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## OM 337.3: Procurement and Supplier Management—Fall 2010

#04165 : MW 12:30 pm – 2:00 pm in UTC 4.110

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Office Hours : Tuesdays, 2:00 – 4:00 pm, or by appointment

TA : Email :  
Office : Phone:  
Mailbox : CBA 5.202  
Office hours :

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### COURSE DESCRIPTION:

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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.

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 elective courses for our major in Supply Chain Management.

Prerequisites: OM 335—Introduction to Operations Management

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### COURSE OBJECTIVES:

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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.

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## **COURSE MATERIALS:**

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### **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: “Toyota Supply Chain Management” by Iyer, Seshadri, and Vasher. New York, McGraw-Hill. 2009.  
ISBN: 978-0-07-161549-5
- Book: “Getting to YES” 2<sup>nd</sup> 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.
- b. Assignments and Solutions:** The purpose of homework assignments is to provide learning reinforcement and promote class preparedness. You will find that the homework provides excellent learning feedback and is a confidence-building tool. The assignments will also help you prepare for the exams.
- c. Forums:** You are invited to further discuss topics brought up in class on the forum. This forum is on the Blackboard site for the class. High quality forum postings will count toward your class participation grade. You can also post any comments you have about the material and ask questions. Finally, you can post comments, criticisms and suggestions anonymously regarding the course. In particular, let me know throughout the semester if there is anything I can do to make the delivery of the course better for you.

- d. **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.
- e. **Grades:** Grades on exams 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/>*

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## PERFORMANCE EVALUATION:

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- 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
Midterm Exam I	20%
Midterm Exam II	20%
Final Case Project	25%
Homework assignments	20%
Class Participation	10%
ISM membership, SCMSO membership	5%
<b>Total</b>	<b>100%</b>

- 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. **Exams:** We will have two exams during the semester to cover roughly the first and second halves of the semester. Given the nature of this course, the tests will be a combination of short answer, multiple choice, and some longer answer “essay” type questions.

Offering a make-up exam for a missed exam is entirely at the discretion of the instructor. Students with legitimate reasons and letters of proof could request to take make-up exams.

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

4. **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.
5. **Homework Assignments:** There will be multiple homework assignments throughout the semester. You may do the homework assignments in teams but in this case, each student must hand in a separate handwritten copy and indicate the names of the people they worked with on the front page. If you do the assignment individually, then you may (and in fact are encouraged to) type it.

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. However you are strongly encouraged to hand in all 12 assignments as they constitute the

best preparation for the exams. Homework assignments will be graded by the TA on a scale of 0 to 3. In general this means:

- 0 points for no submittal or no reasonable effort
- 1 point for submittal and good faith attempt
- 2 points for essentially correct, good effort
- 3 points for exceptional work, including correct answers to the challenging questions

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 TAs and not to the instructor, no later than one week after the grade was assigned. Generally speaking a “2” on homework would be roughly equivalent to 85-90 on a 100 point scale.

- 6. 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.

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. Participation on the Blackboard forum will also be counted towards the class participation grade, as long as the posted comments are relevant. 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.

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. I will provide my evaluation (which will be used for grading) and will note it on your name card for you to see.

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## **SCHOLASTIC DISHONESTY**

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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.

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## **STUDENTS WITH SPECIAL NEEDS**

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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.

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## **SCHEDULE**

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The following is a tentative schedule of meetings, readings, and deliverables for the semester. This is subject to change. When there are major changes, you will be notified by email; a current schedule will always be available on the Blackboard course website.

<b>Session</b>	<b>Date</b>	<b>Day</b>	<b>Topic</b>	<b>Readings</b>
1	25-Aug	Wed	Intro, Syllabus, and Governance	Syllabus
			<b>Purchasing Operations and Structure</b>	
2	30-Aug	Mon	Intro, Purchasing Process	Ch 1, 2
3	1-Sep	Wed	Purchasing Policy and Procedures & Integration	Ch 3, 4
4	6-Sep	Mon	Labor Day, no class	
5	8-Sep	Wed	Purchasing and SCM Organization, potential guest	Ch 5
			<b>Strategic Sourcing</b>	
6	13-Sep	Mon	Commodity Strategy Development	Ch 6
7	15-Sep	Wed	Supplier Evaluation and Selection	Ch 7, HBR
8	20-Sep	Mon	Supplier Quality Management	Ch 8
9	22-Sep	Wed	Supplier Management and Development	Ch 9
10	27-Sep	Mon	Worldwide Sourcing	Ch 10
11	29-Sep	Wed	Case: Sport Obermeyer	HBS case
12	4-Oct	Mon	Test 1	
			<b>Sourcing Processes</b>	
13	6-Oct	Wed	Cost Management	Ch 11
14	11-Oct	Mon	Analysis: Tools and Techniques	Ch 12
15	13-Oct	Wed	Guest Speaker	
16	18-Oct	Mon	Negotiation	Ch 13, GTY
17	20-Oct	Wed	Negotiation	
18	25-Oct	Mon	Contract Management	Ch 14
19	27-Oct	Wed	Laws and Ethics	Ch 15
			<b>Supply Chain Elements</b>	
20	1-Nov	Mon	Lean SCM	Ch 16
21	4-Nov	Wed	Purchasing Services	Ch 17
22	8-Nov	Mon	SCM info Systems and eSourcing	Ch 18
23	10-Nov	Wed	Performance Measurement and Evaluation	Ch 19
24	15-Nov	Mon	Target Guest Speaker	
25	17-Nov	Wed		
26	22-Nov	Mon	Test 2	
27	24-Nov	Wed	Case	
28	29-Nov	Mon	Presentations	
29	1-Dec	Wed	Presentations	