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COURSE BROCHURE

Should-Cost Sourcing and Supplier Selection Training Course

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Kuala Lumpur

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Should-Cost Sourcing and Supplier Selection Training Course

Ref: 1240_46643 **Date:** 18 – 22 July 2027 **Location:** Kuala Lumpur **Fees:** 4600 GBP

Should-Cost Sourcing and Supplier Selection is a 1-week training course for buyers, sourcing specialists and category officers who estimate what a purchase ought to cost before choosing who supplies it, ending with a category sourcing plan. Volatile raw material prices and supplier quotes that bundle hidden margins now push organisations to test prices against their own cost evidence. Jupiter Prime Training delivers this course on should-cost sourcing and supplier selection.

Why Should-Cost Sourcing and Supplier Selection Matters Now

Three pressures shape should-cost sourcing and supplier selection today. Commodity and energy inputs move quickly, so last year's contract price says little about a fair price now. Finance partners ask buyers to explain every price increase line by line. Engineering and operations users want suppliers chosen for capability and reliability, not only the lowest quote. A sourcing function that builds cost breakdowns and selects suppliers with weighted criteria negotiates from facts; one that compares quotes alone accepts inflated margins and fragile suppliers. The course rests on cost breakdown analysis, total cost of ownership and multi-criteria supplier evaluation.

Who Gains Most from Should-Cost Sourcing and Supplier Selection

- Buyers who request quotations and challenge supplier price proposals
- Sourcing specialists who run supplier searches, qualification and shortlists
- Category officers who prepare sourcing strategies for a group of purchases
- Cost engineers and estimators who support buyers with technical cost inputs
- Contract officers in construction, manufacturing or healthcare supply who finalise award terms

A sourcing unit gains most when buyers and the cost engineers who support them attend together and agree one cost model format.

Should-Cost Sourcing and Supplier Selection Capabilities

Participants move from a requirement to an evidence-based price target and a defensible supplier choice.

- Specify requirements and functional needs that suppliers can price consistently — internal users
- Build a should-cost model from materials, labour, overhead and margin drivers — price negotiation
- Calculate total cost of ownership across acquisition, operation and disposal — the award decision
- Assess supplier capability, capacity and financial health through qualification checks — category officers
- Weigh suppliers against cost, quality, delivery and risk criteria — the sourcing committee
- Communicate the sourcing recommendation and negotiation targets — budget holders and finance partners

Key Should-Cost Sourcing and Supplier Selection Terms

- Should-cost model — An estimate of what a product or service ought to cost, built from its material, labour, overhead and margin elements.
- Cost breakdown — A split of a supplier's price into its component costs, used to test which elements drive the total.
- Cost driver — A factor such as raw material index, labour hours or energy use that moves the cost of an item.
- Supplier qualification — Checks on capability, capacity, quality systems and financial health before a supplier may bid.
- Weighted selection matrix — A scoring grid that rates shortlisted suppliers against agreed criteria with set weights.
- Price target — The negotiation goal derived from the should-cost model and market evidence, not from the supplier's opening quote.

Should-Cost Sourcing and Supplier Selection Day by Day

Day 1: Requirement Definition and Market Scan

- Functional Requirement Statement — Specification Suppliers Can Price Alike
- Category Spend Profile — Volumes, Locations and Current Prices
- Supplier Market Scan — Number, Size and Location of Sources
- Supply Market Structure Review — Buyer Leverage Assessment
- Sourcing Timeline and Approval Points — Decision Gates for the Category

Day 2: Building the Should-Cost Model

- Bill of Materials and Raw Material Indices — Material Cost Element
- Labour Rates and Process Times — Conversion Cost Element
- Overhead and Margin Benchmarks — Reasonable Supplier Profit Range
- Logistics and Packaging Costs — Landed Cost Estimate
- Sensitivity Testing of Cost Drivers — Price Range for Negotiation

Day 3: Total Cost and Price Evidence

- Total Cost of Ownership Model — Acquisition, Operating and Disposal Costs
- Supplier Cost Breakdown Request — Transparency in Quotations
- Price Index Adjustment Clauses — Fair Variation Over Contract Life
- Quote Comparison Against Should-Cost — Gaps to Challenge
- Price Target and Walk-Away Point — Negotiation Mandate

Day 4: Supplier Qualification and Selection

- Request for Information Questionnaire — Long List to Shortlist
- Financial Health Ratios — Supplier Stability Check
- Site Audit and Capacity Review — Ability to Meet Volumes
- Weighted Selection Matrix Design — Criteria, Weights and Scoring Rules
- Supplier Risk Rating — Single-Source and Continuity Exposure

Day 5: Practising the Category Sourcing Plan

- Should-Cost Model Applied to a Chosen Category Item — Price Target
- Selection Matrix Run on a Supplier Shortlist — Preferred Supplier
- Negotiation Brief From Cost Gaps — Opening and Fallback Positions
- Award Recommendation Memo — Sign-Off by Budget Holders
- Category Sourcing Plan Completion — Sourcing Route, Targets and Timeline

Applying Should-Cost Sourcing and Supplier Selection After the Course

- Build a should-cost model for one high-spend item and compare it with the current supplier's price.
- Apply the weighted selection matrix to the next supplier shortlist and record the scoring rationale.

Should-Cost Sourcing and Supplier Selection Questions FAQ

What is should-cost sourcing and supplier selection and why does it matter now?

It is the practice of estimating what a purchase should cost and choosing suppliers with weighted criteria. Fast-moving input prices and closer finance scrutiny now make quote comparison alone too weak.

Which roles gain most from should-cost sourcing and supplier selection?

Buyers, sourcing specialists and category officers gain most. You benefit most if you challenge supplier prices, run shortlists or prepare award recommendations.

How does should-cost sourcing and supplier selection differ from AI-enabled procurement training?

It teaches the cost logic and selection methods themselves, built by hand from cost drivers and supplier evidence, rather than the software that automates them.

What do you bring back from should-cost sourcing and supplier selection?

You bring back a sourcing plan for one category, with a should-cost model, price target and selection matrix.

Should-Cost Sourcing and Supplier Selection: The Way Forward

The category sourcing plan sets out the sourcing route, the price target drawn from the should-cost model and the preferred supplier. Its first use informs the negotiation mandate for the next award. Buyers, budget holders and finance partners rely on it. After its first award, revisit the cost driver assumptions, since raw material and labour indices move between sourcing cycles.