



Contract Cost and Price Analysis
Training Course



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Introduction

Obtaining fair and reasonable pricing from contractors and suppliers is a primary objective for businesses and government entities. Conducting comprehensive cost and price analyses are crucial competencies for those involved in these practices, ensuring they meet the significant challenges of a dynamic business environment.

There are notable opportunities for improvement by imparting best practice skills to professionals engaged in contract and procurement activities, making the understanding of price analysis and cost analysis techniques invaluable.

Participants interested in further enhancing their expertise may consider pursuing pricing analyst certification or cost analyst certification, which can validate their proficiency in these specialized areas. The curriculum of this cost and price analysis course is well-suited for preparing for these certifications. The course provides an excellent foundation for contract analyst training.

Targeted Groups

- Contract managers, contract engineers, quantity surveyors, contract administrators, project managers and engineers, and tenders managers.
- Buyers, purchasing managers, and procurement managers.
- Engineering, contract holders, and construction managers.
- Maintenance managers and systems managers.
- All others in organizations want world-class skills in contracts for the procurement of goods, equipment, construction, and services.
- Great for those new to contracts, preparing for a major project, or as a refresher for professionals.

Course Objectives

By the end of this cost and price analysis training course, participants will be able to:

- Understand the importance of price/cost analysis in continuous improvement programs.
- Recognize the difference between price and cost analysis.
- Define criteria for selecting the type of analysis.
- Explore the methods of price analysis.
- Gain knowledge of supplier strategic alliances.
- Utilize analytical tools for cost drivers.
- Grasp the methods of cost analysis.
- Develop cost models.
- Understand the types of Total Cost of Ownership TCO models.

Targeted Competencies

At the end of this contract cost and price analysis course, the target competencies will be able to develop the following:

- Managing cost and prices in volatile market conditions.
- Obtaining better pricing for the original contracts and changes.
- Comprehending the methods contractors use for pricing.
- Understanding the elements of price that make up the total price.

Course Content

Unit 1: Defining Cost Savings Opportunities

- Reducing the cost of purchased goods and services.
- Impact of contract savings on the bottom line.
- Pinpointing where to concentrate efforts.
- Comprehending supplier pricing models.
- Developing opportunity hypotheses.
- Procedures for cost reduction reporting.
- Continuous improvement skill sets.

Unit 2: Performing Price Analysis

- Difference between cost and price analysis.
- Tools for selection.
- Variety of price analysis methods.
- Historical analysis.
- Utilization of price indexes.
- Calculation of price changes.
- Developing the organization's contract price index.

Unit 3: Performing Cost Analysis

This unit provides comprehensive cost analysis training, where participants will delve into the intricacies of cost and price analysis in government contracts as well as the private sector:

- Methods and techniques for cost analysis.
- Identification of major cost elements.
- Importance of supplier overhead costs.
- Creating "should cost" benchmarks.
- Requesting and evaluating supplier cost information.
- Challenging aspects of analyzing supplier cost breakdowns.
- Assessing fair supplier profit margins.

Unit 4: Other Important Valuation Criteria

- Broad industry analysis.
- Comparison of global industrial labor rates.
- Navigating currency exchange rates.
- Analyzing Total Cost of Ownership TCO models.
- Process reengineering to reduce costs.
- Understanding cost volume profit analysis.
- Exploring value analysis techniques.

Unit 5: Controlling Contract Pricing in Volatile Markets

- Operating amidst volatile economic conditions.
- Contractual economic adjustment clauses.
- Methodologies for continuous improvement.
- Early supplier engagement strategies.
- Minimizing waste in the supply chain.
- Procedures for reporting savings.
- Prioritizing the realization of significant savings.