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PROCUREMENT AND SUPPLY CHAIN MANAGEMENT | PSCM-041

Total Cost of Ownership and Should-Cost Analysis in Procurement

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Course content

Why Attend

The lowest purchase price is rarely the lowest cost. Installation, energy, maintenance, spare parts, downtime, training, logistics, quality failures and disposal can cost far more than the original invoice. At the same time, buyers who do not understand what a product or service should cost to make and deliver negotiate from a position of weakness.

This training course equips procurement and supply chain professionals with two powerful analytical tools. Total Cost of Ownership (TCO) analysis captures all costs across the life of an acquisition so that sourcing decisions reflect true value. Should-cost analysis builds a fact-based estimate of a supplier's costs, giving buyers a strong foundation for target setting, negotiation and supplier development.

Course Methodology

• The course is built around hands-on analytical work. Participants use spreadsheet templates to build TCO and should-cost models step by step, working on realistic cases covering equipment, components and services. Short briefings, worked examples, group exercises, negotiation role-plays and presentations of findings ensure that every technique can be applied immediately at work.

Course Objectives

• Explain the limitations of price-based purchasing and the value of whole-life cost thinking

• Identify and structure all relevant acquisition, operating, risk and end-of-life costs

• Build Total Cost of Ownership models to compare suppliers, products and sourcing options

• Develop should-cost models from materials, labour, overheads, logistics and margin

• Use cost drivers, indices and benchmarks to validate supplier pricing

• Apply sensitivity and scenario analysis to manage uncertainty in cost estimates

Target Audience

• Procurement managers, category managers and senior buyers

• Purchasing officers and sourcing specialists

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Course content

- Contract and supplier relationship managers
- Cost engineers and cost estimators

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Course outline

Detailed course outline

Day-by-day outline for Total Cost of Ownership and Should-Cost Analysis in Procurement.

Day 1 - Beyond Price: The Economics of Buying

- 09:00-09:30 | Price, Cost and Value: Why the cheapest offer is often the most expensive decision
- 09:30-10:00 | Cost Analysis in the Sourcing Process: Where TCO and should-cost add value
- 10:00-10:30 | Cost Structures: Fixed and variable costs, direct and indirect costs, and economies of scale
- 10:30-11:00 | Understanding Supplier Economics: How suppliers build prices and where margins sit
- 11:00-11:30 | Coffee break
- 11:30-12:00 | Understanding Supplier Economics: How suppliers build prices and where margins sit (continued)
- 12:00-12:30 | Data Sources: Internal records, supplier data, market indices and industry benchmarks
- 12:30-13:00 | Spreadsheet Foundations: Structuring transparent and auditable cost models
- 13:00-14:00 | Case Study: Comparing two equipment offers where the lower price produced higher lifetime cost

Day 2 - Building Total Cost of Ownership Models

- 09:00-09:34 | TCO Cost Categories: Acquisition, ownership, operation, risk and end-of-life costs
- 09:34-10:08 | Hidden Costs: Installation, training, downtime, quality failures, inventory and administration
- 10:08-10:42 | Time Value of Money: Discounting, net present value and life-cycle comparison
- 10:42-11:00 | Services and Software TCO: Licences, subscriptions, support, integration and exit costs
- 11:00-11:30 | Coffee break
- 11:30-11:46 | Services and Software TCO: Licences, subscriptions, support, integration and exit costs (continued)
- 11:46-12:20 | Sustainability Costs: Energy, emissions, waste and disposal in whole-life decisions
- 12:20-12:53 | Using TCO in Evaluation Criteria: Integrating whole-life cost into tender evaluation
- 12:53-14:00 | Workshop: Building a TCO model to compare three competing supplier offers

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Day 3 - Should-Cost Analysis

- 09:00-09:34 | Purpose of Should-Cost: Fact-based estimates of what an item or service ought to cost
- 09:34-10:08 | Breaking Down the Product: Bills of materials, specifications and process steps
- 10:08-10:42 | Material and Labour Costing: Quantities, scrap rates, wage rates and productivity
- 10:42-11:00 | Overheads, Logistics and Margin: Reasonable allowances and industry norms
- 11:00-11:30 | Coffee break
- 11:30-11:46 | Overheads, Logistics and Margin: Reasonable allowances and industry norms (continued)
- 11:46-12:20 | Service Should-Cost: Modelling labour-based and outcome-based services
- 12:20-12:53 | Validating the Model: Cross-checking with benchmarks, experts and supplier information
- 12:53-14:00 | Practical Exercise: Developing a should-cost model for a fabricated component

Day 4 - Managing Uncertainty and Negotiating with Cost Data

- 09:00-09:34 | Cost Drivers and Indices: Linking prices to commodities, currencies and labour markets
- 09:34-10:08 | Sensitivity Analysis: Identifying which assumptions matter most
- 10:08-10:42 | Scenario Planning: Best case, expected case and worst case cost outcomes
- 10:42-11:00 | Price Adjustment Mechanisms: Index-linked clauses and cost-sharing arrangements
- 11:00-11:30 | Coffee break
- 11:30-11:46 | Price Adjustment Mechanisms: Index-linked clauses and cost-sharing arrangements (continued)
- 11:46-12:20 | Setting Negotiation Targets: Using cost models to define opening positions and walk-away points
- 12:20-12:53 | Fact-Based Negotiation: Discussing cost elements with suppliers constructively
- 12:53-14:00 | Role-Play: Negotiating a price increase request using should-cost evidence

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Day 5 - Embedding Cost Analysis in Procurement

• 09:00-09:30 | Presenting Findings: Turning cost models into clear recommendations for decision makers

• 09:30-10:00 | Collaborating with Stakeholders: Engaging engineering, finance and operations in cost decisions

• 10:00-10:30 | Supplier Development: Using cost insights to improve supplier processes and share savings

• 10:30-11:00 | Measuring Savings: Cost avoidance, cost reduction and reporting procurement value

• 11:00-11:30 | Coffee break

• 11:30-12:30 | Building Capability: Templates, tools and training for consistent cost analysis

• 12:30-13:00 | Common Pitfalls: Over-precision, poor data quality and ignoring risk

• 13:00-14:00 | Capstone Exercise: Presenting a sourcing recommendation supported by TCO and should-cost analysis

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Seminar dates

Available seminar dates

Live dates and pricing for Total Cost of Ownership and Should-Cost Analysis in Procurement generated from the course details page.

Date	Location	Format	Fee
7 - 11 December 2026	London	Classroom	**€2,915**
14 - 18 December 2026	Barcelona	Classroom	**€2,275**
21 - 25 December 2026	Frankfurt	Classroom	**€2,175**
4 - 8 January 2027	London	Classroom	**€2,915**
11 - 15 January 2027	Barcelona	Classroom	**€2,275**
18 - 22 January 2027	Frankfurt	Classroom	**€2,175**
25 - 29 January 2027	Istanbul	Classroom	**€2,825**
8 - 12 February 2027	London	Classroom	**€2,915**
15 - 19 February 2027	Barcelona	Classroom	**€2,275**
22 - 26 February 2027	Frankfurt	Classroom	**€2,175**

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Seminar dates

Available seminar dates

Live dates and pricing for Total Cost of Ownership and Should-Cost Analysis in Procurement generated from the course details page.

Date	Location	Format	Fee
1 - 5 February 2027	Kuala lumpur	Classroom	**€2,425**
15 - 19 March 2027	London	Classroom	**€2,915**
22 - 26 March 2027	Barcelona	Classroom	**€2,275**
1 - 5 March 2027	Frankfurt	Classroom	**€2,175**
8 - 12 March 2027	Madrid	Classroom	**€3,400**
26 - 30 April 2027	London	Classroom	**€2,915**
5 - 9 April 2027	Barcelona	Classroom	**€2,275**
12 - 16 April 2027	Frankfurt	Classroom	**€2,175**
19 - 23 April 2027	Munich	Classroom	**€2,425**
3 - 7 May 2027	London	Classroom	**€2,915**

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Date	Location	Format	Fee
10 - 14 May 2027	Barcelona	Classroom	**€2,275**
17 - 21 May 2027	Frankfurt	Classroom	**€2,175**
24 - 28 May 2027	Paris	Classroom	**€2,810**
7 - 11 June 2027	London	Classroom	**€2,915**
14 - 18 June 2027	Barcelona	Classroom	**€2,275**
21 - 25 June 2027	Frankfurt	Classroom	**€2,175**
19 - 23 July 2027	London	Classroom	**€2,915**
26 - 30 July 2027	Barcelona	Classroom	**€2,275**
5 - 9 July 2027	Frankfurt	Classroom	**€2,175**
12 - 16 July 2027	Vienna	Classroom	**€3,425**

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Seminar dates

Available seminar dates

Live dates and pricing for Total Cost of Ownership and Should-Cost Analysis in Procurement generated from the course details page.

Date	Location	Format	Fee
23 - 27 August 2027	London	Classroom	**€2,915**
2 - 6 August 2027	Barcelona	Classroom	**€2,275**
9 - 13 August 2027	Frankfurt	Classroom	**€2,175**
16 - 20 August 2027	Amsterdam	Classroom	**€3,215**
6 - 10 September 2027	London	Classroom	**€2,915**
13 - 17 September 2027	Barcelona	Classroom	**€2,275**
20 - 24 September 2027	Frankfurt	Classroom	**€2,175**
11 - 15 October 2027	London	Classroom	**€2,915**
18 - 22 October 2027	Barcelona	Classroom	**€2,275**
25 - 29 October 2027	Frankfurt	Classroom	**€2,175**

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Live dates and pricing for Total Cost of Ownership and Should-Cost Analysis in Procurement generated from the course details page.

Date	Location	Format	Fee
4 - 8 October 2027	Dubai	Classroom	**€2,845**
15 - 19 November 2027	London	Classroom	**€2,915**
22 - 26 November 2027	Barcelona	Classroom	**€2,275**
1 - 5 November 2027	Frankfurt	Classroom	**€2,175**
8 - 12 November 2027	Geneva	Classroom	**€3,315**
27 - 31 December 2027	London	Classroom	**€2,915**
6 - 10 December 2027	Barcelona	Classroom	**€2,275**
13 - 17 December 2027	Frankfurt	Classroom	**€2,175**
20 - 24 December 2027	Istanbul	Classroom	**€2,825**
7 - 11 December 2026	Online / Live	Online / Live	**€1,625**

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Live dates and pricing for Total Cost of Ownership and Should-Cost Analysis in Procurement generated from the course details page.

Date	Location	Format	Fee
14 - 18 December 2026	Online / Live	Online / Live	**€1,625**
21 - 25 December 2026	Online / Live	Online / Live	**€1,625**
4 - 8 January 2027	Online / Live	Online / Live	**€1,625**
11 - 15 January 2027	Online / Live	Online / Live	**€1,625**
18 - 22 January 2027	Online / Live	Online / Live	**€1,625**
25 - 29 January 2027	Online / Live	Online / Live	**€1,625**
8 - 12 February 2027	Online / Live	Online / Live	**€1,625**
15 - 19 February 2027	Online / Live	Online / Live	**€1,625**
22 - 26 February 2027	Online / Live	Online / Live	**€1,625**
1 - 5 February 2027	Online / Live	Online / Live	**€1,625**

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Date	Location	Format	Fee
15 - 19 March 2027	Online / Live	Online / Live	**€1,625**
22 - 26 March 2027	Online / Live	Online / Live	**€1,625**
1 - 5 March 2027	Online / Live	Online / Live	**€1,625**
8 - 12 March 2027	Online / Live	Online / Live	**€1,625**
26 - 30 April 2027	Online / Live	Online / Live	**€1,625**
5 - 9 April 2027	Online / Live	Online / Live	**€1,625**
12 - 16 April 2027	Online / Live	Online / Live	**€1,625**
19 - 23 April 2027	Online / Live	Online / Live	**€1,625**
3 - 7 May 2027	Online / Live	Online / Live	**€1,625**
10 - 14 May 2027	Online / Live	Online / Live	**€1,625**

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17 - 21 May 2027	Online / Live	Online / Live	**€1,625**
24 - 28 May 2027	Online / Live	Online / Live	**€1,625**
7 - 11 June 2027	Online / Live	Online / Live	**€1,625**
14 - 18 June 2027	Online / Live	Online / Live	**€1,625**
21 - 25 June 2027	Online / Live	Online / Live	**€1,625**
19 - 23 July 2027	Online / Live	Online / Live	**€1,625**
26 - 30 July 2027	Online / Live	Online / Live	**€1,625**
5 - 9 July 2027	Online / Live	Online / Live	**€1,625**
12 - 16 July 2027	Online / Live	Online / Live	**€1,625**
23 - 27 August 2027	Online / Live	Online / Live	**€1,625**

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2 - 6 August 2027	Online / Live	Online / Live	**€1,625**
9 - 13 August 2027	Online / Live	Online / Live	**€1,625**
16 - 20 August 2027	Online / Live	Online / Live	**€1,625**
6 - 10 September 2027	Online / Live	Online / Live	**€1,625**
13 - 17 September 2027	Online / Live	Online / Live	**€1,625**
20 - 24 September 2027	Online / Live	Online / Live	**€1,625**
11 - 15 October 2027	Online / Live	Online / Live	**€1,625**
18 - 22 October 2027	Online / Live	Online / Live	**€1,625**
25 - 29 October 2027	Online / Live	Online / Live	**€1,625**
4 - 8 October 2027	Online / Live	Online / Live	**€1,625**

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22 - 26 November 2027	Online / Live	Online / Live	**€1,625**
1 - 5 November 2027	Online / Live	Online / Live	**€1,625**
8 - 12 November 2027	Online / Live	Online / Live	**€1,625**
27 - 31 December 2027	Online / Live	Online / Live	**€1,625**
6 - 10 December 2027	Online / Live	Online / Live	**€1,625**
13 - 17 December 2027	Online / Live	Online / Live	**€1,625**
20 - 24 December 2027	Online / Live	Online / Live	**€1,625**