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COURSE BROCHURE

# Purchase Price Analysis and Cost Reduction Levers Training Course

30 August – 3 September 2027
Madrid

# Purchase Price Analysis and Cost Reduction Levers Training Course

**Ref:** 1050_39607 **Date:** 30 August – 3 September 2027 **Location:** Madrid **Fees:** 5600 GBP

Purchase Price Analysis and Cost Reduction Levers is a 1-week training course for buyers and purchasing officers who need to test supplier prices and build a Cost Reduction Opportunity Register. With input costs moving quickly and budgets under pressure, organisations expect buyers to explain every price they accept. Jupiter Prime Training runs this course for purchasing teams that negotiate on evidence.

## Why Purchase Price Analysis and Cost Reduction Levers Matter Now

Volatile commodity and freight costs, tighter finance scrutiny of spend and suppliers who pass on increases with little evidence shape purchasing today. A buyer who can break a quote into its cost drivers and compare whole-life cost protects margin, while one who accepts headline prices weakens credibility with finance. The course draws on Total Cost of Ownership TCO thinking and on the principles of ISO 20400 Sustainable procurement, so savings never come at the expense of responsible buying.

## Who Gains Most from Purchase Price Analysis and Cost Reduction Levers

- Buyers who request, compare and approve supplier quotes for goods and services
- Purchasing officers who handle price increase requests and contract renewals
- Category support staff who prepare spend and price history reports
- Cost and value engineering staff who review specifications with buyers
- Requisitioners in operations who set requirements that drive purchase price

Purchasing teams gain most when several buyers attend together, because they leave with a shared should-cost method and a common way of logging savings.

## Purchase Price Analysis and Cost Reduction Levers Capabilities

Participants move from accepting quoted prices to challenging them with cost models, and from one-off discounts to repeatable savings levers.

- Build a should-cost model for a purchased item — target price decisions
- Calculate total cost of ownership across competing offers — supplier selection
- Assess which cost reduction lever suits each spend category — category owners
- Design a concession ladder with tradeable variables — negotiation planning
- Weigh price increase claims against published cost indices — renewal decisions
- Communicate verified savings and cost avoidance — finance and budget holders

## Key Purchase Price Analysis and Cost Reduction Levers Terms

- Should-cost — An estimate of what an item ought to cost from materials, labour, overhead and fair margin.
- Total cost of ownership TCO — The full cost of buying, using, maintaining and disposing of an item over its life, not just its price.
- Bid levelling — Adjusting supplier quotes to a common scope and basis so that offers can be compared fairly.
- Volume consolidation — Combining demand from several sites or orders with fewer suppliers to secure better prices and terms.
- BATNA — Best alternative to a negotiated agreement; the option a buyer takes if talks with a supplier fail.
- Cost avoidance — A saving recorded when a buyer prevents a proposed price increase or unplanned cost from taking effect.

## Purchase Price Analysis and Cost Reduction Levers Day by Day

### Day 1: Price Structures and Supplier Cost Drivers

- Supplier Cost Breakdown Models — Which Price Elements Merit Challenge
- Raw Material and Labour Indices — Price Adjustment Clause Choices
- Market Structure and Supplier Power — Leverage Before Requesting Quotes
- Price History and Variance Tracking — Spotting Unjustified Increases
- Spend Cube by Category — Where Savings Effort Pays Back

### Day 2: Purchase Price Analysis Methods

- Should-Cost Modelling — Setting a Fact-Based Target Price
- Quote Normalisation and Bid Levelling — Comparing Unlike Offers Fairly
- Price Benchmarking Against Indices — Testing Quote Reasonableness
- Learning Curve and Volume Effects — Pricing Repeat and Larger Orders
- Total Cost of Ownership Models — Ranking Offers by Whole-Life Cost

### Day 3: Cost Reduction Levers

- Specification Review and Value Engineering — Removing Cost Without Losing Function
- Volume Consolidation and Demand Aggregation — Building Buying Leverage
- Standardisation of Parts and Services — Reducing Variety and Stockholding
- Payment Terms, Incoterms and Logistics Cost — Cash and Freight Trade-Offs
- Make-or-Buy and Alternative Supplier Search — Opening Competitive Tension

### Day 4: Negotiation Planning and Concession Tactics

- Target, Walk-Away and BATNA Setting — Defining the Negotiation Range
- Concession Ladders and Trade Variables — What to Give and Get
- Price Increase Requests — Evidence-Led Responses to Supplier Claims
- Supplier Meeting Roles and Agenda Design — Controlling Negotiation Flow
- Savings Tracking and Cost Avoidance Logs — Reporting Results to Finance

## Day 5: Practising the Cost Reduction Opportunity Register

- Should-Cost Review of a Live Quote — Confirming the Target Price
- TCO Comparison of Shortlisted Offers — Selecting the Preferred Supplier
- Lever Selection for a Spend Category — Sequencing Savings Actions
- Concession Plan Rehearsal — Testing Negotiation Positions With Peers
- Cost Reduction Opportunity Register — Prioritised Savings Actions and Owners

## Applying Purchase Price Analysis and Cost Reduction Levers After the Course

- Rebuild the should-cost model for one high-spend item and use it to answer the next supplier price increase request.
- Run a specification and volume consolidation review on one category with requisitioners and log the agreed savings actions.

## Purchase Price Analysis and Cost Reduction Levers Questions FAQ

### What is purchase price analysis and cost reduction, and why does it matter now?

It is the discipline of testing supplier prices against cost evidence and applying levers that lower spend. It matters now because input costs shift quickly and finance expects verified savings.

### Which roles gain most from purchase price analysis and cost reduction levers?

Buyers and purchasing officers who compare quotes and handle renewals gain most. Category support, cost engineering staff and requisitioners also benefit, for example in manufacturing parts or facilities services.

### How does purchase price analysis and cost reduction differ from a strategic sourcing course?

It works at the level of individual quotes, cost models and negotiations rather than long-term category strategy. Strategic sourcing sets supplier portfolios; this course prices and challenges everyday purchases.

### What do you bring back from purchase price analysis and cost reduction levers training?

You bring back a prioritised register of savings opportunities with owners and target prices. You also return with a should-cost template and a concession plan format.

## Purchase Price Analysis and Cost Reduction Levers: The Way Forward

The Cost Reduction Opportunity Register lists each spend item, its target price, the lever chosen and the owner. Its first use is deciding which quote or renewal to challenge next, and buyers share it with budget holders and finance. After the first savings cycle, revisit whether specification and demand levers now offer more than further price negotiation.