Study Guide

Answers to the 3 Hardest Questions from Finance

Session Description
Why did you blow the budget? Cost avoidance is not actually saving money, right? How do you really know we're getting good prices? Fact: most financial executives have no experience negotiating pricing with materials suppliers. Small wonder explaining price outcomes can be challenging, especially in a volatile, sellers' market. This webinar shows how to create simple reports that will resonate with finance and demonstrate the competitive advantage you create for your organization. Key take-aways: • Reasons why should cost models work so well • Why procurement professional need to be armed with marketplace data • Ways should cost models allow procurement to support finance

Reflection Questions
1. Why are budgets a common source of friction between procurement and finance?
2. What should be used in place of budgets to determine procurement's cost impact?
3. What is the primary factor that prevents most procurement negotiators from being fully prepared?

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4. Why do should cost models work so well?
5. What tends to happen to supplier pricing when a should cost model is not being used?
6. How can should cost models help finance manage gross margin?
7. How can should cost models help document cost avoidance?
8. How can procurement determine whether they are getting good prices?