

Cost and Price Analysis

ONE DAY

Cost and price strategies by suppliers affect the buyer in many ways.

This course looks at costs - how suppliers build up their prices - and what buyers can do to contain prices.

This will be an interactive day with some financial concepts

SUITABLE FOR:

Purchasing staff with significant involvement in cost and price management and/or a wish for professional development in this area.

PREPARATION:

Students would benefit from pre reading on the subject and discussion with their manager before attending.

They should know how their organisation deals with requests for price rises and if cost breakdowns are requested.

Calculators would be useful

PARTICIPANTS WILL LEARN:

- The difference between costs and prices
- How the market place can affect the price you pay
- How financial decisions in the suppliers business can affect the price you pay
- How simple changes to price costs etc can affect profitability
- Ways of asking for prices to be presented and monitored
- How this may be applied in their jobs

PROGRAMME CONTENT

WHAT IS A PRICE?

- Buyers and sellers aims
- Trends on Pricing

PRICE & MARKET ISSUES

- The market forces at work?
- Marketing factors that affect cost and price
- Economic factors that affect cost and price

FINANCIAL ISSUES

- What makes up a product or service cost?
- Fixed/variable costs & break even point analysis
- Introduction to cost accountancy
- Standard, life cycle and target costing
- Activity based costing

ASKING FOR A PRICE BREAKDOWN

- How this can be done
- What to do with the information

HOW DO WE CALL FOR A PRICE IN BID DOCUMENTS AND PURCHASING ENQUIRIES?

- Fixed price
- Time and Materials
- Discount off list
- Cost plus pricing
- Contract Price Adjustment (CPA)
- Open book pricing

RESEARCHING INFORMATION FOR COST PRICE ANALYSIS IN PROCUREMENT

- Benchmarking
- Price tracking

NOTES: