



FM028: Cost Reduction Training for Managers

Training Description:

Businesses that don't control their costs don't stay in business. How well are you doing? Is everyone in your organization sufficiently aware of costs, managing them effectively and maximizing opportunities to reduce them? If there is scope for improvement, this course will help get you back on track. It will demonstrate that cost reduction is so much more than cost control and cost cutting. True cost management is about being aware of costs, seeking to reduce them through good design and efficient operating practices whilst taking continuing action on overspending.

Training Objectives:

By the end of the training, participants will be able to:

- ✓ Be aware of costs at all times
- ✓ Seek cost reduction from the start (including life-cycle costing)
- ✓ Appraise projects / production to identify and take out risk
- ✓ Understand real budgeting
- ✓ Use techniques such as ZBB and ABC where appropriate
- ✓ Ensure cost reports lead to action
- ✓ Manage a cost reduction process that delivers

Benefits to the organisation will include:

- ✓ Identification of cost reduction and business improvement opportunities
- ✓ Better reporting and ownership of costs
- ✓ Greater awareness and control of everyday costs

Training Designed for:

This course is intended for all Executives, Managers, Accountants, Engineers and other staff whose activities impinge on cost who need to:

- Review or learn the concepts and measures used to be aware of costs, reduce them and control operations
- Develop their company and personal process of cost reduction and control
- Focus themselves and other members of the team on continuing cost awareness and reduction throughout the organization

Training Requirement:

"Hand's on practical sessions, equipment and software will be applied during the course if required and as per the client's request."

Contents can be adapted to your specific wishes. It is therefore possible to focus on specific modules of the training course as per client's learning needs and objectives. Further, it should be forwarded to us a month prior to the course dates.

Training Program:

DAY ONE:

- ❖ Introduction— The Cost Management Process
 - The risks of poor cost control
 - Capital and revenue costs

- The importance of cost awareness
- The importance of cost reduction
- Cost management – the key aspects
- How to build a cost management and control process checklist for your areas of responsibility

❖ **Cost Removal – Taking Out of Costs**

- Cost awareness
- Costs of poor design / poor processes
- Value engineering
- Removing redundant costs

DAY TWO:

❖ **The Need for Commercial, Technical and Financial Appraisals**

- Understand the problems before cash is committed and costs incurred
- Making the effort to identify commercial and technical risk
- The time value of money – DCF techniques for long term projects
- Cost models for production processes and projects
- Costing models – project appraisals
- The use of spreadsheets to identify sensitivity and risk
- How to focus on risk management

❖ **Budgeting – Proper Budgeting Challenges Costs**

- The philosophy of the business – are costs an issue?
- The importance of having the right culture
- The need for detailed business objectives
- Budgetary control measures
- Designing budget reports – for action

DAY THREE:

❖ **Zero-Based Budgeting (ZBB) – The Principles**

- Much more than starting with a clean sheet of paper
- What ZBB can achieve
- The concept of decision packages – to challenge business methods and costs
- Only necessary costs should be incurred
- A review of an operating budget – demonstrating what ZBB challenges and the costs it may lead to being taken out

❖ **Awareness of Overloads and Other Costs**

- Definitions of cost – direct and indirect
- Dealing with overheads – what is meant by allocation, absorption or apportionment?
- The apparent and real problems with overheads
- Different ways of dealing with overheads
- Review of overhead allocation methods and accounting and reporting issues

DAY FOUR:

❖ **Overhead and Product Costing**

- Activity-based costing (ABC) – the principles
- Where and how the ABC approach may be helpful
- Know the 'true' cost of a product or a project

- Should you be in business? Will you stay in business?
- Identifying weaknesses in a traditional overhead allocation
- How ABC will help improve product or service costing
- Identifying which products and activities should be developed and which abandoned
- ❖ **Cost Reduction Culture**
 - The need for cost reports
 - What measures can be used to identify over-spends as early as possible
 - Cost control performance measures and ratios

DAY FIVE:

- ❖ **Design of Cost Control Reports**
 - Reports should lead to action and deliver
 - Selecting cost control measures which can be acted upon
 - Practice in designing action reports
- ❖ **Course Conclusion**
- ❖ **POST-ASSESSMENT and EVALUATION**

Training Methodology:

This interactive training course includes the following training methodologies as a percentage of the total tuition hours:

- 30% Lectures, Concepts, Role Play
- 70% Workshops & Work Presentations, Techniques, Based on Case Studies & Practical Exercises, Gamification, Software & General Discussions
- Pre and Post Test

Training Certificate(s):

CMCT Internationally recognized certificate(s) will be issued to each participant who completed the course.

Training Fees:

TBA as per the course location - This rate includes participant's manual, hand-outs, buffet lunch, coffee/tea on arrival, morning & afternoon of each day.

Note: The 5% VAT (Value Added Tax), will be effective starting 01st of January 2018 as per the new regulation from the UAE Government. The VAT applies for all quotation both for local and abroad.

Training Timings:

Daily Timings:

07:45 - 08:00	Morning Coffee / Tea
08:00 - 10:00	First Session
10:00 - 10:20	Recess (Coffee/Tea/Snacks)
10:20 - 12:20	Second Session
12:20 - 13:00	Recess (Prayer Break & Lunch)
13:00 - 14:00	Last Session

For training registrations or in-house enquiries, please contact:

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