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COURSE BROCHURE

# Target Costing and Product Cost Reduction Roadmap Training Course

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# Target Costing and Product Cost Reduction Roadmap Training Course

**Ref:** 2502_94862 **Date:** 14 – 18 March 2027 **Location:** Amman **Fees:** 3300 GBP

Target Costing and Product Cost Reduction Roadmap is a 1-week training course for operations and finance managers in industrial firms who set product cost targets and lead savings efforts, ending with a cost reduction roadmap. Customers now fix the price they will pay before a product is designed, so manufacturers must engineer cost out early rather than chase it later. Jupiter Prime Training delivers this course on Target Costing and Product Cost Reduction Roadmap.

## Why Target Costing and Product Cost Reduction Roadmap Matters Now

Three pressures shape this subject today. Industrial buyers push selling prices down at each contract renewal, input costs for materials and energy move faster than budgets, and owners expect margins to hold when volumes fall. A manufacturer that works from the market price backwards protects margin and avoids late redesign; one that adds a mark-up to whatever the factory spends loses tenders and discovers losses only after launch. The course rests on market-led target setting, functional cost decomposition and structured supplier cost dialogue.

## Who Gains Most from Target Costing and Product Cost Reduction Roadmap

- Plant and production managers accountable for conversion cost, scrap and line efficiency
- Management accountants who build product cost sheets and margin reports
- Product and design leads who decide specifications, materials and component counts
- Category buyers who negotiate component and raw material prices with suppliers
- Operations excellence leads who run savings pipelines and track delivered benefits

Cross-functional product teams gain most when a finance, design, purchasing and production member attend together.

## Target Costing and Product Cost Reduction Capabilities

Participants move from reading a cost sheet to steering it.

- Calculate allowable cost from target selling price and required margin — product launch approval
- Decompose product cost by function and component to locate the cost gap — design review boards
- Build a bottom-up component cost estimate to test supplier quotations — category buyers
- Weigh redesign, sourcing and process options by savings, risk and timing — operations directors
- Design a savings pipeline with owners, milestones and benefit tracking — finance controllers
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Communicate the cost reduction case to senior leaders and plant teams — executive committee

## Key Target Costing and Product Cost Reduction Terms

- Target cost — the highest product cost that still earns the required margin at the accepted price.
- Allowable cost — target selling price minus required profit, before any adjustment for what is achievable today.
- Cost gap — the difference between the current estimated product cost and the target cost that must be closed.
- Cost teardown — breaking a product into parts to compare material and process cost.
- Component cost estimate — an engineering build-up of what a purchased part should cost.
- Savings pipeline — ranked cost reduction ideas with owners, stage and expected value.

## Target Costing and Product Cost Reduction Roadmap Day by Day

### Day 1: Market Price and Margin Pressure

- Customer Price Benchmarks — Setting A Credible Target Selling Price
- Required Margin Logic — Linking Product Profit To Business Return
- Allowable Cost Calculation — Deciding The Ceiling For New Products
- Current Product Cost Sheet — Measuring The Starting Cost Gap
- Life Cycle Volume Assumptions — Spreading Tooling And Launch Costs

### Day 2: Decomposing Product Cost

- Functional Cost Breakdown — Assigning Target Cost To Product Functions
- Component Cost Tables — Allocating Targets Down The Bill Of Materials
- Cost Teardown Of Rival Products — Revealing Design And Material Choices
- Conversion Cost Mapping — Finding Machine, Labour And Scrap Losses
- Overhead Driver Review — Separating Product-Specific From Shared Costs

### Day 3: Supplier Cost Dialogue

- Bottom-Up Component Estimates — Testing Quotations Against Engineering Cost
- Raw Material Index Clauses — Sharing Commodity Price Movement Fairly
- Open-Book Costing With Suppliers — Agreeing Joint Savings Targets
- Specification Relaxation Proposals — Removing Cost Customers Do Not Value
- Negotiation Fact Packs — Preparing Buyers For Price Reduction Meetings

### Day 4: Choosing and Sequencing Savings

- Idea Generation Sessions — Capturing Design, Process And Sourcing Options
- Savings Scoring Matrix — Ranking Ideas By Value, Risk And Effort
- Investment Payback Tests — Approving Tooling And Process Change Spend
- Savings Pipeline Stages — Tracking Ideas From Proposal To Booked Benefit
- Benefit Validation Rules — Confirming Savings Reach The Profit And Loss

## Day 5: Practising the Cost Reduction Roadmap

- Cost Gap Restatement — Applying Allowable Cost To A Sample Product
- Function Target Allocation Exercise — Splitting The Gap Across Components
- Supplier Savings Plan Drafting — Turning Fact Packs Into Agreed Actions
- Executive Savings Briefing — Presenting Trade-Offs To Decision Makers
- Cost Reduction Roadmap — Owners, Milestones And Target Cost Closure

## Applying Target Costing and Product Cost Reduction Roadmap After the Course

- Run an allowable cost calculation and cost gap review for one product in development.
- Prepare a bottom-up estimate and negotiation fact pack for the highest-spend purchased component.

## Target Costing and Product Cost Reduction Roadmap Questions FAQ

### What is Target Costing and Product Cost Reduction Roadmap and why does it matter now?

It is the practice of setting product cost from the market price and planning how to close the gap. It matters now because customers fix prices early and input costs shift quickly, so margin must be designed in rather than recovered after launch.

### Which roles gain most from Target Costing and Product Cost Reduction Roadmap?

Plant managers, management accountants, design leads, category buyers and operations excellence leads gain most. Each controls part of product cost, and the method gives them one shared target.

### How does Target Costing and Product Cost Reduction Roadmap differ from a general cost accounting course?

It looks forward from the selling price rather than backwards from recorded spend. It uses recorded figures to set targets, challenge suppliers and sequence savings for products still being designed.

### What will you bring back from Target Costing and Product Cost Reduction Roadmap?

You bring back a cost reduction roadmap for a chosen product. It shows the cost gap, component targets, ranked savings ideas and an owner for each action.

## Target Costing and Product Cost Reduction Roadmap: The Way Forward

The cost reduction roadmap built during the course first informs the launch or renewal decision for one product: whether its cost gap can close in time. Controllers, design leads and buyers use it to assign actions and track benefits. After its first use, revisit the margin assumption and supplier index clauses, since market price and commodity costs rarely stay still for long.