand review and stakeholder requirement challenge.

- Procurement's financial impact: profit, cash, and working capital.
- Setting a category value creation objective.

Day 2: Cost Structure and Should-Cost Modelling

- Cost breakdown: material, labour, machine, energy, overhead, and margin.
- Should-cost modelling and cost transparency requests.
- Price versus cost analysis and index-based price adjustment.
- Learning curves, volume effects, and economies of scale.
- Value engineering and value analysis in specifications.
- Benchmarking with market data and peer comparisons.
- Cost driver sensitivity and scenario modelling.

Day 3: Total Cost of Ownership and Demand Levers

- Total cost of ownership components across the asset or contract life.
- Lifecycle costing including maintenance, energy, and disposal.
- Cost of quality: prevention, appraisal, failure, and rework.
- Logistics cost: Incoterms 2020, freight modes, and consolidation.
- Payment terms, currency, and cash flow effects.
- Demand reduction, specifications rationalisation, and standardisation.
- Make-or-buy and outsourcing cost comparison.

Day 4: Supplier Collaboration and Value Engineering

- Supplier cost reduction programmes and joint improvement workshops.
- Early supplier involvement and design-for-cost collaboration.
- Gain-sharing, open-book costing, and productivity commitments.

- Value engineering projects and cost avoidance tracking.
- Supplier consolidation and tail spend management.
- Total cost of relationship and risk-adjusted sourcing.
- Negotiating value beyond price: service, warranty, and flexibility.

Day 5: Savings Validation, Governance, and Value Reporting

- Savings definitions: hard, soft, cost avoidance, and budget impact.
- Baselining methods and finance-approved validation.
- Tracking mechanisms, dashboards, and reporting cadence.
- Governance: category councils, savings committees, and accountability.
- Risk-adjusted value and sustainability contribution measurement.
- Communicating value creation to executives.
- Building an annual cost optimisation roadmap.

Conclusion

By successfully completing the Cost Optimization & Value Creation in Global Procurement Training Course, participants will have acquired a solid working knowledge of spend analysis, cost structure and should-cost modelling, total cost of ownership, demand and specification management, supplier collaboration on cost, and finance-grade savings validation. They will leave able to find value beyond unit price, defend savings figures with evidence, and build cost programmes that hold across contract cycles. Gentex Training Center delivers this programme with procurement and finance practitioners who run these programmes in live organisations.

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

FAQs for the Cost Optimization & Value Creation in Global Procurement course

Q1 What is the "Cost Optimization & Value Creation in Global Procurement" course about?

It is a five-day programme on reducing procurement cost and creating value beyond unit price. It covers spend analysis, category strategy, should-cost modelling, total cost of ownership, demand and specification management, supplier collaboration, and savings validation.

Q2 What are the key benefits of the "Cost Optimization & Value Creation in Global Procurement" course?

Participants find savings that survive contact with operations instead of vanishing into freight, quality, or risk costs, and they prove those savings with figures finance accepts. They also gain cost transparency from suppliers and a repeatable value creation programme rather than a one-off negotiation win.

Q3 What skills will I gain from the "Cost Optimization & Value Creation in Global Procurement" course?

You will gain spend analysis and category strategy design, cost structure and should-cost modelling, total cost of ownership and demand lever application, and supplier cost collaboration with finance-grade savings validation.

GENTEX® TRAINING CENTER

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Q4 What tools, methods, or standards are covered in the "Cost Optimization & Value Creation in Global Procurement" course?

The course works with the spend cube and spend classification, the Kraljic portfolio matrix, commodity price indexing and exposure mapping, should-cost models with material, labour, overhead and margin decomposition, learning curve and volume effect analysis, value engineering and value analysis, total cost of ownership and lifecycle costing, cost of quality frameworks, Incoterms 2020 and freight consolidation analysis, payment term and cash flow modelling, open-book costing and gain-sharing agreements, and savings baselining and validation methods.

Q5 How is the "Cost Optimization & Value Creation in Global Procurement" course applied in real-world practice?

Teams apply it when building a category cost reduction target, challenging a specification before tendering, negotiating an open-book pricing agreement, comparing bids on total cost of ownership rather than price, and presenting validated savings to finance at year end. It also guides tail spend consolidation and supplier gain-sharing programmes.