



THE SOURCE FOR PURCHASING



EIPM Training Modules

Two or three day training courses to increase professional expertise



For more information, please contact: jim.bergman@eipmamericas.org

1 Structure of the document

<u>1</u>	<u>STRUCTURE OF THE DOCUMENT</u>	<u>2</u>
<u>2</u>	<u>CITIES AND DATES</u>	<u>3</u>
<u>3</u>	<u>FUNDAMENTALS OF SOURCING</u>	<u>5</u>
<u>4</u>	<u>FUNDAMENTALS OF COST ANALYSIS</u>	<u>6</u>
<u>5</u>	<u>FINANCIAL RISKS/OPPORTUNITIES IN SUPPLY MANAGEMENT</u>	<u>7</u>
<u>6</u>	<u>CONTRACT AND LEGAL ASPECTS</u>	<u>8</u>
<u>7</u>	<u>PRACTICING ADVANCED NEGOTIATION AND TECHNIQUES</u>	<u>9</u>
<u>8</u>	<u>STRATEGIC PORTFOLIO MANAGEMENT - KEY COMMODITY MANAGEMENT (KCM)</u>	<u>10</u>
<u>9</u>	<u>IMPLEMENTING A SUPPLIER RELATIONSHIP MANAGEMENT (SRM)</u>	<u>11</u>
<u>10</u>	<u>ADVANCED COST REDUCTION TOOLS</u>	<u>12</u>
<u>11</u>	<u>SUPPLIER DEVELOPMENT AND OPTIMIZATION</u>	<u>13</u>
<u>12</u>	<u>THE SOFT SKILLS IN HARD NEGOTIATIONS</u>	<u>14</u>

2 Cities and dates

2.1 Fundamentals of Sourcing: 2 days

09/08/2011 Houston
10/08/2011 Houston

2.2 KCM: 2 days

11/08/2011 Houston
12/08/2011 Houston

2.3 SRM: 2 days

06/09/2011 Chicago
07/09/2011 Chicago

2.4 Contract and Legal: 2 days

08/09/2011 Chicago
09/09/2011 Chicago

2.5 Soft Skills in Hard Negotiation: 2 days

12/09/2011 Houston
13/09/2011 Houston

2.6 Advanced Negotiation: 2 days

14/09/2011 Houston
15/09/2011 Houston

2.7 Fundamentals of Cost Analysis: 2 days

11/08/2011 Houston
12/08/2011 Houston

06/09/2011 Chicago
07/09/2011 Chicago

2.8 Financial Risks/Opportunities in Supply Management: 3 days

08/08/2011 Houston
09/08/2011 Houston
10/08/2011 Houston

2.9 Advanced Cost Reduction Tools: 3 days

14/09/2011 Houston
15/09/2011 Houston
16/09/2011 Houston

2.10 Supplier Development of Optimization: 2 days

08/09/2011 Chicago
09/09/2011 Chicago

12/09/2011 Houston
13/09/2011 Houston

3 Fundamentals of Sourcing

3.1 Objectives

- The module will introduce participants to the role of purchasing in the company and covers the fundamental purchasing process and tools.

3.2 Target group

- The module is designed for new recruits in the purchasing department. Buyers with few weeks to less than 2 year experience in the purchasing function but with previous experiences in other functions. It is also suitable to provide a purchasing culture to Purchasing Assistants as well as to “Internal customers”.

3.3 Methods and tools

- Frequent Case studies, workshops and discussions will be organized in order to exchange experience between participants and the EIPM experts. The workshops are a key approach to practice the tools presented, using participants own examples and portfolios.

4 Fundamentals of Cost Analysis

4.1 Objectives

This is a fundamental training. The objective of this module is to provide participants with the basic knowledge to understand how suppliers calculate their costs and their selling price. The following topics will be discussed:

- Supplier's fixed and variable costs
- How suppliers allocate fixed costs
- How to justify investment in fixed costs
- How to calculate depreciation impact on costs
- Margin and Profit calculation
- Productivity opportunities and impact on cost
- TCO analysis

Following this module, participants will be able to:

- Understand the use of suppliers' cost breakdown
- Appreciate how suppliers calculate their cost when pricing their product or service
- Build-up the cost structure of a supplier, on condition that they obtain the assumptions
- Calculate cost impacts on change of specification, volumes, operations, etc.
- Determine strategies to negotiate a fair price
- Understand the Total Cost of Ownership approach and its use in purchasing

4.2 Target group

- Buyers at any level who wish to learn how to use cost breakdown and TCO decision-making tool to better negotiate price reductions with suppliers.

4.3 Methods and tools

- A business case study is used
- Enables participants to analyze each major category of cost.
- Participants constantly challenge the current paradigms and take innovative decisions
- The participants work in small teams of 3
- They share experiences
- They learn by making smart decisions and some errors

5 Financial Risks/Opportunities in Supply Management

5.1 Objectives

The module aims to ensure a basic knowledge of business finance in order to:

- Optimize our sourcing strategy to improve our business performance
- Monitor the financial health of current and potential suppliers

Following this module, buyers will be capable of:

- Knowing the contents and purposes of the 3 financial statements
- Using sourcing levers to either reduce cost or free up cash
- Applying ratios to obtain a picture of the financial health of a supplier
- Asking questions to existing or potential suppliers to gain an insight into the financial situation

5.2 Target group

- Buyers, lead buyers and commodity managers, who need to evaluate the financial health of their suppliers or develop strategies to improve the financial performance of their own companies.

5.3 Methods and tools

- Business simulation
- Video
- Financial Statements
- Supplier assessment sheets
- Working capital sheet
- Performance measures

6 Contract and Legal Aspects

6.1 Objectives

This module explores the ways as to how to deal effectively with various types of national/international sourcing situations. Reference is made throughout the module to “real life” examples and appropriate conditions of standard contracts.

It uses a logical framework, tackling major problems areas in turn and offering practical advice on how best to handle them.

Following this module, participants shall be able to:

- To provide an overview of the contractual and legal framework
- Understanding the mutual obligations and their effect
- To understand risks and possible ways of covering them

6.2 Target group

- This course is suitable for buyers and sourcing staff at all levels.

6.3 Methods and tools

- A two-day program using lectures, visual aids and case study to give participants a substantial body of information and the opportunity to discuss matters with which they are particularly concerned.
- The seminar explores the numerous practices and conceptual developments in international operations, as well as risk allocation, constraints and opportunities in the contractual and legal areas.

7 Practicing Advanced Negotiation and Techniques

7.1 Objectives

- Enhance purchasing negotiation skills
- Master Purchasing negotiation's best practices, structure, process and tools
- Work on negotiation's preparation and behaviors

7.2 Target group

- Buyers, internal Customers who need to conduct or assist in commercial negotiations.

7.3 Methods and tools

- Pedagogical approach : Workshops, Case studies, Video training
- Tools : Behavioral Pattern, Negotiation Planner, Concessions / Counterparts Matrix

8 Strategic Portfolio Management - Key Commodity Management (KCM)

8.1 Objectives

This module is part of the EIPM Certifying Courses Level 2. This is a fundamental training to provide the process and tools for strategic management of a purchasing portfolio. This module provides the tools that can help buyers to structure and formalize a purchasing strategy of a category.

Following this module, participants shall be able to:

- Define a purchasing strategy based on in-depth knowledge of the company needs and market trends
- share with the internal teams the process and tools to define a purchasing strategy
- understand the fundamental steps of a strategic process to manage a portfolio
- Understand how this process can be implemented in terms of global/local organization (for example within a Lead buyer or Key Commodity Management type organizations).

8.2 Target group

- This course targets purchasing staff with a few year experience as a buyer or extensive experience in other functions and aiming to assume regional or global purchasing category management responsibility, particularly Key Commodity Managers and Senior Buyers in charge of commodity teams.

8.3 Methods and tools

- Workshops will be used to provide participants with the opportunity to apply the tools presented.
- Participants will be asked to apply the methodology to their own commodities
- Extensive discussions among participants will facilitate a dynamic and interactive learning environment

9 Implementing a Supplier Relationship Management (SRM)

9.1 Objectives

This module is part of the EIPM Certifying Courses Level 2. This is an advanced module to understand the process and tools to implement SRM and Key Supplier Management. The session will provide structured process and tools to implement KSM through the following steps:

- Identify the Key Suppliers in the company
- Analyze the relationship with the Key Supplier
- Understand the Key Suppliers strategy and its fit to our company
- Set-up objectives to a Key Supplier
- Identify the organization and the process to manage the key suppliers

Following this module, participants shall be able to:

- understand the benefits, risks and key success factors to implement SRM
- set-up a structured process to identify, to analyze and to manage Key Suppliers
- understand the function of a Key Supplier Manager

9.2 Target group

- All purchasing staff involved in the management of a Key Supplier

9.3 Methods and tools

- Workshops will be used to provide participants with the opportunity to apply the tools presented.
- Participants will be asked to apply the methodology to their own commodities
- Extensive discussions among participants will facilitate a dynamic and interactive learning environment

10 Advanced Cost Reduction Tools

10.1 Objectives

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

10.2 Target group

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

10.3 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, ..)

11 Supplier Development and Optimization

11.1 Objectives

This training provides an overview on how to implement supplier improvement programs.

Following this module, participants shall be able to:

- Detect the opportunity for, organize, facilitate and manage a supplier's performance improvement project.
- Understand the levers that can be used to improve the supplier's performance.

11.2 Target group

- Engineers in Supplier Production, Logistics Sourcing and Sourcing Quality Assurance; Key Commodity Managers; Local Sourcing Agents; and all Buyers involved in supplier productivity improvement.

11.3 Methods and tools

- Different examples and demonstrations of modeling, assessment and measurement tools will be presented.

12 The Soft Skills in Hard Negotiations

12.1 Objectives

- Gain awareness of your negotiation style, your strengths, your reference frame and areas of improvements
- Recognize and learn to manage the intercultural component in negotiations
- Clear understanding of the communication process (verbal/nonverbal)
- Improve self-management through better self-awareness
- Optimize preparation for the negotiation (psychological, technical, etc.)
- Define a personalized “action plan” to optimize my success as purchaser in the international environment “What will I do differently tomorrow?”

Following this module, participants shall be able to:

- Recognize their personal strengths and areas of development
- Better impact in negotiations through optimized soft skills
- Understand and manage the intercultural factors

12.2 Target group

- Key Commodity Managers, International sourcing officers, Senior Buyers, Sourcing Quality Assurance Engineers.

12.3 Pre-requisite

- Negotiation experience at an international level and good level of English

12.4 Methods and tools

- Highly interactive environment
- Balance of theory and practical exercises
- Intercultural model to assess one's tendencies and ability to adjust
- DISC®(personality indicator)
- Group analysis of case studies
- Simulations and role plays
- Process and planning tool (Checkerboard model) for strategy & negotiation preparation