



PB INSTITUTE OF RESEARCH AND TECHNOLOGY

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Nairobi - Kenya

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Outsourcing Budgeting Excellence: Managing Vendors, Costs and Performance

Duration: 5 days

On-Site

01 Who Should Attend

- Supply-chain professionals
- Operations managers
- Commercial managers
- Project and programme managers
- Risk and compliance professionals
- Internal auditors
- IT vendor-management professionals
- Shared-services managers
- Business transformation professionals
- Senior executives responsible for outsourcing and third-party relationships

02 About the Course

Value Beyond Borders: Budgeting for Outsourcing and Vendor Management is a practical training course designed to equip procurement, finance, outsourcing, contract-management, supply-chain, operations, and senior management professionals with the skills required to plan, budget, monitor, and optimize outsourced services and vendor relationships. The course explores outsourcing business cases, vendor cost structures, budgeting methodologies, total cost of ownership, supplier selection, contract pricing, service-level agreements, vendor performance, financial controls, risk management, and expenditure monitoring. Participants will learn how to evaluate outsourcing costs beyond headline prices, manage vendor budgets effectively, identify hidden costs, control contract expenditure, and maximize value throughout the vendor lifecycle.



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03 Workshop Objectives

- Master the strategic principles of budgeting for outsourcing.
- Develop a robust framework for forecasting vendor-related costs.
- Master negotiation strategies to secure favorable contract terms.
- Implement a system for tracking and controlling vendor spending.
- Use performance metrics to ensure vendors deliver on their contracts.
- Mitigate financial risks associated with outsourcing and vendors.

04 Module Topics

Module 1: The Strategic Role of Outsourcing

- The benefits and risks of outsourcing and external partnerships.
- When to outsource vs. insource functions.
- The link between outsourcing and the corporate budget.
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- Case studies of successful outsourcing relationships.

Module 2: Forecasting Vendor-Related Costs

- A systematic approach to creating an outsourcing budget.
- Techniques for forecasting fixed vs. variable vendor costs.
- The role of market analysis in budget planning.
- Integrating vendor costs into departmental and master budgets.
- Using rolling forecasts for greater accuracy.

Module 3: Vendor Selection and Cost Analysis



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- Developing a clear vendor selection process.
- The importance of a Total Cost of Ownership (TCO) analysis.
- Using a request for proposal (RFP) to get detailed cost breakdowns.
- Evaluating vendor proposals from a financial perspective.
- Practical exercises on comparing vendor bids.

Module 4: Contract Budgeting and Negotiation

- Key components of a strong vendor contract.
- Master negotiation strategies for cost control and value.
- Understanding different pricing models (e.g., fixed-price, time & materials).
- Budgeting for contract modifications and scope changes.
- A workshop on creating a budget for a sample contract.

Module 5: Performance Management and Financial Control

- The purpose of Service Level Agreements (SLAs).
- Developing key performance indicators (KPIs) for vendor performance.
- Implementing a system for tracking and controlling spending.
- Using variance analysis to identify budget deviations.
- The role of regular business reviews with vendors.

Module 6: Risk Management and Compliance

- Identifying financial and operational risks in vendor relationships.
- The importance of due diligence and risk assessment.
- Budgeting for compliance costs and regulatory changes.
- Managing currency fluctuations and payment risks.
- The role of termination clauses and contingency planning.

Module 7: Technology and Tools



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- ▶ Overview of vendor management software and platforms.
- ▶ The benefits of automation in managing invoices and payments.
- ▶ Using technology for performance tracking and reporting.
- ▶ Integrating vendor management systems with accounting software.
- ▶ Best practices for data integrity and security.

Module 8: Final Workshop and Case Studies

- ▶ A comprehensive case study on a challenging vendor relationship.
- ▶ Participants work in groups to develop a strategic plan.
- ▶ Presenting your plan for budget optimization to the class.
- ▶ A final Q&A and best practice sharing session.
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