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VIEWPOINT

# 5 Cost Reduction Successes from Cost Management Certification Participants



**Denise Mattern**  
Business Development and Account Manager  
[dmattern@apurchasingd.com](mailto:dmattern@apurchasingd.com)

## *“A 4-Month Online Development Program”*

Are you looking to reduce costs, improve negotiation skills, or understand cost breakdowns and cost modeling? Here are 5 cost reduction ideas that have been identified by participants in APD's Cost Management Certification Program within the last 12 months:

### **1. Build a cost model to identify cost savings**

A Sourcing Director at a Fortune 500 Company used linear and multivariate regression techniques learned in the Certification Program to identify outliers and target 10% savings. This is a projected \$1.4 million cost savings. Other areas of the manufacturing process have been identified as good opportunities to run regression analysis and find additional cost savings.

### **2. Conduct a market test utilizing data collected in a cost catalog**

A Buyer identified a \$1.3 million savings opportunity with additional \$8M+ over the next 10 years. This manufacturer has a diverse number of products for the automotive, agriculture, heavy truck, and defense industries.

### **3. Utilize Optimal Cost Validation to resource parts**

A Purchasing Manager at a Tier 1 Automotive supplier learned about Optimal Cost Validation in the program and saved a large amount of money by resourcing the business.

### **4. Identify outsourcing savings by building a cost catalog**

An Indirect Purchasing Supervisor negotiated \$500,000 in savings by building a cost catalog and understanding where the outliers in his supplier's quotes were.

### **5. Conduct knowledge-based negotiations**

A Purchasing Manager at a Tier 1 Automotive Company learned how to conduct knowledge-based negotiations to obtain cost transparency and move pricing towards optimal. She now better understands manufacturing costs so she can evaluate supplier quotes, build cost models to analyze supplier quotes and estimate should be pricing on new programs, and break down the quote information so cost reduction opportunities can be determined and negotiated.

**If these cost reduction ideas are relevant to you and you would like to improve costing and negotiating skills, join us for APD's 4-month online program and become a Certified Cost Management Professional.**

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**About the Author:** Denise Mattern is a Business Development and Account Manager for Advanced Purchasing Dynamics. Denise works with manufacturing companies to develop cost reduction programs and build cost fluency within purchasing organizations.