

COMMERCE 4OD3
Purchasing and Supply Management
Winter 2020 Course Outline

Operations Management
De Groote School of Business
McMaster University

COURSE OBJECTIVE

- To develop an understanding of the fundamentals of purchasing procedures and processes.
- To understand the role of supply management in services and products innovation and development.
- To gain familiarity with common analytical and software tools used in purchasing.

TEACHING STAFF AND CONTACT INFORMATION

Instructor: Adam Prokop
Office Location: Online via ZOOM
Office Hours: By appointment
Email Address: prokopa@mcmaster.ca

Section	Days	Time	Room
4OD3	Tuesdays	11:30 am -2:20 pm	ETB 228

Course Website: <http://avenue.mcmaster.ca/>

COURSE ELEMENTS

Credit Value	3	Leadership	Yes	IT skills	Yes	Global view	Yes
Avenue	Yes	Ethics	Yes	Numeracy	Yes	Written skills	Yes
Participation	Yes	Innovation	Yes	Group work	Yes	Oral skills	Yes
Evidence-based	Yes	Experiential	Yes	Final Exam	Yes	Guest speaker(s)	Yes

COURSE DESCRIPTION

Purchasing and supply costs can be a significant part of a finished good's or service's cost, accounting for as much as 80% of manufacturing costs. Companies that have recognized the benefits of strategic procurement and spend analysis early are reaping the benefits: Royal Ahold saved \$350 million on direct procurement in two years by implementing a program that cost only \$1 million and GlaxoSmithKline has reported a staggering 5451% annual return on its sourcing programs!

Students will gain skills that are necessary to manage purchasing operations in the private and public sectors. Topics include: purchasing policies, procedures, supplier selection, order management (including quality, quantity, delivery and price decisions), spend analytics, negotiation and contract management, outsourcing, international procurement and sustainability issues. Relevant procurement components of SAP's enterprise resource planning system will be demonstrated. This course can be used towards SAP Certification in Business Integration.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Know the legal aspects of purchasing and ethics;
- Select and evaluate suppliers;
- Perform cost and pricing analytics;
- Bargain and negotiate procurement contracts;
- Be familiar with SAP related purchasing modules.

REQUIRED COURSE MATERIALS AND READINGS

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| ➤ This course uses http://avenue.mcmaster.ca to post the outline, lecture notes, and feedback. |
| ➤ Main Book: David Burt, Sheila Petcavage and Richard Pinkerton, Proactive Purchasing in the Supply Chain: The Key to World-Class Procurement , McGraw-Hill, 2012. (purchase a copy at the bookstore) |
| ➤ Supplementary Book (Optional!): Purchasing and Supply Chain Management , W.C. Benton. McGraw-Hill Education, 2014. |

SOFTWARE APPLICATIONS

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| <ul style="list-style-type: none"> ➤ Excel Solver (available as an add-in with MS Excel) ➤ Super Decisions Software ➤ SAP ERP. You will be provided with SAP training material. See the SAP drills schedule on the last page of this outline. |
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EVALUATION

In addition to measuring your performance in the course, the evaluation is designed to allow you to expose your written, verbal and analytical skills. Point distribution as well as a detailed description of each evaluation component follow:

Components and Weights

Assignments	Assignments	25%
Case Studies	Submitted in Groups; Marked in Groups	20%
Tests	To be announced (In-class)	25%
Final Exam	(Non-cumulative)	30%
Total		100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html>

Assignments: 25% individually (5 × 5%)

- Late assignment report submissions will not be marked. [http://avenue.mcmaster.ca]
- Each student will individually work on five assignments which is **25%** of the final grade. Each assignment submission is worth 5% of the final grade.

Case Studies: 20% group work (2 × 10%)

- Late case report submissions will not be marked. [http://avenue.mcmaster.ca]
- Each group will be required to submit a group written case report on each case study where the report includes 5% of the final grade. Written reports will be marked in groups.
- Each group will deliver a presentation on each case study where the presentation includes 5% of the final grade. The format of the presentation files (such as slide numbers, title page, headings, graphs and tables, transparency of info/analysis, etc.)

will also be considered in marking this component. Presentations will be marked in groups.

- The case reports/presentations may include details of relevant problem statements, assumptions, data collection, qualitative/quantitative analyses, Excel screenshots, graphs, and recommendations.
- For written reports, each group should submit one single PDF file as the final written report.
- For presentations, each of the groups should submit one single presentation file (e.g., a PPT file) and one video file or link to video file.
- Each PDF file (**maximum 5 pages**, single-spacing, Times New Roman 11, one-inch margins) should include a short section that shows the details of the meetings/discussions that take place between the members as well as their time/conceptual/theoretical contributions to the case report.
- Each verbal report (the presentation file) should contain all necessary information/analyses, as we may not mark the corresponding Excel spreadsheet.

Tests and Final Exam - 55% individually (10% +15% +30%)

Tests and final exams are mandatory. All exams may include true/false, multiple choice, short essay, mini-cases, and/or calculation-based questions. *All problems with grades must be reported within 1 week of the posting of grades.* Test 1 is worth 10%, Test 2 15%, and the final exam 30%.

Only the use of a McMaster standard calculator is allowed during midterms and final in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html>

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56

B-	70 – 72	D-	50 – 52
		F	00 – 49

COMMUNICATION AND FEEDBACK

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student.

Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at;

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

AUTHENTICITY/PLAGIARISM DETECTION

In this course we will be using a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. Students will be expected to submit their work electronically either directly to Turnitin.com or via Avenue to Learn (A2L) plagiarism detection (a service supported by Turnitin.com) so can be checked for academic dishonesty.

Students who do not wish to submit their work through A2L and/or Turnitin.com must still submit an electronic and/or hardcopy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com or A2L. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). To see the Turnitin.com Policy, please go to;
www.mcmaster.ca/academicintegrity.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroote website at the link below;

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

STUDENT ACCESSIBILITY SERVICES

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca.

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be

accommodated and the courses which will be impacted, to their Faculty Office normally within 10 days of the beginning of term or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 4OD3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

COMMERCE 4OD3
Purchasing and Supply Management

CLASS	TOPIC	READINGS	ASSIGNMENTS
#1 Jan 7	Introduction, Course Overview (ONLINE) Procurement Processes Part 1	Ch. 1 (1-13)	
#2 Jan 14	Procurement Processes Part 2	Ch. 1 (14-25) Ch. 2 (29-37) Ch. 3 (57-67)	SAP Introduction
# 3 Jan 21	SD Walkthrough Supplier Evaluation Analytical Hierarchical Processing	Ch. 4 (73-81) Ch. 13 (377-381; 387-398)	
# 4 Jan 28	Supplier Selection	Ch. 12 (350-364) Ch. 13 (373-376; 382-387)	
# 5 Feb 4	Legal Aspects in Contracts	Ch. 19 (571-574; 576-587) Ch. 21 (617-636)	Assignment 1 (AHP Super Decision Software)
# 6 Feb 11	Test 1		
#7 Feb 18	Reading Week		
# 8 Feb 25	Outsourcing and Global Purchasing	Ch. 12 (345-348) Ch. 14 (421-424)	Decision Trees
# 9 Mar 3	Pricing Determination	Ch. 15 (453-464) Ch. 16 (475-505)	Production Planning
# 10 Mar 10	Test 2		
# 11 Mar 17	Group Presentation	Case Study 1	
# 12 Mar 24	Purchasing in Transportation and Public Sector	Ch. 10 (296-323) and Ch. 13 (398-400)	

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# 13 Mar 31	Negotiation and Auctions	Ch. 18 (537-560)	SAP 1 to 4 Drills Due
# 14 April 7	Group Presentation	Case Study 2	