



OM 386: STRATEGIC SOURCING

FALL 2012

#04215 : M/W 2:00—3:30 pm, UTC 3.110

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Course Objectives

This course deals with the first step in meeting the wants, needs, and desires of the consumer of the organization's goods and services as determined by marketing: sourcing.

During this course students will examine the concepts and issues that begin with the basic question of whether or not to produce a product internally or procure it from an outside organization. This decision contains a wide range of options depending upon the level of vertical integration employed by the enterprise. Once the decision to engage outside suppliers has been made, leadership in the supply chain organization must evaluate, select, and effectively manage suppliers and their performance to ensure marketplace and financial performance of the enterprise. This includes negotiation, contract management, and analysis of proposals.

Additionally, we will explore the issues surrounding the decision to outsource functional and business activities within the enterprise. By the end of the course you should be able to evaluate a business situation, provide a strategic analysis, and develop a recommendation for sourcing a function or business activity with an outside organization.

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of sourcing and how

sourcing decisions help leaders leverage the critical assets within their organization and manage their business to maximize the return on operating assets. Through class discussion, informal study groups, and formal group projects (written and oral) you will enhance your communication and collaboration skills. You will learn how high-quality, strategic sourcing decisions enhance the ability of managers to lead their organizations effectively and with integrity. Finally, many of the cases and examples involve international companies and reporting practices, affording you a global perspective on strategic sourcing.

Materials

Required Readings

Book:

“Purchasing & Supply Chain Management” Fourth Edition by Monczka, Handfield, Giunipero, and Patterson. Mason, OH: South-Western/Cengage. 2009.

Library of Congress Control Number: 2008926725,

Student Edition ISBN-13: 978-0-324-38134-4,

Student Edition ISBN-10: 0-324-38134-4

Course Packet: Available at Study.net. It contains a set of cases we will discuss in class.

Optional Readings

Book:

“Getting to YES” 2nd Edition by Fisher, Ury, and Patton. New York: Penguin Books. 1991 ISBN: 978-0-14-015735-2

Course Website: This course will use Blackboard substantially. The login page is located at <http://courses.utexas.edu>. A UT EID is required for accessing the web site. If you need more information or tutorials, go to <http://www.utexas.edu/cc/blackboard>. If you have problems using blackboard, you can call the ITS help desk at 475-9400. You will find the following on Blackboard:

Course Notes: I will usually post the slides for each class on Blackboard the night before each class. You may download and print those slides if you would like to use them as lecture note guides. I will purposely have some blank slides in the lecture for discussion purposes. Additionally, I will post “back up” slides with more detail in them that you can use as study guides, or to gain more detail on the topic.

Assignments and Solutions: Most of the homework assignments will be individual writing and case preparation, but if there are assignments that have specific solutions, those solutions will be posted on Bb after the due date of the assignment.

Grades: Grades on quizzes and assignments will be posted on Blackboard. Please check that the grade posted matches the grade on your paper copy and notify the

instructor (for exams) or the TAs (for assignments) as soon as possible in case of a discrepancy.

Course Requirements and Grading

Your grade in the course will be determined as follows:

	Grade
Quizzes and homework	15%
Team Case Prep	25%
Final Case Project	35%
Class Participation	25%
Total	100%

The MBA Programs Committee approved the following target grade distribution for all Core and Flex Core courses: A (4.0) 25%, A- (3.67) 20%, B+ (3.33) 15%, B (3.0) 35%, B- or below (2.67) 5%. This course uses that target distribution as a guideline for establishing final grades.

Description of Requirements

Written Case Responses

The class will be divided into four person teams early in the semester, and over the duration of the semester each team will have at least one case to prepare and present in class. Major cases will be conducted over two class sessions, and the team will be responsible for presenting the case to the class and addressing their interpretation of the core business problem and critical issues. During the second class meeting the entire class will participate in discussion of analysis, conclusions, and recommendations. It is critical that everyone in the class—not only the team responsible for the case—fully prepare the case in order to participate in discussion. The team will have the last portion of the class to describe their analysis, conclusions, and recommendations in detail to the class. The team will then turn in their work in written form which will be evaluated with the presentation for the 25% of overall grade.

Final Case Project

The final case project will be handled on a team basis using the same four person teams formed at the start of the course. Beginning in October, an executive from a major corporate sponsor of the Supply Chain Management Center will present a live case situation in class. There will be a nominal amount of background information provided during the class session that will enable the teams to begin investigation, data collection, analysis, conclusions, and recommendations.

At the last class period, the executive will return to hear the final presentations from the teams. That presentation and the final written paper (no less than 12 pages, double-spaced) accompanying it will constitute 35% of the final grade. Team members will be asked to submit

a peer evaluation of relative contribution of each team mates to the finished submission. This evaluation will be used to adjust the individual grade as necessary and appropriate.

Quizzes and Homework

There will be up to 3 quizzes (announced in advance) to cover material in the book and up to 5 homework assignments that will total 15% of the final grade.

Class Participation

Since this course depends so heavily on cases and case discussion, class participation by everyone in the class is critical to an effective classroom environment. It is important to note that effective class participation is not simply “air time” as quality of your contribution is just as important as the quantity. While my preference is to call on people who volunteer to contribute, I always reserve the right to “cold call” in order to ensure that everyone has the opportunity to contribute. This requires that everyone be fully prepared for each class session.

A second aspect of class participation uses social media. One of the goals of this class is to encourage students to reach outside the classroom to gain exposure to leading thinkers in the Supply Chain Management and Procurement field. To that end, in order to get the nominal class participation grade each student is expected to identify thought leaders in the field, find blogs or twitter feeds from those individuals, and provide a comment on the blog (public comment) and provide a printout of a screen shot of the comment on the blog. This needs to occur at least three times over the semester with at least two different authors.

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

You should treat the Texas MBA classroom as you would a corporate boardroom.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students do not confuse the classroom for the cafeteria.** The classroom (boardroom) is not the place to eat your breakfast tacos, wraps, sweet potato fries, or otherwise set up for a picnic. Please plan accordingly. Recognizing that back-to-back classes sometimes take

place over the lunch hour, energy bars and similar snacks are permitted. Please be respectful of your fellow students and faculty in your choices.

- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System are described on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. As a Texas MBA student, you agree to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the McCombs School of Business."

Excerpts from the University of Texas at Austin Office of the Dean of Students website
(http://deanofstudents.utexas.edu/sjs/acint_student.php)

The Standard of Academic Integrity

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin, as emphasized in the standards of conduct. More specifically, you and other students are expected to "maintain absolute integrity and a high standard of individual honor in scholastic work" undertaken at the University ([Sec. 11-801](#), *Institutional Rules on Student Services and Activities*). This is a very basic expectation that is further reinforced by the University's [Honor Code](#). At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to [Chapter 11](#) of the *Institutional Rules on Student Services and Activities*.

What is Scholastic Dishonesty?

In promoting a high standard of academic integrity, the University broadly defines scholastic dishonesty—basically, all conduct that violates this standard, including *any act designed to give an unfair or undeserved academic advantage*, such as:

- Cheating
- Plagiarism
- Unauthorized Collaboration
- Collusion
- Falsifying Academic Records
- Misrepresenting Facts (e.g., providing false information to postpone an exam, obtain an extended deadline for an assignment, or even gain an unearned financial benefit)
- Any other acts (or attempted acts) that violate the basic standard of academic integrity (e.g., multiple submissions—submitting essentially the same written assignment for two courses without authorization to do so)

Several types of scholastic dishonesty—[unauthorized collaboration](#), [plagiarism](#), and [multiple submissions](#)—are discussed in more detail on this Web site to correct common misperceptions about these particular offenses and suggest ways to avoid committing them.

For the University's official definition of scholastic dishonesty, see [Section 11-802](#), *Institutional Rules on Student Services and Activities*.

Unauthorized Collaboration

If you work with another person on an assignment for credit *without the instructor's permission to do so*, you are engaging in unauthorized collaboration.

- This common form of academic dishonesty can occur with all types of scholastic work—papers, homework, tests (take-home or in-class), lab reports, computer programming projects, or any other assignments to be submitted for credit.
- For the University's official definitions of unauthorized collaboration and the related offense of collusion, see Sections [11-802\(c\)\(6\)](#) & [11-802\(e\)](#), *Institutional Rules on Student Services and Activities*.

Some students mistakenly assume that they can work together on an assignment as long as the instructor has not expressly prohibited collaborative efforts.

- Actually, students are expected to complete assignments independently unless the course instructor indicates otherwise. So working together on assignments is *not* permitted unless the instructor specifically approves of any such collaboration.

Unfortunately, students who engage in unauthorized collaboration tend to justify doing so through various rationalizations. For example, some argue that they contributed to the work, and others maintain that working together on an assignment "helped them learn better."

- The instructor—not the student—determines the purpose of a particular assignment *and* the acceptable method for completing it. Unless working together on an assignment has been specifically authorized, always assume it is not allowed.
- Many educators do value group assignments and other collaborative efforts, recognizing their potential for developing and enhancing specific learning skills. And course requirements in some classes do consist primarily of group assignments. But the expectation of individual work is the prevailing norm in many classes, consistent with the presumption of original work that remains a fundamental tenet of scholarship in the American educational system.

Some students incorrectly assume that the degree of any permissible collaboration is basically the same for all classes.

- The extent of any permissible collaboration can vary widely from one class to the next, even from one project to the next within the same class.
- Be sure to distinguish between collaboration that is authorized for a particular assignment *and* unauthorized collaboration that is undertaken for the sake of expedience or convenience to benefit you and/or another student. By failing to make this key distinction, you are much more likely to engage in unauthorized collaboration. To avoid any such outcome, always seek clarification from the instructor.

Unauthorized collaboration can also occur in conjunction with group projects.

- How so? If the degree or type of collaboration exceeds the parameters expressly approved by the instructor. An instructor may allow (or even expect) students to work together on one stage of a group project but require independent work on other phases. Any such distinctions should be strictly observed.

Providing another student unauthorized assistance on an assignment is also a violation, even without the prospect of benefiting yourself.

- If an instructor did not authorize students to work together on a particular assignment *and* you help a student complete that assignment, you are providing unauthorized assistance and, in effect, facilitating an act of academic dishonesty. Equally important, you can be held accountable for doing so.
- For similar reasons, you should not allow another student access to your drafted or completed assignments unless the instructor has permitted those materials to be shared in that manner.

Plagiarism

Plagiarism is another serious violation of academic integrity. In simplest terms, this occurs if you represent as *your own work* any material that was obtained from another source, regardless how or where you acquired it.

- Plagiarism can occur with *all* types of media—scholarly or non-academic, published or unpublished—written publications, Internet sources, oral presentations, illustrations, computer code, scientific data or analyses, music, art, and other forms of expression.

(See [Section 11-802\(d\)](#) of the *Institutional Rules on Student Services and Activities* for the University's official definition of plagiarism.)

- Borrowed material from written works can include entire papers, one or more paragraphs, single phrases, or any other excerpts from a variety of sources such as books, journal articles, magazines, downloaded Internet documents, purchased papers from commercial writing services, papers obtained from other students (including homework assignments), etc.
- As a general rule, the use of any borrowed material results in plagiarism if the original source is not properly acknowledged. So you can be held accountable for plagiarizing material in either a final submission of an assignment or a draft that is being submitted to an instructor for review, comments, and/or approval.

Using *verbatim* material (e.g., exact words) without proper attribution (or credit) constitutes the most blatant form of plagiarism. However, other types of material can be plagiarized as well, such as *ideas* drawn from an original source or even its *structure* (e.g., sentence construction or line of argument).

- Improper or insufficient paraphrasing often accounts for this type of plagiarism. (See additional information on [paraphrasing](#).)

Plagiarism can be committed intentionally or unintentionally.

- Strictly speaking, any use of material from another source without proper attribution constitutes plagiarism, regardless why that occurred, and any such conduct violates accepted standards of academic integrity.
- Some students deliberately plagiarize, often rationalizing this misconduct with a variety of excuses: falling behind and succumbing to the pressures of meeting deadlines; feeling overworked and wishing to reduce their workloads; compensating for actual (or perceived) academic or language deficiencies; and/or justifying plagiarism on other grounds.
- But some students commit plagiarism without intending to do so, often stumbling into negligent plagiarism as a result of sloppy notetaking, insufficient paraphrasing, and/or ineffective proofreading. Those problems, however, neither justify nor excuse this breach of academic standards. By misunderstanding the meaning of plagiarism and/or failing to cite sources accurately, you are much more likely to commit this violation. Avoiding that outcome requires, at a minimum, a clear understanding of plagiarism *and* the appropriate techniques for scholarly attribution. (See related information on [paraphrasing](#); [notetaking and proofreading](#); and [acknowledging and citing sources](#).)

By merely changing a few words or rearranging several words or sentences, you are *not* paraphrasing. Making minor revisions to borrowed text amounts to plagiarism.

- Even if properly cited, a "paraphrase" that is too similar to the original source's wording and/or structure is, in fact, plagiarized. (See additional information on [paraphrasing](#).)

Remember, your instructors should be able to clearly identify which materials (e.g., words and ideas) are your own *and* which originated with other sources.

- That cannot be accomplished without proper attribution. You must give credit where it is due, acknowledging the sources of any borrowed passages, ideas, or other types of materials, and enclosing any verbatim excerpts with quotation marks (using block indentation for longer passages).

Plagiarism & Unauthorized Collaboration

[Plagiarism](#) and [unauthorized collaboration](#) are often committed jointly.

By submitting *as your own work* any unattributed material that you obtained from other sources (including the contributions of another student who assisted you in preparing a homework assignment), you have committed plagiarism. And if the instructor did not authorize students to work together on the assignment, you have also engaged in unauthorized collaboration. Both violations contribute to the same fundamental deception—representing material obtained from another source as your own work.

Group efforts that extend beyond the limits approved by an instructor frequently involve plagiarism in addition to unauthorized collaboration. For example, an instructor may allow students to work together while researching a subject, but require each student to write a separate report. If the students collaborate while writing their reports *and* then submit the products of those joint efforts as individual works, they are guilty of unauthorized collaboration as well as plagiarism. In other words, the students collaborated on the written assignment without authorization to do so, and also failed to acknowledge the other students' contributions to their own individual reports.

Multiple Submissions

Submitting the same paper (or other type of assignment) for two courses *without prior approval* represents another form of academic dishonesty.

You may not submit a substantially similar paper or project for credit in two (or more) courses unless expressly authorized to do so by your instructor(s). (See [Section 11-802\(b\)](#) of the *Institutional Rules on Student Services and Activities* for the University's official definition of scholastic dishonesty.)

You may, however, re-work or supplement previous work on a topic with the instructor's approval.

Some students mistakenly assume that they are entitled to submit the same paper (or other assignment) for two (or more) classes simply because they authored the original work.

Unfortunately, students with this viewpoint tend to overlook the relevant ethical and academic issues, focusing instead on their own "authorship" of the original material and personal interest in receiving essentially double credit for a single effort.

Unauthorized multiple submissions are inherently deceptive. After all, an instructor reasonably assumes that any completed assignments being submitted for credit were actually prepared for that course. Mindful of that assumption, students who "recycle" their own papers from one

course to another make an effort to convey that impression. For instance, a student may revise the original title page or imply through some other means that he or she wrote the paper for that particular course, sometimes to the extent of discussing a "proposed" paper topic with the instructor or presenting a "draft" of the paper before submitting the "recycled" work for credit.

The issue of plagiarism is also relevant. If, for example, you previously prepared a paper for one course and then submit it for credit in another course without citing the initial work, you are committing plagiarism—essentially "self-plagiarism"—the term used by some institutions. Recall the broad scope of [plagiarism](#): all types of materials can be plagiarized, including unpublished works, even papers you previously wrote.

Another problem concerns the resulting "unfair academic advantage" that is specifically referenced in the University's definition of scholastic dishonesty. If you submit a paper for one course that you prepared and submitted for another class, you are simply better situated to devote more time and energy toward fulfilling other requirements for the subsequent course than would be available to classmates who are completing all course requirements during that semester. In effect, you would be gaining an unfair academic advantage, which constitutes academic dishonesty as it is defined on this campus.

Some students, of course, do recognize one or more of these ethical issues, but still refrain from citing their authorship of prior papers to avoid earning reduced (or zero) credit for the same works in other classes. That underlying motivation further illustrates the deceptive nature of unauthorized multiple submissions.

An additional issue concerns the problematic minimal efforts involved in "recycling" papers (or other prepared assignments). Exerting minimal effort basically undercuts the curricular objectives associated with a particular assignment and the course itself. Likewise, the practice of "recycling" papers subverts important learning goals for individual degree programs and higher education in general, such as the mastery of specific skills that students should acquire and develop in preparing written assignments. This demanding but necessary process is somewhat analogous to the required regimen of athletes, like the numerous laps and other repetitive training exercises that runners must successfully complete to prepare adequately for a marathon.

Schedule

OM 386 Strategic Sourcing Class Schedule--Fall 2012				
Day	Session	Date	Topic	Readings
W	1	29-Aug	Introduction--Review of syllabus	
W	2	5-Sep	Case Expectations, Purchasing Process, Policy, and Procedures, Integration, SCM Organization, Commodity Strategy	Ch 1-6
M	3	10-Sep	Commodity Strategy, Supplier Evaluation and Selection, Supplier Quality Management and Development, Strategic Cost Management,	Ch 7-12
W	4	12-Sep	EDPR	
M	5	17-Sep	EDPR	
W	6	19-Sep	Guest speaker--Mike Dundas of Dell--Placeholder	
M	7	24-Sep	Feed and Sleep Baby Doll	
W	8	26-Sep	Feed and Sleep Baby Doll	
M	9	1-Oct	Total Cost of Ownership	
W	10	3-Oct	Guest Speaker--Sam Coronado of Shell (Placeholder)	
M	11	8-Oct	Portugal Telecom--Part A	
W	12	10-Oct	Portugal Telecom--Part A	
M	13	15-Oct	Sport Obermeyer	
W	14	17-Oct	Sport Obermeyer, Part B	
M	15	22-Oct	Strategic Sourcing, Purchasing Services	HBS case
W	16	24-Oct	Case: "Strategic sourcing: To make or not to make" and Cummins "B"	2 sourcing readings
M	17	29-Oct	Strategic Sourcing, Purchasing Services	Ch 17
W	18	31-Oct	Contracts	
M	19	5-Nov	Contracts and Ethics	
W	20	7-Nov	Guest Speaker--Halliburton--Placeholder	
M	21	12-Nov	Portugal Telecom--Part B	
W	22	14-Nov	Portugal Telecom--Part B	
M	23	19-Nov	Negotiation	Ch 13
W	24	21-Nov	Team Meetings on Shell Case	
M	25	26-Nov	Procter & Gamble: Global Business Services	
W	26	28-Nov	Procter & Gamble: Global Business Services	
M	27	3-Dec	E-commerce and Reverse Auctions, Exercise	Ch 18
W	28	5-Dec	Guest Speaker--Sam Coronado of Shell (Placeholder)	