
Cost and Price Analysis Training Course: Supplier Cost Breakdown, Benchmarks and Should-Cost

17 – 21 October 2027
Doha





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Programme Summary

Cost and price analysis is the subject of this one-week training course for procurement directors, contracts managers and finance partners at managerial level, ending in a cost and price analysis file for one live supplier offer. Organisations often accept or renew a supplier price without testing what sits behind it. The programme moves from the choice of test to price benchmarks, cost element review, should-cost modelling and negotiation targets. Mars Training Centre UK delivers this programme on cost and price analysis to mixed-organisation cohorts.

The Business Case

A supplier price that looks acceptable can hide inflated labour hours, loose material quantities, overhead that is allocated unevenly or a profit margin out of line with the risk taken. Leaders who test the total against outside evidence, and then test the parts against the supplier's own assumptions, enter negotiation with facts instead of impressions and leave a record that supports the award decision.

- Price Variance: Narrows as offers are tested against benchmarks and a should-cost model.
- Negotiation Preparation Time: Shortens as findings are held in one file with ranked targets.
- Award Defensibility: Improves as every accepted price links to a written analysis.

Principles and Evidence Base

- Price Analysis Methods: Test the total price against competing quotations, catalogue prices, market prices, historical prices and independent estimates, applied in Sessions 2 and 5.
- Cost Element Review: Splits an offer into labour, materials, overhead, subcontracting, other direct costs and profit, applied in Sessions 3 and 5.
- Should-Cost Analysis: Sets an expected cost from operating assumptions and market inputs, applied in Sessions 4 and 5.

Intended Participants

- Procurement leaders who approve awards and renewals on the basis of supplier prices.
- Contracts managers who negotiate price changes, extensions and variations.
- Finance partners who challenge cost build-ups before budget commitment.
- Category managers who compare offers for customised goods and services.
- Heads of function who sponsor purchases and must defend their cost.

Typical settings include construction, energy, healthcare supply and public sector procurement.



Learning Outcomes

1. Participants will be able to select price analysis, cost analysis or both for a given supplier offer.
2. Participants will be able to evaluate a total price against competing quotations, price lists, market and historical evidence.
3. Participants will be able to diagnose weak assumptions in labour, material, overhead and subcontract elements.
4. Participants will be able to justify a profit or fee level against the risk and effort of the work.
5. Participants will be able to construct a should-cost model from operating assumptions.
6. Participants will be able to prioritise negotiation targets and record the analysis in one file.

Programme Structure

Day 1: Cost and Price Analysis: Choosing the Right Test

When does a supplier offer call for price analysis, cost analysis or both?

- Price and Cost Analysis Decision Matrix
- Offer Comparability Checklist
- Specification, Warranty and Delivery Adjustment Sheet
- Data Availability Screen
- Analysis Plan Template

Day 2: Price Benchmarks and Market Evidence

Which outside evidence supports or challenges a supplier's total price?

- Competing Quotation Comparison Table
- Catalogue and Price List Check
- Market Price Reference Sheet
- Historical Price Adjustment Method
- Independent Estimate Preparation

Day 3: Cost Element Review of Supplier Offers

Do the labour, material, overhead and profit elements support the total?

- Direct Labour Hours and Rate Test
- Material Quantity and Price Check
- Overhead Allocation Review
- Subcontract and Other Direct Cost Review
- Profit or Fee Reasonableness Test



Day 4: Should-Cost Models and Negotiation Targets

What should the work cost, and which targets follow from the gap?

- Should-Cost Model Build
- Operating Assumption Register
- Offer to Model Gap Analysis
- Negotiation Target Ladder
- Concession Trade Table

Day 5: Cost and Price Analysis File for One Live Offer

Do the earlier tools produce one file that supports the award decision?

- Applying the Session 1 Analysis Plan
- Reviewing the Session 2 Benchmark Evidence
- Checking the Session 3 Element Findings
- Using the Session 4 Negotiation Target Ladder
- Completing the Cost and Price Analysis File

Methodology

The programme uses a structured exercise on prepared supplier offers for goods, works and services, each with a cost build-up and market data. Participants choose the test, apply it, record the reasons in a common format and then compare results in small groups before applying the same tools to an offer from their own work.

- Suggested activity: Adjusting three competing quotations for different delivery terms.
- Suggested activity: Challenging an overhead rate applied to a services offer.
- Suggested activity: Building a short should-cost model for a repeat purchase.

Capstone Output

Each participant completes a cost and price analysis file for one live supplier offer. It holds an analysis plan, a benchmark table, a cost element review, a should-cost model and a ranked negotiation target list. The file is used at work to brief the negotiating team and to support the award or renewal record.

Frequently Asked Questions

Is cost and price analysis suitable for finance partners without a procurement background?

Yes. Cost and price analysis is taught through worked offers and templates. You need comfort with figures and some exposure to supplier quotations, but no procurement qualification.



Which methods does cost and price analysis training rest on?

Cost and price analysis training rests on price analysis methods, cost element review and should-cost analysis, as described in published guidance on testing supplier prices.

How is the file from cost and price analysis used at work?

You use the cost and price analysis file to brief your negotiating team, set price targets and show why an award or renewal price was accepted.

How does cost and price analysis differ from supplier tender evaluation?

Cost and price analysis tests whether a price is fair and what sits behind it, while supplier tender evaluation scores offers against wider technical and commercial criteria.