MERCURY

Should-Cost Analysis Training Course

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Introduction:

In this should-cost analysis course, participants will improve their ability to generate accurate, timely manufacturing cost models, which is an essential foundation for setting the precise cost targets needed to maximize the value of the costing methodology.

Through this should-cost analysis course, we aim to provide an understanding of should-costing methodology for calculating accurate cost targets for purchased products. These cost target benchmarks are an essential foundation for more effective, fact-based supplier negotiation, innovative design strategies, and faster time to market.

Targeted Groups:

- Finance Managers.
- Budget Holders.
- Project Managers.
- Cost Controllers.
- Project Planners.
- Value Engineers.
- People providing direct support to the above.

Course Objectives:

By the end of this should-cost analysis course, the participants will be able to:

- Source components more strategically.
- Anchor supplier negotiations in quantitative data and manufacturing knowledge.
- Estimate model procurement costs for new designs before the Request for Quotation process.
- Understand supplier cost structure.
- Facilitate in-depth discussions between engineers and suppliers in the early design phases.
- Negotiate costs and collaborate with suppliers without negatively impacting supplier margins.
- Develop evidence-based comparisons between technical solutions.
- Verify supplier cost quotations.
- Estimate costs proactively.
- Practice cost reduction techniques.
- Effectively estimate costs for projects.
- Make better use of cost budgets, plans, and forecasts.
- Understand project evaluation.

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Targeted Competencies:

At the end of this should-cost analysis training, the participant's competencies will:

- Cost Estimation Accuracy.
- Supplier Negotiation Skills.
- Financial Analysis.
- Data Interpretation.
- Value Engineering.
- Risk Assessment.
- Market Pricing Knowledge.
- Strategic Sourcing.
- Contract Management.
- Cost Reduction Techniques.

Enhancing Cost Analysis Proficiency:

Understanding what should be cost analysis is crucial for professionals involved in managing costs and making strategic decisions. The should-cost analysis definition encompasses the tools and techniques used to gauge the price of a product or service, which is vital for budgeting and planning. Using a should-cost analysis training course equips individuals with the knowledge to assess better cost analysis and its subsequent impact on the business.

Participants in this should-cost analysis program will gain insights into the practical application of should-cost analysis tools and learn how to utilize a should-cost analysis template adeptly. Cost analysis has manifold benefits, including ensuring informed decisions, optimizing financial resources, and enhancing supplier negotiation outcomes.

Course Content:

Unit 1: What Is Should Cost?

- Introduction to the module.
- Responsibility of Should-Cost Analysis.
- Should-Cost Model.

Unit 2: Should Cost vs. Will Cost:

- Strategic Sourcing versus Should-Cost Analysis.
- Make Should Cost Targets Inherently Imprecise.
- Manage Should Cost.

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Unit 3: Prioritizing Cost Reduction with Spend Analysis:

- Determining Scope.
- Data Gathering.
- Conduct a Should-Cost Analysis.
- Reviewing Initial Outliers.
- Establish a Plan of Action.
- Rooting out Cost Outliers.
- Validate Savings.

Unit 4: Should Cost Negotiation: Leveraging Should Cost Analysis:

- Fact-Based Negotiation.
- The Key Role of Manufacturing Cost Modeling Software in Fact-Based Negotiation.
- Graphs for key cost drivers.
- Cost parameters with a full breakdown of the processes and factors.
- Processing time for each process.
- Breakeven cost as it relates to production volume.

Unit 5: Collaboration with Suppliers to Reduce Product Cost:

- The long-term goal of the should-cost negotiations.
- Arbitrary cost reduction targets.

Unit 6: Quality Should-Cost Modeling Software:

- The Value of Should-Cost Modeling Software.
- Manufacturing Cost Modeling Software.
- Manufacturing Cost Modeling to Accelerate Product Development Timelines.

Unit 7: Beyond Should Cost: Manufacturing Cost Modeling for Product Design:

- Manufacturing Cost Modeling Software that Works at the Design Stage.
- Employ digital manufacturing simulation based on direct analysis of 3D CAD.
- Cost alternatives when exploring design options with specific manufacturing processes.
- Reflect on your production environment/supplier specifications.