CORE
CONCEPT

Procurement Negotiation and Cost Reduction: Should-Cost, Price Analysis and Savings

29 March – 2 April 2027
London - Central London four-star

Procurement Negotiation and Cost Reduction: Should-Cost, Price Analysis and Savings

Ref: 50_8749 **Date:** 29 March – 2 April 2027 **Location:** London - Central London four-star **Fees:** 23000 SAR

Introduction:

Procurement negotiation and cost reduction too often rest on a demand for a discount, so suppliers keep their margin, price increases pass through unchallenged and reported savings fail to reach the budget. Buyers rarely know what a part or service should cost, which cost drivers move the quote or where their spend gives them leverage. This Core Concept course trains buyers to open every price conversation with cost evidence: should-cost breakdowns, price analysis and total cost of ownership, then planned targets, walk-away points and rehearsed tactics. Participants leave with a Supplier Negotiation Brief and savings case for a live purchase.

Course Objectives:

- Break down a supplier quotation into material, labour, overhead, logistics and margin using a should-cost model
- Analyse price proposals and price increase requests against market indices, historical prices and competing bids
- Compare purchase options on total cost of ownership rather than unit price alone
- Prepare supplier negotiations with an opening position, target, walk-away point and leverage drawn from spend data
- Conduct price and terms negotiations with suppliers, recognise supplier tactics and respond with planned counter-moves
- Classify, calculate and report negotiated savings so that finance can verify them against a price baseline

Target Audience:

- Buyers who issue enquiries, compare quotations and agree prices with suppliers
- Purchasing officers who handle renewals, price increase requests and supplier rate reviews
- Contract negotiators who agree commercial terms, payment terms and price adjustment clauses
- Procurement specialists who prepare cost and price analysis for sourcing decisions
- Project and plant purchasing staff who buy materials, spares and subcontracted services
- Procurement analysts who calculate and report savings from purchasing activity

Course Outline:

Day 1: Price, Cost and the Supplier's Commercial Position

- Price Versus Cost: How Suppliers Build a Quotation
- Supplier Cost Structure: Direct Material, Direct Labour, Overhead and Margin
- Cost Reduction, Cost Avoidance and Price Increase Mitigation Definitions
- Spend Data Extract: Supplier, Item and Price History Review
- Buyer Leverage Assessment: Spend Share, Switching Cost and Supply Alternatives

Day 2: Should-Cost, Price Analysis and Total Cost of Ownership

- Should-Cost Model Build: Bill of Materials and Process Routing
- Cost Breakdown Request Template and Open-Book Quotation Analysis
- Price Analysis Methods: Competitive Bids, Historical Price and Market Index Comparison
- Raw Material and Labour Index Tracking for Price Adjustment Clauses
- Total Cost of Ownership Worksheet: Acquisition, Operating, Maintenance and Disposal Costs

Day 3: Planning and Conducting Supplier Negotiations

- Negotiation Brief: Objectives, Opening Position, Target and Walk-Away Point
- BATNA and Zone of Possible Agreement Mapping for a Supplier Deal
- Concession Planning Matrix: Price, Volume, Payment Terms, Delivery and Warranty
- Negotiation Meeting Structure: Opening, Probing, Bargaining and Closing
- Questioning and Listening Techniques for Uncovering Supplier Cost Flexibility

Day 4: Supplier Tactics, Competitive Leverage and Demand Challenge

- Common Supplier Tactics: Anchoring, Deadlines, Bundling and Take-It-or-Leave-It Offers
- Handling Price Increase Letters and Surcharge Requests
- Reverse E-Auction Suitability Checklist and Lot Design Principles
- Value Analysis and Specification Challenge for Over-Specified Requirements
- Demand Management Levers: Consumption Reduction, Standardisation and Order Consolidation

Day 5: Negotiation Role-Plays and the Supplier Negotiation Brief

- Manufacturing Components Role-Play: Should-Cost Evidence Against a Price Increase
- Facilities Services Role-Play: Rate Renewal with a Sole Incumbent
- Savings Calculation and Reporting Template Signed Off by Finance
- Supplier Negotiation Brief Drafting for a Live Purchase
- Peer Review of Negotiation Brief and Recorded Role-Play Debrief

Skills You Will Gain:

- Should-Cost Modelling
- Price Analysis
- Total Cost of Ownership Evaluation
- Negotiation Planning
- Supplier Tactic Recognition
- Specification Challenge
- Demand Management
- Savings Measurement

Why Attend This Course:

- Return with a Supplier Negotiation Brief and savings case prepared for a purchase you are about to negotiate
- Answer the next supplier price increase with cost evidence instead of accepting it or asking for a flat discount
- Practise supplier negotiations in role-plays and receive feedback on your opening, concessions and close
- Compare purchasing and negotiation practice with buyers from manufacturing, services, energy and public-sector organisations

Conclusion:

Lower prices that hold come from knowing what goods and services should cost and negotiating from that evidence. This course moves from how suppliers build a price, through should-cost, price analysis and total cost of ownership, to negotiation planning, supplier tactics, e-auction use and demand challenge. The final day applies these methods in supplier role-plays and produces a Supplier Negotiation Brief and savings case that participants can use in their next negotiation.