Advanced Should-Cost Analysis and Cost Modeling Course

31 May – 4 June 2027
Addis Ababa

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Training Center

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Ref: 1176_224339 **Date:** 31 May – 4 June 2027 **Location:** Addis Ababa **Fees:** 4500 Euro

Overview

Advanced Should-Cost Analysis and Cost Modeling Course is a one-week course for strategic sourcing, procurement analysis, cost engineering, category management, supplier development, and commercial finance teams that need a Should-Cost Analysis Decision Pack. Participants develop should-cost analysis, cost breakdown structures, supplier cost modeling, benchmark normalization, and target cost negotiation methods for manufacturing and service decisions. The course connects evidence, assumptions, scenarios, validation, and governance. Agile Leaders Training Center develops should-cost modeling decision practice.

Who Should Attend

- Teams responsible for strategic sourcing, category decisions, and commercial negotiation
- Teams responsible for procurement analytics, market evidence, and supplier comparisons
- Teams responsible for cost engineering, process economics, and product costing
- Teams responsible for supplier development, value analysis, and performance improvement
- Teams responsible for commercial finance, budgeting, and investment support

The course assumes participants can interpret supplier quotations, operational data, cost reports, and spreadsheet models; it leaves out legal advice, bid adjudication, and specialist engineering design.

Departments and Industries

The course supports departments and industries that evaluate product, service, project, and supplier economics.

- Procurement, strategic sourcing, category management, and supplier development departments
- Finance, cost engineering, commercial, and operations teams
- Manufacturing, industrial equipment, automotive, and consumer-product businesses
- Construction, facilities, transport, logistics, and energy services
- Technology, telecommunications, professional services, and outsourced operations

Learning Objectives

By the end of this course, participants will be able to:

- Build cost breakdown structures and cost-driver dictionaries
- Analyze material, labor, process, tooling, overhead, and logistics costs
- Apply volume, capacity, learning, inflation, profit, and risk assumptions
- Compare normalized supplier, historical, and market benchmarks
- Evaluate scenarios, sensitivities, uncertainty, and model validity
- Use target cost ranges to prepare negotiation decisions

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Course Agenda

Day 1: Scope and Cost Architecture

- Should-Cost Decision Scope and Requirements Sheet
- Cost Breakdown Structure
- Cost-Driver Dictionary
- Make-Buy-Service Boundary Map
- Evidence and Source Reliability Register

Day 2: Direct Cost Modeling

- Material Quantity and Price Build-Up
- Labor Routing and Rate Model
- Process Cycle-Time and Yield Model
- Tooling and Capital Cost Allocation
- Logistics, Packaging, and Duty Cost Sheet

Day 3: Indirect and Dynamic Drivers

- Overhead Pool and Allocation Logic
- Volume and Capacity Utilization Scenario
- Learning-Curve Cost Effect Model
- Inflation and Indexation Assumptions
- Risk, Profit, and Contingency Bridge

Day 4: Benchmarking and Decision Ranges

- Supplier Data Normalization Table
- Market and Historical Benchmark Matrix
- Deterministic Base-Case Model
- Sensitivity and Uncertainty Analysis
- Target Cost Range and Negotiation Bridge

Day 5: Integrated Should-Cost Practice

- Exercise: Scope and Structure a Should-Cost Model
- Exercise: Build Direct and Indirect Cost Drivers
- Exercise: Normalize Evidence and Test Scenarios
- Exercise: Validate Target Ranges and Negotiation Insights
- Capstone Exercise: Should-Cost Analysis Decision Pack

Practical Exercises

The course uses suggested activities that connect operational evidence, model logic, scenario testing, and commercial decisions.

- Suggested activity: structure a manufactured-component model from quantities, routing, yield, tooling, and overhead evidence
- Suggested activity: normalize competing service proposals and separate scope, volume, and productivity effects
- Suggested activity: test uncertainty and sensitivity around material prices, labor rates, capacity, and risk
- Suggested activity: present a target cost range and negotiation bridge with assumptions and validation findings

FAQs

Who suits advanced should-cost analysis training?

Strategic sourcing, procurement analysis, cost engineering, category management, supplier development, and commercial finance teams suit the training. Participants should already interpret quotations, operational data, cost reports, and spreadsheet models.

How does should-cost analysis differ from price analysis?

Should-cost analysis builds an independent estimate from resources, processes, drivers, assumptions, and reasonable operating conditions, while price analysis compares offered prices without necessarily examining the underlying cost structure.

Which cost elements belong in a should-cost model?

A should-cost model typically includes materials, labor, processes, yield, tooling, capital, overhead, logistics, volume, capacity, learning effects, inflation, profit, risk, and life-cycle effects when relevant to the decision.

How should uncertainty be handled in should-cost analysis?

Uncertainty should be handled through explicit assumptions, scenario ranges, sensitivity tests, source-quality ratings, validation checks, and documented governance so decision-makers can see which variables change the result.

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How can should-cost analysis support supplier negotiations?

Should-cost analysis supports supplier negotiations by converting evidence and assumptions into a defensible target range, identifying major cost drivers, separating scope differences, and showing where productivity or commercial alternatives may exist.

Conclusion

Participants take back a Should-Cost Analysis Decision Pack containing scope, cost structure, driver logic, evidence, normalized benchmarks, assumptions, scenarios, sensitivity results, target ranges, negotiation insights, validation, and governance. The pack makes supplier-cost decisions traceable. It also aligns sourcing, engineering, operations, and finance around evidence and uncertainty.