

**COMM 491.3 (01 & 03)**

**Purchasing and Supply Management**

**Course Syllabus**

**2020/21 Term 1**

The Edwards School of Business develops business professionals to build nations.

|  |  |
| --- | --- |
| **PROFESSOR** | Mehran Hojati |
| **TELEPHONE** | (306) 966-8428 |
| **OFFICE** | -- |
| **EMAIL** | [Hojati@edwards.usask.ca](mailto:Hojati@edwards.usask.ca) |
| **OFFICE HOURS** | By appointment, using WebEx |
| **CLASS TIME LOCATION** | Mon & Wed, (01) 2:30-3:50 pm, (03) 4:00-5:20 pm  On line |

When we gather at the University of Saskatchewan Saskatoon campus, we acknowledge that we are on Treaty 6 Territory and the Homeland of the Métis. We pay our respect to the First Nations and Métis ancestors of this place and reaffirm our relationship with one another.

**Course Description**

This course introduces you to purchasing and supply management in organizations. Specifically, it includes purchasing process; purchasing’s position in organization and user (internal client) relations; supplier relationship management, spend analysis, and partnership; purchasing/supplier involvement in new product development, value analysis, and cross functional teams; specification and standardization; Supplier quality, performance measurement, certification, and development; purchasing equipment, total cost of ownership, and asset recovery; purchasing services and construction; make-or-buy and insourcing/outsourcing decisions; sourcing and product/supplier selection; international purchasing and INCOTERMS ; price & cost analysis, cost estimation, and should cost method; forward buying of commodities, commodity exchanges, and risk hedging; contract law; review of inventory management and production planning; purchasing, inventory management, and material requirements planning using an ERP software (SYSPRO); negotiation; purchasing for public sector; and ethics and social responsibility. In addition, we will discuss and analyse some short cases in order to apply what we have learned to a specific decision-making problem faced by a purchasing professional (a buyer).

**B. Comm. Program Learning Goals**

The icons below represent the goals we expect all students who graduate from the Bachelor of Commerce program to achieve. The learning outcomes for this course are connected to these broader goals.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| BKnowledgeIcon.png  Icon2.png | **Disciplinary Knowledge**  *Be competent in a discipline specific area.*  **General Business Knowledge**  *Be competent in the general field of business.* | TeamIcon.png | **Teamwork skills**  *Be effective contributors to team performance.* | Icon3.png | **Discovery**  *Be effective decision makers and problem solvers.* |
| CommunicationIcon.png | **Communication skills**  *Be effective written and oral communicators.* | IntegrityIcon.png | **Integrity**  *Incorporate ethical considerations into decision making and intended actions.* | CitizenshipIcon.png | **Citizenship**  *Be engaged contributors to society.* |

**Course Objectives**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *By the end of this course, you will be expected to be able to:* | | **AOL Learning Objectives** | | | | | | |
| ***Disciplinary*** | ***General*** | ***Communication*** | ***Teamwork*** | ***Integrity*** | ***Discovery*** | ***Citizenship*** |
|  |  |  |  |  |  |  |
| 1 | Analyze, discuss and write case reports | x | x | x | x | x | x |  | |
| 2 | Explain the purchasing process in organizations | x |  |  |  |  |  |  | |
| 3 | Understand the role of purchasing in the organization and dealing with internal clients (users) | x |  |  |  |  |  |  | |
| 4 | Classify suppliers for type of relationship, discuss partnerships, and apply spend analysis | x |  |  |  |  | x |  | |
| 5 | Understand the role of purchasing in new product development, value analysis, and cross functional teams | x |  |  |  |  | x |  | |
| 6 | Describe variuos types of specification, and standardization | x |  |  |  |  |  |  | |
| 7 | Undertand the role of buyer in assuring and controlling supplier quality, supplier performance measurement, supplier certification, and supplier development | x |  |  |  |  |  |  | |
| 8 | Describe the differences in the capital equipment acquisition process, perform basic investment analysis, determine total cost of ownership, and describe issues related to asset disposal | x |  |  |  |  |  |  | |
| 9 | Describe the unique characteristics of services and service procurement including construction, and learn to write a statement of work | x |  |  |  |  |  |  | |
| 10 | Understand competitive bidding, prepare a RFQ and a RFP, and know when to use each | x |  | x |  |  |  |  | |
| 11 | Analyze and apply make or buy, insourcing or outsourcing decisions | x |  |  |  |  |  |  | |
| 12 | Understand sourcing, and evaluate and select suppliers | x |  |  |  |  |  |  | |
| 13 | Explain major issues of the international purchasing, low-cost-country sourcing and NAFTA, discuss the function of intermediaries, INCOTERMS, and letter of credit | x |  |  |  |  |  |  | |
| 14 | Understand price and cost analysis, cost estimation, and apply should cost method | x |  |  |  |  |  |  | |
| 15 | Explain forward and futures contracts, commoditiy exchanges, and apply risk hedging. | x | x |  |  |  |  |  | |
| 16 | Understand contract law and use it to decide real legal cases | x | x | x | x |  | x |  | |
| 17 | Use SYSPRO (ERP software) for purchasing, inventory management, and material requirements planning | x |  |  |  |  |  |  | |
| 18 | Understand and develop negotiation skills and tools for negotiation preparation—including self-assessment and assessment of the other party | x | x |  |  |  |  |  | |
| 19 | Describe the differences for public sector, their procurement, group purchasing, trade agreements, rationale for competitive bidding, and competitive bidding law | x |  |  |  | x |  | x | |
| 20 | Define ethics and understand its role, code of ethics, social responsibility, and green supply chain | x | x |  |  | x | x | x | |

|  |  |  |  |
| --- | --- | --- | --- |
| **Grade Distribution** |  | Course Learning Outcomes | Program Learning Goals |
| Class participation | 2% | 1, 3 | Icon2.png **BKnowledgeIcon.png** Icon3.png |
| Homework assignments (5)  Syspro assignment | 25%  10% | 1-3 | **BKnowledgeIcon.png** Icon3.png TeamIcon.png |
| Midterm exam | 25% | 1, 3 | **BKnowledgeIcon.png** Icon3.png |
| Final exam | 38% | 1-3 | **BKnowledgeIcon.png** Icon3.png |
| Total | 100% |  |  |

|  |  |
| --- | --- |
| **Prerequisite**  **Textbook** | COMM 205  *Proactive Purchasing in the Supply Chain*, Burt, Petcavage, and Pinkerton, 2012, New York: McGraw-Hill, ISBN: 978-0- 07-177061-3. |
| **Class Preparation & Blackboard (Course Tools)** | You are expected to keep up with the lectures, read the assigned cases before class and be prepared for class discussions. Course material will be posted on Blackboard (Course Tools) the night before scheduled class times. |
| **Contacting Your Instructor** | If you require assistance, speak to me after the class or email me. Individual Webex meeting can be arranged by appointment. |
| **Proper Business Use of Email** | Always use your PAWS/University of Saskatchewan email account (e.g., [abc123@mail.usask.ca](mailto:abc123@mail.usask.ca)). |
| **Class Participation** | Class participation is based on attendance and contribution to discussions and case analysis. I will take attaendance only when we will have in-class case discussion (see schedule below). |
| **Homework Assignments** | There will be 6 assignments (including SYSPRO). Completed assignments are to be submitted to Course Tools by the date and time they are due (see the rightmost column in the class schedule below). All assignments are to be done individually. Copying another student’s assignment will result in 0 for both parties. |
| **Midterm and Final Exam** | Exams will contain short answer questions, possibly problems, and a short case. Midterm exam will take place during scheduled class time (see the following schedule). |
| **Policy regarding Late Assignments and Midterm Exam**  **Optional Term Paper** | No late assignment will be accepted. If the midterm exam is missed due to medical reasons, its weight can be transferred to the final exam if supported by a document.  To replace 25% of class grade, an individual can investigate and document the purchasing function of an organization (including what they buy, who buys, how they buy), perform analysis, and suggest improvements. The organization will be selected by you, and at least one purchasing professional is interviewed. The complete paper is due by the date of the final exam. |
| **Final Exam Schedule** | The final exam will be scheduled by the Registrar’s office, probably before the end of September. It will be posted on PAWS, and an email will be sent to all students once the exam schedule has been finalized. Term 1 final exams will be held from Dec 8 to Dec 23. Avoid making travel, employment, or other commitments for this entire period. |
| **Deferred Exams** | If you are absent from a final exam for medical, compassionate, or other valid reasons, you may apply to the ESB office for a deferred exam. Such application must be made within 3 business days of the missed exam and be accompanied by a supporting document. Please see <https://students.usask.ca/academics/exams.php> for further information. |
| **Grading System** | The University of Saskatchewan uses a percentage system for reporting final grades. For more information, see <http://students.usask.ca/academics/grading/grading-system.php>. |
| **Appealing a Grade** | If you have a concern with the evaluation of your performance, you should consult me as soon as possible, but, in any event, no later than 30 days after the grades become available in Blackboard (Course Tools). Please see <http://policies.usask.ca/policies/student-affairs-and-activities/student-appeals.php> for further information. |

**Academic Accommodation**

Access and Equity Services (AES) offers services to students with documented disabilities ranging from learning deficiencies and disabilities, chronic health issues, hearing and visual impairment, disabilities and temporary impairment due to accident, illness or injury. It is the student's responsibility to request an academic accommodation. If you are a student with a documented disability who requires academic accommodation, please register with AES. Students who have not registered with AES are not eligible for formal academic accommodation. More information is available in <https://students.usask.ca/health/centres/access-equity-services.php>

**Academic Honesty**

Academic honesty is the cornerstone in the development of knowledge. A single offence of cheating, plagiarism or other academic misconduct in exams, quizzes, or assignments can lead to disciplinary probation, suspension, or expulsion from the university. This includes copying from others. You are expected to have read and understood the rules regarding student academic dishonesty available at: <https://secretariat.usask.ca/student-conduct-appeals/academic-misconduct.php> .

**Copyright**

See <https://library.usask.ca/copyright/>.

**Counselling Services:**

Dealing with stress, loneliness, and anxiety can be challenging. Professionally trained counselors with backgrounds in clinical psychology and social work are available in Student Counselling Services to provide advice, counseling and consultation at no cost to registered students. Any personal information shared with these professionals is treated with great care and utmost confidentiality. See <https://students.usask.ca/health/centres/wellness-centre.php>.

**Freedom of Information and Protection of Privacy:**

See <https://privacy.usask.ca/>

**University Learning Charter:**

See <http://teaching.usask.ca/about/policies/learning-charter.php>.

**University Academic (event) Calendar:**

Important dates can be found in: <http://www.usask.ca/events/month.php?cal=Academic+Calendar>

**COURSE SCHEDULE**

**Subject to minor changes**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Session** | **Date** | **Topic** | **Chapter (pages)** | **Case** | **Video\*** | **HW due** |
| 1 | **Sep**  9 W | Introduction | Ch1 (1-13) |  |  |  |
| 2 | 14  M | Purchasing process | Ch 1 (14-24) |  |  |  |
| 3 | 16  W | Purchasing’s position in organization, and user relations | Ch 2 (29-37)  Ch 3 (57-67) | Southeastern University |  |  |
| 4 | 21  M | Supplier relationship mgmt, Spend analysis, and partnership | Ch 4 (73-87, 94-98), |  | ~~Ford and Toyota (5 min)~~ |  |
| 5 | 23  W | Purchasing/supplier Involvement in new product development, value analysis, and cross functional teams | Ch 5 (103-126), Ch 3(38-48) |  | Ford (5 min) | HW#1  Due |
| 6 | 28  M | Specification and standardization | Ch 6 (133-157) |  |  |  |
| 7 | 30  W | Supplier quality, performance measurement, certification, and development | Ch 7 (188-199), Ch 20 (602-603, 605-606), Ch 13 (387-388) | St. Ann’s Hospital |  |  |
| 8 | **Oct**  5 M | Purchasing equipment and Total cost of ownership | Ch 8 (205-223)  Ch 15 (469-471) |  |  |  |
| 9 | 7 W | Purchasing services and Construction | Ch 9 (225-246) |  |  | HW#2  Due |
|  | 12  M | **Thanksgiving day** |  |  |  |  |
| 10 | 14  W | Make-or-buy and insourcing/outsourcing decisions | Ch 12 (345-368) | Alicia Wong |  |  |
| 11 | 19  M | Sourcing and product/supplier selection | Ch 13 (373-399) |  |  |  |
| 12 | 21  W | International purchasing and INCOTERMS | Ch 14 (419-435),  Ch 10 (311) |  |  | HW#3  Due |
| 13 | 26  M | Price & cost analysis, Cost estimation, and Should cost method | Ch 16 (475-494) | Deere Cost Management |  |  |
|  | 28  W | **Midterm Exam** | Sessions 1-11  HW1-HW3 |  |  |  |
| 14 | **Nov**  2 M | Forward buying of commodities, commodity exchanges, and risk hedging | Notes,  Ch 3 (68-69),  Ch 14 (447-448) |  |  |  |
| 15 | 4  W | Contract law | Ch 19 (571-590) | Great Western Bank |  | HW#4  Due |
|  |  | **Midterm Break** |  |  |  |  |
| 16 | 16  M | Review of inventory management and production planning | Ch 10 (272-295, 249-265) |  |  |  |
| 17 | 18  W | Purchasing and inventory management with SYSPRO | Notes |  |  | HW#5  Due |
| 18 | 23  M | Material requirements planning with SYSPRO | Notes |  |  |  |
| 19 | 25  W | MRP with SYSPRO (Cont’d) | Notes |  |  |  |
| 20 | 30  M | Negotiation | Ch 18 (537-568) |  | Negotiation Tactics & Strategies (20 min) |  |
| 21 | **Dec**  2 W | Purchasing for public sector | Notes |  |  | SYSPROHW  Due |
| 22 | 7  M | Ethics and social responsibility | Ch 21 (617-637) |  |  |  |

\* Other videos may also be assigned. Links for all videos assigned will be on Course Tools.

**Please note:** Two weeks before the end of the Term, SLEQ (Student Learning Experience Questionnaire) will be available on PAWS. Please provide feedback on the quality of my teaching and effectiveness of this course. This is very important to me. Thank you.

**Introduction to Case Method**

A case is an actual decision-making situation faced by a decision-maker. However, names are usually changed to protect individuals and companies. You play the role of the decision-maker (usually a buyer). The process is to:

1. Determine the major problem(s)/issue(s)

Usually we can sort the issues as:

Immediate issue

Long-term issue

1. Analyze the issue(s):

What are the relevant information and facts?

What is (are) the cause(s) of the problem(s)?

1. Generate alternative solutions and evaluate each solution:

Pros (positive points)? Cons (negative points)?

Use both quantitative and qualitative analysis

1. Recommend one solution and briefly justify it.

Before class:

Read the case, looking for issues and relevant information. The first or last paragraph of a case contains the identity of the decision-maker and the issues.

You may have to fill in the information gaps with general business knowledge and common sense, and make reasonable assumptions.

Write down your analysis.

During the class:

Individuals will be selected randomly to summarize the case, then help analyse the case, working towards a solution. The arguments and reasoning are more important that the “right” answer. The process continues step-by-step, building on previously agreed-upon arguments. By the end of the process, the class will come to a recommendation. Because of this, the path to recommendation varies and is not predictable ahead of time. Please don’t jump to an answer.

During exams individually analyse the case, and try to write your case analysis report in an organized way.