

Advanced Cost Reduction Tools

Objectives

This module is part of the EIPM Certifying Courses Level 2. The objective of this module is to provide practical tools for cost reduction actions which go beyond price negotiation. This is a quite advanced module for buyers willing to apply structured approaches to identify cost reduction opportunities.

It features credible tools such as functional analysis, value analysis, cost breakdown analysis, process optimization techniques and TCO – Total Cost of Ownership analysis. The tools presented shall help the buyers to challenge the technical content of what the company is buying, review cost with suppliers, and identify improvement opportunities in the supplier's operations. This training is particularly adapted to buyers of products and components.

Following the training participants shall be able to:

- Review the design or specification of a product or component in order to reduce cost while maintaining the functions required
- Use cost breakdown analysis to challenge supplier pricing and identify cost reduction opportunities
- Identify cost improvement opportunities within the supplier process/operations
- Use a TCO approach to identify cost reduction opportunities

Target group

- Technical buyers with engineering background involved in leading cost reduction activities.

Duration and location

- 3 days on the Archamps Campus (France).

Methods and tools

- Each trainee will be given a handbook containing reusable templates used for the different tools.
- Besides, a master document will present each technique as seen during the training session.
- All tools and techniques are presented in a simplified and reusable way and illustrated by real application examples taken from various industries including the most demanding ones (automotive, food, household, ..)

Content

PHASE	CONTENT
DAY 1	<p>Functional definition of requirement: a need definition tool to better understand the real need</p> <ul style="list-style-type: none"> • Concept of functions and functional specification • Understand when to use it • Step by step approach to build up a functional specification • Application to various situations : products, systems and services <p>Value analysis: a re-design to cost approach</p> <ul style="list-style-type: none"> • Value analysis work plan and conditions for successful implementation • Understand how to assess the value of the existing solution (importance of functions and benefit versus cost) • Make a diagnosis of the design of a product using value analysis tools, • Seek innovative solutions through brainstorming and other techniques,
DAY 2	<p>Cost analysis and TCO</p> <ul style="list-style-type: none"> • How to challenge the suppliers' cost breakdowns : machine cost, labour cost, material cost, overheads, and margin • What are the most frequent "mistakes" found in suppliers quotations • What is TCO and how to apply it in the real life?
DAY 3	<p>Challenging supplier's operations</p> <ul style="list-style-type: none"> • basis of lean manufacturing and process optimization • how to get a critical eye when visiting supplier's facility • key tools to challenge suppliers' productivity and efficiency • How to build up a "win/win" process with the supplier.