REDUCING COSTS THROUGH BETTER PROCUREMENT AND SUPPLY CHAIN MANAGEMENT



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Introduction

Cost reduction targets usually arrive before the method does. Cutting purchase prices alone damages supplier relationships and often returns as quality problems or hidden surcharges. Real cost reduction comes from understanding where money leaks across the whole chain: specification, demand, inventory, transport, and process. This Reducing Costs through better Procurement and Supply Chain Management Training Course gives procurement, supply chain, and finance professionals a complete working method for that work. Participants learn spend analysis and cost modelling, total cost of ownership, specification and demand levers, negotiation and sourcing tactics, inventory and logistics savings, and benefit tracking that survives finance review.

Reducing Costs through better Procurement and Supply Chain Management Course Objectives

- Apply spend analysis to identify where cost reduction opportunity sits.
- Build total cost of ownership models that expose hidden cost.
- Apply price, cost, and value analysis techniques to purchased items.
- Reduce cost through specification and demand management levers.
- Apply negotiation preparation and commercial levers effectively.
- Consolidate demand and apply framework agreements and aggregation.
- Reduce inventory, transport, and warehousing cost with evidence.
- Apply lean methods to remove process waste in procurement and logistics.
- Track savings realisation with a verified benefit methodology.
- Apply cost governance and prevent savings leaking back.

Course Methodology

- Facilitated sessions built on real spend reports, cost breakdowns, and contract files.

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- Case workshops on savings programmes, cost regressions, and supplier disputes.
- Spend, TCO, and negotiation preparation exercises with live data.
- Cost lever mapping and savings pipeline development labs.
- Group exercise on a cost reduction plan with quantified, tracked targets.

Who Should Take This Course

- Procurement and category managers.
- Supply chain and cost improvement analysts.
- Finance business partners covering spend.
- Operations and logistics managers.
- Contract and supplier managers.
- Team leaders with cost reduction targets.

Reducing Costs through better Procurement and Supply Chain Management Course Outlines

Day 1: Cost Structure and Spend Analysis

- Cost categories across direct, indirect, and services spend.
- Spend cube construction and data classification.
- Opportunity identification by category and supplier.
- Cost breakdown analysis and should-cost modelling.
- Price versus cost versus value distinction.
- Cost baseline setting and benchmarking.
- Savings target setting and pipeline development.

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Day 2: Total Cost of Ownership and Cost Modelling

- Total cost of ownership components and lifecycle costing.
- Acquisition, operating, maintenance, and disposal cost.
- Cost of quality, failure, and downtime exposure.
- Currency, freight, and duty cost in sourcing decisions.
- Discounted cash flow applied to capital purchases.
- Cost modelling tools and sensitivity analysis.
- Presenting cost cases to finance and management.

Day 3: Specification, Demand, and Value Levers

- Specification challenge and value engineering.
- Standardisation and variety reduction.
- Demand management and consumption control.
- Make, buy, and outsourcing cost comparison.
- Substitution and alternative material evaluation.
- Early supplier involvement for cost design.
- Design-to-cost and target costing practice.

Day 4: Sourcing, Negotiation, and Supply Chain Cost

- Negotiation preparation, leverage analysis, and tactics.
- Competitive tendering and e-auctions for cost outcome.
- Demand aggregation, pooling, and framework agreements.
- Contract terms that control total cost, not just price.
- Inventory reduction: ABC, safety stock, and lead time.

- Transport and distribution cost optimisation.
- Warehouse and handling cost reduction.

Day 5: Savings Tracking, Governance, and Improvement

- Verified savings methodology and benefit categories.
- Cost avoidance versus hard savings distinction.
- Baselines, price indices, and escalation clauses.
- Savings reporting and finance validation.
- Preventing value leakage and cost regression.
- Governance, controls, and audit of savings claims.
- Building a sustained cost reduction roadmap.

Conclusion

By successfully completing the Reducing Costs through better Procurement and Supply Chain Management Training Course, participants will have acquired a thorough working knowledge of spend analysis, total cost of ownership modelling, specification and demand levers, sourcing and negotiation tactics, inventory and logistics cost reduction, and verified savings tracking. They will leave able to find where cost actually sits, reduce it without damaging quality or supply, and report savings that finance can validate. Gentex Training Center delivers this programme with procurement, supply chain, and finance practitioners working in live functions.

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FAQs for the Reducing Costs through better Procurement and Supply Chain Management course

Q1 What is the "Reducing Costs through better Procurement and Supply Chain Management" course about?

It is a five-day programme on cutting cost across purchasing and supply chain activity without damaging quality or supply. It covers spend analysis, total cost of ownership, specification and demand levers, sourcing and negotiation, inventory and logistics cost, and verified savings tracking.

Q2 What are the key benefits of the "Reducing Costs through better Procurement and Supply Chain Management" course?

Participants reduce cost through specification, demand, and process changes rather than price pressure alone, avoid savings that regress within a year, and report benefit figures that finance can validate. They also see hidden cost in freight, quality failure, and inventory instead of only invoice price.

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Q3 What skills will I gain from the "Reducing Costs through better Procurement and Supply Chain Management" course?

You will gain spend analysis and cost opportunity identification, total cost of ownership modelling, specification, demand, and value lever application, and sourcing, negotiation, inventory, logistics, and verified savings management.

Q4 What tools, methods, or standards are covered in the "Reducing Costs through better Procurement and Supply Chain Management" course?

The course works with spend cube construction and data classification, category and supplier opportunity analysis, cost breakdown and should-cost modelling, price, cost and value analysis, cost baseline setting and benchmarking, savings pipeline development, total cost of ownership and lifecycle costing, cost of quality, failure and downtime assessment, currency, freight and duty cost analysis, discounted cash flow for capital purchases, sensitivity analysis, specification challenge and value engineering, standardisation and variety reduction, demand management and consumption control, make, buy and outsourcing cost comparison, substitution and alternative material evaluation, early supplier involvement, design-to-cost and target costing, negotiation preparation and leverage analysis, competitive tendering and e-auctions, demand aggregation and framework agreements, contract terms controlling total cost, inventory reduction with ABC, safety stock and lead time management, transport and distribution cost optimisation, warehouse and handling cost reduction, verified savings methodology, cost avoidance versus hard savings, price index and escalation clauses, savings reporting and finance validation, and value leakage prevention.

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Q5 How is the "Reducing Costs through better Procurement and Supply Chain Management" course applied in real-world practice?

Teams apply it when building a spend cube for an annual savings programme, challenging a specification before renewal, preparing a negotiation with a leverage analysis, consolidating demand across sites into one framework agreement, cutting safety stock after a lead time review, and validating savings with finance at a quarterly review.