



Cost Management - CM

COURSE

About the Course

Few problems threaten the petroleum businesses more than uncontrolled costs. Economic realities have made it necessary for most companies to operate with a lean and mean philosophy. Industries previously operating under regulatory rules, which allowed them to pass on all costs to the customer, now face a changed regulatory environment. As the price of our products fluctuates widely, the most vulnerable companies are those that are ineffective in understanding and managing their costs.

Historically energy companies have relied on the efficiency of their operations to drive company profitability. The ability to properly manage costs is now paramount in a company's success and even their ultimate survival. As the energy industry goes through its most monumental changes since the 1970s with huge swings in prices and costs, the companies that can identify efficiencies and inefficiencies will be able to react to the challenges of the global market place, thus generating higher profits.

The course will cover costs management from the basics to the most recent events and trends, using relevant exercises, timely case studies, and role-playing techniques. This seminar is an introduction to Practical Cost Management techniques designed to help the participant better understand the underlying dynamics of cost, which will lead to better decision making concerning products and services, work flows, capital investments, as well as the day-to-day monitoring of the business.

Target Audience

Operating managers, field personnel, project managers, technology managers, budget managers, or practically anyone in the company wanting to manage costs in a more efficient and effective manner. A familiarity with finance is helpful but not required.

You Will Learn

Participants will learn how to:

- Identify the fundamental types of costs and the cost drivers
- Determine the relevant information for decision making
- Understand the different cost classifications
- Identify the objective of costs
- Trace all relevant costs to a single cost object to better manage costs
- Determine and monitor the behavior of costs

- Understand the principles of Activity Based Cost Management (ABCM) and its development and implementation
- Build your own Activity dictionary
- Use sensitivity analysis of cost behavior
- Design management control system that actually work for today's needs
- Analyze capital projects using the proper tools and techniques
- Use and misuse the budget
- Manage and not mismanage costs
- Develop tools to use for managing costs
- Evaluate costs for effectiveness

Course Content

- Raising your own cost management awareness
- Defining costs, classifications and terminology in an oil and gas sense
- Classifying the different costs
- Determining cost objects, cost drivers and their behaviors
- Accurately and effectively assigning costs for an E&P company
- Properly determining the break-even cost and volumes
- Effectively using variance analysis budget for monitoring performance
- Analyzing different types of cost management systems
- Measuring activities and their performance
- Using Activities Based Management (ABM) to monitor costs and processes
- Building and using a practical activity dictionary
- Using value added costs versus non value-added costs for improvement
- Tying costs to revenues to more effectively measure profits
- Distinguishing between cost effectiveness and cost efficiencies
- Using 4 dimensional costs
- Developing productivity measurements that work
- Operating Cost Management
- Using the budgets efficiently and effectively
- Using GAP analysis in measuring productivity of costs
- Support departments cost allocations
- Transfer pricing
- Measuring and controlling productivity
- Optimizing costs in the supply chain
- Capital Cost Management
- Capital investment decision making and the effect on cost management
- Developing and analyzing capital investment projects
- Replace versus maintain
- Life Cycle Costing
- Analytical techniques for managing costs
- Managing personnel, logistics, purchasing and material costs effectively

- Sensitivity analysis for optimizing costs
- Using different scenarios to more effectively manage costs
- Performance measurement
- Incorporating HSSE into the cost management system
- Defining preventive and reactive costs

Product Details

Categories: [Upstream](#)

Disciplines: [Petroleum Business](#)

Levels: [Foundation](#)

Product Type: [Course](#)

Formats Available: [In-Classroom](#)

Instructors: [Ronnie Tucker](#) [PetroSkills Specialist](#)

In-Classroom Format

'22 Nov 28 - '22 Dec 2 | Course | In-Classroom (in Houston)

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