

# € TRAINING

Purchasing Techniques, Negotiating & Cost  
Reduction





# Purchasing Techniques, Negotiating & Cost Reduction

## Introduction:

In the world today it is not unusual for more than 50% of an organization's revenue to be spent on goods and services everything from raw materials to overnight mail. So, when the goal is to increase earnings by lowering costs, World-class organizations look closely at their purchasing strategies. Success in purchasing is dependent not only on an awareness of the potential opportunities, but more importantly, and the focus of this seminar is the knowledgeable implementation of the methods, processes, and techniques that should be utilized to become a leader in obtaining real supply management savings.

## Conference Objectives:

At the end of this conference the participants will be able to:

- Learn how to be on the road to world-class in cost reductions
- Understand the processes for data mining and developing strategic plans
- Recognize the methods of cost improvement
- Understand the process for developing purchase price index
- Understand the procedure for reporting cost improvements
- Explore Cost Reduction vs. Cost Avoidance
- Evaluate supplier prices
- Reduce low-value activities
- Learn the best practices in qualifying suppliers
- Understand the importance of planning in successful negotiations
- Understand the importance of rating and valuing the issues in a negotiation
- Negotiate important issues in various contract clauses

## Targeted Audience:

- Purchasing Supervisors
- Purchasing Managers
- Buyers
- Senior buyers
- Personnel who need to understand the purchasing function

## Conference Outlines:

### Unit 1: Continuous Improvement in Cost and Productivity:

- The Need For Change
- How Do Other Functions View Purchasing
- A Purchasing Savings Model
- Total Cost Of Ownership Models
- Cost Reduction Initiatives
- Data Mining
- Establishing A Strategic Focus With The ABC Analysis
- Modern Methods Of Analyzing The Spend

## Unit 2: Defining Cost Reduction Opportunities:

- User Group Brainstorming Sessions
- Developing Company Purchase Price Index And Comparing To External Indexes
- Understanding Of Supply Marketplace And How Suppliers Price
- Benchmarking
- Process Mapping To Eliminate Low-Value Activities
- Developing Purchasing Material/Services Strategic Plans
- Resisting Price Increases
- You Will Never Be Better Than Your Suppliers
- Supplier Performance Measurement
- Cost Saving Methods

## Unit 3: Methods of Price Evaluation:

- Price Justification
- Model For Selecting Analysis Methods
- Methods Of Price Analysis
- Competition
- Historical Prices
- How Much Profit Is Fair
- Methods Of Cost Analysis
- Breaking Down The Elements Of Cost
- Developing "Should Cost"

## Unit 4: Successful Negotiations:

- Our Responsibilities As Agents
- Negotiation Skill Sets
- Steps In Negotiation Preparation
- Methods Of Persuasion
- What Does Win-Win Mean?
- Determining The Issues
- Defining Issues For Specific Contract Provisions
- Payment Terms
- Progress Payments
- Warranties
- Spare Parts
- Rating & Valuing Issues
- Standards Of Ethics In Purchasing And Contracting Conduct

## Unit 5: Determining Strengths and Weaknesses:

- Evaluating Your Position
- Know Your BATNA
- Analyzing The Other Side
- Negotiation Objectives Diagram
- Negotiations Planning Forms
- Prepare The Negotiation Team
- Tips For The Actual Negotiation