

## ESE Open Book Cost Management

**Transparency of costs and effective open book cost management is essential to delivering efficiencies and successful collaboration. In our experience, most clients and contractors do not properly interrogate or understand their suppliers costs. The result is, too often, an adversarial environment and to drive improvement through a collaborative contract. This course introduces delegates to how to do open book properly. We run in a workshop style course, with case studies and group exercises to examine open book techniques appropriate to different forms of contract.**

Poor open book processes result in systems an administrative burden and often generate cost increases. The course introduces delegates to:

- Techniques for achieving and demonstrating cost and value improvements.
- How to structure and present financial information
- Efficiency processes for cost management
- Techniques for reducing costs whilst increasing supplier margins
- Techniques for effective negotiation and management of risk items

During the day we will consider many of the key ingredients that need to be in place to manage an Open Book Contract successfully and efficiently. There is a self assessment exercise to analyse your own knowledge, skills and expertise. Delegates will leave with a firm understanding of the techniques required to manage an Open Book Contract effectively.

### Objectives

The ESE Open Book Cost Management course aims to:

- evaluate the advantages and disadvantages of using Open Book accounting when evaluating the different forms of contract available.

- identify when Open Book Accounting should be applied.
- assess the implications for risk management within an Open Book arrangement.
- identify how cost savings can be gained through using open book accounting
- analyse how quality can be achieved and measured through incentivisation and Key Performance Indicators.
- explain how to implement cost models including target cost setting, reporting of actual costs etc for contracts in co-operation with Contractors and Consultants.
- implement a range of lean tools and techniques to manage to Open Book process.

### Outline Programme

- Objectives of the day
- Introduction to the concept of Open Book Cost Management
- Cost Models
- Risk identification and Management
- Open Book Accounting Systems
- Establishing and Monitoring Key Performance Indicators
- Incentivisation

## Course Leader David Brown

David joined CWC in October 2003 as a Senior Commercial Consultant; he has considerable experience in the interrogation and analysis of historical cost databases with the objective of negotiating improved baseline budget and target costs, and in the establishment of commercial models for framework arrangements as well as the integration of Clients' and Contractors' costing systems.

David's first-hand experience of delivering projects both as a Contractor and as a Consultant means that he has an

all-round understanding of how best to overcome issues that arise during the partnering process. His Construction Industry background offers those involved in day-to-day procurement a practitioner's insight on how best value in procurement can be achieved. Now in charge of CWC's Business Development, David uses his knowledge and experience to guide Clients towards a more productive and rewarding collaborative partnering process.