



PROJACS ACADEMY  
by @egis

# Cost Price Analysis in Purchasing

تحليل تكلفة الأسعار في المشتريات

01 – 05 January 2023

Cairo / Egypt

## Introduction

This course is designed to help you understand the principles and techniques of cost price analysis in purchasing. Cost price analysis is the process of evaluating the reasonableness of a supplier's price proposal based on the cost elements and profit margins that make up the price. By applying cost price analysis, you can negotiate better deals, avoid overpaying, and reduce the risk of fraud and waste.

## Objectives

**By the end of this course practitioners shall learn to:**

- Understand how suppliers calculate their costs and their selling price.
- Know Supplier's fixed and variable costs
- How suppliers allocate fixed costs
- How to justify investment in fixed costs
- How to calculate depreciation impact on costs
- Know the Total Cost of Ownership (TCO) analysis

## Who Should Attend?

This course is important for managers, supervisors, executives and team leaders in all vocational operation areas within the organization, such as financial sector, production sector and supply chain, purchasing, importation planning sectors. Buyers at any level who wish to learn how to use cost breakdown and TCO decision-making tool to better negotiate price reductions with suppliers.

## Course Outline

### Day One

#### **Module 1 – Sourcing principles**

This module provides the main concepts in procurement management including the contemporary practices and future trends. It also identifies the different types of contracts and how risks of agreement are shared among partners accordingly. An important part is included related to converting credit terms in offers into decision making tool supporting in identifying the better terms to be used.

- Procurement management
- Purchasing Cycle, Procurement Processes and Procurement Methods
- Sourcing and Bidding
- Contracting and Contract types
- Financial assessment of Payment terms and Shipping terms

### Day Two

#### **Module 2 – Principles of Price Analysis**

This module provides the factors affecting the price offered, including market structure and forces, pricing techniques and competition and the delivery terms.

- Differences in applying Price and Cost Analysis
- Supplier's selling price techniques
- Influence of Market Economics
- Techniques of Price Analysis
- Discounts

### Day Three

#### **Module 3 - The Total Cost of Ownership concept**

This module provides the practice part of the price analysis. This is achieved through a full comprehensive business case demonstrating the effect of all pricing elements on the final decision.

Case Study

## Module 4 – Part 1 - Principles of Cost Estimation

This part provides the importance of cost estimation and the different methods applied.

- Difference between Cost Estimation and Cost Accounting
- Methods Of Costing

### Day Four

## Module 4 – Part 2- Principles of Cost Estimation

This part continues to present the different types of cost elements, including dealing with asset.

- Direct materials impact on cost
- Indirect materials impact on cost
- Fixed assets impact on cost
- Understand direct labour and indirect labour cost
- Investigate different methods to depreciate investment costs

## Module 5 – Part 1- Advanced topics on Cost Analysis

This part provides the decision tools based on cost factors for the objective to optimize the operating conditions of the purchasing task.

- Break Even Analysis
  - Impact of Quantity
  - Factors Influencing Choice of Machinery
  - Factors Influencing Choice of Facility Location

### Day Five

## Module 5 – Part 2- Advanced topics on Cost Analysis

This part continues to present the decision tools based on cost factors for the objective to optimize the operating conditions of the purchasing task

- The Economic Order Quantity
  - Concept
  - Order Quantity using Discount prices
- The Time Value for Money
  - Comparing Offer Prices using Net Present Value
- Integrate warranty costs into supplier priorities

## Training Method

- Pre-assessment
- Live group instruction
- Use of real-world examples, case studies and exercises
- Interactive participation and discussion
- Power point presentation, LCD and flip chart
- Group activities and tests
- Each participant receives a 7” Tablet containing a copy of the presentation, slides and handouts
- Post-assessment

## Program Support

This program is supported by interactive discussions, role-play, case studies and highlight the techniques available to the participants.

## Schedule

**The course agenda will be as follows:**

- |                     |                  |
|---------------------|------------------|
| • Technical Session | 08.30-10.00 am   |
| • Coffee Break      | 10.00-10.15 am   |
| • Technical Session | 10.15-12.15 noon |
| • Coffee Break      | 12.15-12.45 pm   |
| • Technical Session | 12.45-02.30 pm   |
| • Course Ends       | 02.30 pm         |

## Course Fees\*

- **3,200 USD**  
*\*VAT is Excluded If Applicable*

### المقدمة

تم تصميم هذه الدورة لمساعدة الحضور على فهم مبادئ وتقنيات تحليل تكلفة الاسعار في عملية الشراء. إن تحليل تكلفة الاسعار هي عملية تقييم مدى معقولية عرض سعر المورد بناءً على عناصر التكلفة وهوامش الربح التي تشكل السعر. من خلال تطبيق تحليل أسعار التكلفة، يمكنك التفاوض على صفقات أفضل وتجنب دفع مبالغ زائدة وتقليل مخاطر الاحتيال والهدر.

### الأهداف

بنهاية هذه الدورة سيتعلم المشاركون ما يلي:

- فهم كيفية قيام الموردين بحساب تكاليفهم وسعر بيعهم
- التعرف على التكاليف الثابتة والمتغيرة للمورد
- كيفية قيام الموردين بتخصيص التكاليف الثابتة
- كيفية تبرير الاستثمار في التكاليف الثابتة
- كيفية حساب تأثير الإهلاك على التكاليف
- التعرف على تحليل التكلفة الإجمالية للملكية (TCO)

### الحضور

هذه الدورة مهمة للمديرين والمشرفين والمديرين التنفيذيين وقادة الفرق في جميع مجالات التشغيل المهني داخل الشركات، مثل القطاع المالي وقطاع الإنتاج وسلسلة التوريد والمشتريات وقطاعات تخطيط الاستيراد. المشترون على أي مستوى الذين يرغبون في تعلم كيفية استخدام تحليل التكلفة وأداة اتخاذ القرار بالتكلفة الإجمالية للملكية (TCO) للتفاوض بشكل أفضل على تخفيضات الأسعار مع الموردين.