OM 337.3: Procurement and Supplier Management—Fall 2012

#04175 : M/W 11:00—12:30, UTC 4.104

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COURSE DESCRIPTION:

Today's business environment depends significantly on the interdependent relationships that make up the supply chain of virtually any successful manufacturing or service company. Whatever the supplier provides, the effective organization needs a robust system to procure the correct goods and services at the best possible price for the organization. Once the organization has made the decision to procure goods and services from another organization, both organizations must clearly define the parameters of the relationship. This course will address the process of procurement including terminology, metrics, and decision making. Additionally, we will investigate the best practices and processes for managing the relationships with suppliers and their performance. We will also explore the sourcing decision and the strategic ramifications of producing/providing goods and services internally or purchasing them from external organizations.

I come to this course with over 25 years in operations, supply chain, and general management. The experience of owning, managing, and consulting to businesses of a variety of different sizes provides me with a context for this course that we can use for a basis of discussion and learning. Please question me on the issues in this course covered through the books, cases, and lecture so that your learning takes place at the level of quality you expect.

This course is one of the required courses for our major in Supply Chain Management.

Prerequisites: OM 335—Introduction to Operations Management

COURSE OBJECTIVES:

The main objectives of this course are:

- To provide you with an understanding of the importance of procurement and supplier management in today's business environment.

- To familiarize you with the basic concepts, techniques, methods and applications of procurement and supplier management, including: supplier selection, sourcing decisions, managing supplier performance, and negotiations.
- To enhance your analytical skills and ability to uncover problems and opportunities for improvement in supply chain and overall organizational performance.
- To ensure that you have the opportunity to exercise your writing skills and receive constructive feedback on your writing. This is a writing flag course.
    - Writing Flag courses are designed to give students experience with writing in an academic discipline. In this class, you can expect to write regularly during the semester, complete substantial writing projects, and receive feedback from me to help you improve your writing. You will also have the opportunity to revise one or more assignments, and to read and discuss your peers' work. You should therefore expect a substantial portion of your grade to come from your written work.

COURSE MATERIALS:

1. 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.

2. Optional Readings

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

3. 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:

a. **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.

b. **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.

c. **Surveys:** Periodically throughout the semester I will be surveying the class for feedback on the course and how it can be improved. Please participate in these surveys, as I use them to adjust the class to improve your learning experience. If, however, you have a suggestion, please feel free to contact me to share your thoughts.

d. **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.

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on FERPA related issues see http://registrar.utexas.edu/students/records/ferpa/

PERFORMANCE EVALUATION:

1. **Assessment:** Your grade will be assessed through homework assignments, exams and class participation. Below is a description of how the various types of assignments and tests contribute to your grade, as well as a description of each type of graded work.

	Grade
Quizzes	15%
Major Individual paper	25%
Final Case Project	20%
Homework assignments	20%
Class Participation	20%
Total	**100%**

2. **Grades:** It is important to note that all grades at the University of Texas at Austin will utilize the plus/minus system. Therefore, I will be adhering to University policy and will be utilizing this grading system, with the table below showing the starting point for my calculations of the final grade. Generally, all assignments and tests will be given a numerical grade with no curving of any kind. I reserve the right to adjust the numerical ranges of the table downward for the final grade calculations, if appropriate.

Letter Grade	Numerical Range
A	95.0 – 100
A-	91.0 – 94.9
B+	87.0 – 90.9
B	84.0 – 86.9
B-	80.0 – 83.9
C+	77.0 – 79.9
C	74.0 – 76.9
C-	70.0 – 73.9

3. **Quizzes:** We will have up to four quizzes during the semester to cover material from the book and lectures. Given the nature of this course, the quizzes will be a combination of short answer and/or multiple choice. Quizzes will be on Blackboard and will be conducted on a timed basis outside of class.

   Offering a make-up quiz for a missed quiz is entirely at the discretion of the instructor. Students with legitimate reasons and letters of proof could request to take make-up quizzes, but such a request MUST take place before the original exam date.

   Any concern regarding the grading of quizzes should be addressed directly to the instructor, no later than one week after the grade was assigned.

4. **Individual Paper:** Each student will, individually, prepare a research paper on a Procurement, Sourcing, or Supplier Management topic of their choice. This is an opportunity to delve more deeply into a topic area that perhaps we only touch upon in the course, but is of greater personal interest to the student. Topics could include items such as: Sustainability and the supply chain, Onshoring versus Offshoring, Trends on outsourcing in the Service industries, and theories on supply chain impact on social and international development. This is a research paper and will require no fewer than five (5) citations from academic journals or other higher-level publications. If there is a question on the validity of the reference, check with the professor. Expectations are for a minimum of 12 pages (not including appendices and reference page), double-spaced, 1- inch margins, 12 point font, and MLA or APA style. I personally prefer APA, but am not limiting you to that style if you are more familiar with MLA. Due date is on the schedule.

   As part of the writing flag requirements of the course, you will be required to provide a draft to a classmate for critique and feedback. Your final submission to me will include your draft with comments (either manual or in “track changes” format in Word) from your classmate editor as well as your final paper. I will return your papers with critique on your writing as well as content. This paper constitutes the highest value component of your final semester grade.

   Grading for the paper will consist of three sections: Content (55%), Writing (35%), and Editing (10%). A more detailed grading rubric will be discussed during the class.

5. **Final Case Project:** We have a special opportunity this semester to participate in a program with Target Stores. We will be studying a case developed by Target based upon

their actual experiences in the Supply Chain activities of their corporate setting. We will be revisiting this case throughout the semester to gain more insight into the case as the course develops. Students will be participating in this activity in teams of 4 students. The final presentations will take place during the last two class sessions and will determine, along with the final paper, the final case grade that will substitute for a final exam. The best performance in this assignment—both presentation and final paper—will be eligible to participate in the Target scholarship program. Further details will be discussed in class.

6. **Homework Assignments:** There will be multiple homework assignments throughout the semester. You may do the homework assignments in teams unless otherwise noted, but in this case, each student must hand in a separate copy and indicate the names of the people they worked with on the front page.

   Homework assignments have to be turned in at the beginning of the class session listed on the schedule or by email to the TA (and me in cc:), before the starting time of the class session. You can also put your homework assignment in my mailbox, the TA's mailbox or under my office door but then you need to email us to let me know that you have done so. The solutions to the homework will be provided at the end of the day when it is due; therefore no late homework assignments will be accepted. I do reserve the right to assign a make-up homework for pre-approved situations such as significant illness or emergency.

   When computing the average grade on homework assignments, the two lowest grades will be dropped. In other words, your final score will be the average of your 10 best scores. Homework assignments will be graded by the TA on a scale of 0 to 5. In general this means:

   - 0 points for no submittal or no reasonable effort
   - 1 point for submittal
   - 2 points for submittal and good faith attempt, but missed the mark on the goal of the assignment
   - 3 points for essentially correct, good effort
   - 4 points for correct, very good effort
   - 5 points for exceptional work, including correct answers to the challenging questions or insightful analysis of a case with supporting data

   Points will be given for effort (especially for the case-based assignments), correctness of your answers and presentation. Any concern regarding the grading of homework assignments should be addressed directly to the TA and not to the instructor, no later than one week after the grade was assigned. Generally speaking a "3" on homework would be roughly equivalent to 85 on a 100 point scale.

7. **Class Participation:** Regular attendance at all class meetings is expected. If you will not be able to attend a class, I appreciate an email letting me know. I will not, however, be taking formal attendance with the exception of the guest speakers.

   Students are expected to prepare before class. Participation in class, in the form of answering questions and/or commenting on the material is strongly encouraged. Obviously,

you cannot participate in class discussions if you are not present, so attendance will affect your grade by affecting your class participation. Students may not disturb classmates, surf the web, read newspapers or use their cell phones in class. Laptops will be closed and cell phones put away during class.

We will have two guest speakers for this class that are scheduled outside normal class hours. Attendance will be taken at these events and is mandatory. You must see me before the event if there is any conflict. Since we are dealing with high-level business executives, scheduling issues do sometimes arise and we may be forced to reschedule. However, at this time the two events are September 19 and November 7 from 5:00 to 6:30 p.m.

Thought Leaders and current events:

The beginning of each class session will include a discussion of the most recent developments in current events and the impact on Procurement. Preparation for the current events discussion is a great way to ensure an opportunity to participate. In each session, students are asked to pick up their name card and return it at the end of the session. On the back of the name card is a table you can use to note your own evaluation of your class participation.

Additionally, you will have the responsibility over the course of the semester to find and follow the blogs/twitter for thought leaders in Supply Chain Management. To obtain at least the minimum grade for class participation, you will need to find and comment on the blog (or twitter) of at least two separate sites. Proof of this comment can be shown by a printed screen shot of the posting with your comment that you can turn in with homework.

Participation in professional societies is an important component of your development and career management, so up to 33% of your final class participation grade will reflect your membership in SCMSO (the undergraduate SCM organization) and the Institute for Supply Management (ISM) which is free for students. Written proof of your membership in these two organizations will be required to obtain the full consideration of this portion of the class participation grade. I will be facilitating the membership sign up for ISM in class.

Reasonable attendance (no more than 3 absences over the semester), following and commenting on thought leaders, and participation in these two groups (SCMSO and ISM) assures at least an 85 for class participation.

8. **Writing:** This course is a writing flag course, and as such, requires a significant amount of writing and feedback. Please note the following from the Writing Center:

   Writing Center*: I strongly encourage you to use the Undergraduate Writing Center, FAC 211, 471-6222: http://www.uwc.utexas.edu/). The Undergraduate Writing Center offers free, individualized, expert help with writing for any UT undergraduate, by appointment or on a drop-in basis. Any undergraduate enrolled in a course at UT can visit the UWC for assistance with any writing project. They work with students from every department on campus, for both academic and non-academic writing. Whether you are writing a lab report,*

a resume, a term paper, a statement for an application, or your own poetry, UWC consultants will be happy to work with you. Their services are not just for writing with "problems." Getting feedback from an informed audience is a normal part of a successful writing project. Consultants help students develop strategies to improve their writing. The assistance they provide is intended to foster independence. Each student determines how to use the consultant's advice. The consultants are trained to help you work on your writing in ways that preserve the integrity of your work.

SCHOLASTIC DISHONESTY

I take honesty and integrity very seriously. I will follow up on issues according to university rules. You can refer to the website at http://deanofstudents.utexas.edu/sjs/ for more information. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the university. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced.

STUDENTS WITH SPECIAL NEEDS

The University of Texas at Austin provides upon request appropriate accommodations for qualified students with disabilities. For more information contact the Office of the Dean of Students at 471-6259 or 471-4641 TTY.

If for some reason you need special assistance to take an exam or complete an assignment please notify me ahead of time so that special arrangements can be made in a timely fashion.

SCHEDULE

A current schedule will always be available on the Blackboard course website. The attached schedule is tentative and subject to change, but you will be informed of any major changes to these dates.

COURSE SCHEDULE

OM 337 Procurement and Supplier Management Class Schedule--Fall 2012					
Day	**Session**	**Date**	**Topic**	**Readings**	**Work Due**
W	1	29-Aug	Introduction--Review of syllabus		
W	2	5-Sep	Case Expectations, Purchasing Process, Policy, and Procedures	Ch 1, 2, HTPAC	
M	3	10-Sep	Purchasing Policy and Procedures & Integration, Purchasing and SCM Organization	Ch 3, 4, 5	HW1
W	4	12-Sep	SCM Organization/Commodity Strategy	Ch 5, 6	
M	5	17-Sep	Commodity Strategy Development, Supplier Evaluation and Selection	Ch 6, 7,	HW2
W	6	19-Sep	Guest speaker--Mike Dundas of Dell--Placeholder		Quiz 1
M	7	24-Sep	EDPr case		HW3
W	8	26-Sep	Supplier Quality Management, Supplier Management and Development	Ch 8, 9 HTRAPF	
M	9	1-Oct	FSBD Case		HW4
W	10	3-Oct	Supplier Quality Management, Supplier Management and Development	Ch 8, 9	
M	11	8-Oct	Worldwide Sourcing, Strategic Cost Management	Ch 10, 11	
W	12	10-Oct	Case: Sport Obermeyer	HBS case	HW5
M	13	15-Oct	Strategic Cost Management (cont), Purchasing & SCM Analysis	Ch 11, 12	Paper Draft
W	14	17-Oct	Case: Sport Obermeyer with TCO/Strategic Cost Management (cont), Purchasing & SCM Analysis		HW6
M	15	22-Oct	Case: Portugal Telecom--INSEAD, part A	case	HW7
W	16	24-Oct	Negotiation	Ch 13, GTY	
M	17	29-Oct	Negotiation exercise		Final Paper
W	18	31-Oct	Contract Management, Laws and Ethics	Ch 14, 15	
M	19	5-Nov	Contract Management, Laws and Ethics	Ch 14, 15	HW8
W	20	7-Nov	Guest Speaker--Halliburton--Placeholder		Quiz 2
M	21	12-Nov	Strategic Sourcing, Purchasing Services	HBS case	
W	22	14-Nov	Case: "Strategic sourcing: To make or not to make" and Cummins "B"	2 sourcing readings	HW9
M	23	19-Nov	Strategic Sourcing, Purchasing Services	Ch 17	
W	24	21-Nov	Case Competition team prep meetings		
M	25	26-Nov	Initial Presentations		
W	26	28-Nov	Initial Presentations		
M	27	3-Dec	Reverse Auction exercise		HW10
W	28	5-Dec	Final Presentations		