

**COMMERCE 4OD3**  
**Purchasing and Supply Management**  
**Winter 2022 Course Outline**

**Operations Management**  
**DeGroote 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.

**INSTRUCTOR AND CONTACT INFORMATION**

**Dr. Elkafi Hassini**

Instructor

[hassini@mcmaster.ca](mailto:hassini@mcmaster.ca)

Teaching Assistant

Manas Ghosh

[ghoshm5@mcmaster.ca](mailto:ghoshm5@mcmaster.ca)

Office: DSB 414

Office Hours: by appointment

Tel: (905) 525-9140 x27467

Office Hours: Tutorial Hours

**Class Location:** T13 105

**From Jan 13 to Feb 3: use this [MS Teams Link](#)**

**Class Time:** Th 11:30-14:30

**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' 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 costs 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

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.

Avenue registration

- <http://avenue.mcmaster.ca>

## SOFTWARE APPLICATIONS

- Excel Solver (available as an add-in with MS Excel)
- [AHP-OS](#) (AHP software that is freely available online)
- SAP S4HANA. You will be provided with SAP training material and the Teaching Assistant will be available for consultation, if needed.

<b>EVALUATION</b>
-------------------

There will be weekly lectures of three hours that will be conducted initially online, via MS Teams, and will move to in-person, when the University's COVID health and safety regulations allow. A detailed schedule of readings and assignments is included in the last page of this course outline. All assignments will be submitted online, through Avenue to Learn, and all tests will be done online in a given time window.

Group work should be done in teams of five. An end of term peer evaluation will be conducted. Team work marks may be adjusted depending on the feedback received from the peer evaluations. You are required to attend all lectures. Missed presentation will receive a grade of zero. Missed tests will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments submissions will be penalized 5% for each day they are late.

In addition to measuring your performance in the course, the evaluation is designed to allow you to enhance your written, verbal and analytical skills. Through teamwork you will experience the complexity of real world procurement projects. Individual work will be designed to capture your unique problem solving and discussion skills. *Final individual grades will take into account peer review for all group work.* Your final grade will be calculated as follows:

Grade Component Description	Weight
<b>Tests</b> 2x15%; MC and computation questions; 60 min. timed	<b>30%</b>
<b>Project report</b> Teams of 5	<b>30%</b>
<b>Project presentation</b> Team of 5	<b>10%</b>
<b>Analytics Assignments</b> 2x10%; 2x5% (SAP)	<b>30%</b>
<b>Negotiation Game</b>	<b>Winner 4%*</b> <b>Runner-up 2%*</b>

\* 4% (2%) will be added to Test 2 marks for each present member of the winning (runner-up) group up to a maximum of 15% for Test 2.

### **Tests (30%, individual)**

Online one-hour tests will be administered at given time window. Each test has a weight of 15%. There will be *two* tests as per the tentative schedule on the last page.

### ***Real-World Project Report (30%, group work)***

Groups of five students will work on solving a real project with Strategic Procurement and Financial Reporting & Systems at McMaster University. The project topic will focus on performing spend analytic on buying pre- and during the COVID pandemic and deriving possible implications on post-pandemic buying. More information will be made available to the class in the coming weeks.

### ***Project Presentation (10%, group work)***

Each group is will present their work on the project to the instructor and company representatives. You are required to submit your presentation file before the time of your presentation, as per the due date and time on avenue to learn. The presentation will be for 10 minutes, about 2 minutes per presenter.

### ***Analytics Assignments (30%, individual work)***

To apply lecture concepts you will do hands-on software exercises using Excel, AHP-OS and SAP.

### ***Negotiation Game (2-4%, group work)***

To practice our negotiation skills, we will play a game in class. The winning and runner up teams will get 4% and 2%, respectively, as bonuses toward their Test 2.

## **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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- *For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.*
- *For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.*

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

## **REQUESTING RELIEF FOR MISSED ACADEMIC WORK**

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below;

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

## 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. **It is your responsibility to understand what constitutes academic dishonesty.**

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.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

## AUTHENTICITY/PLAGIARISM DETECTION

**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

## COURSES WITH AN ON-LINE ELEMENT

**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that,

when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

## ONLINE PROCTORING

**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

## CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

## 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 should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation 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.

## **COPYRIGHT AND RECORDING**

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

## **EXTREME CIRCUMSTANCES**

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

## **RESEARCH USING HUMAN SUBJECTS**

All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

## **ACKNOWLEDGEMENT OF COURSE POLICIES**

Your enrolment in Commerce 4QA3 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.

<b>COURSE SCHEDULE</b>
------------------------

## COMMERCE 4OD3

### Purchasing and Supply Management

### Winter 2022 Course Schedule

DATE	TOPIC	READINGS	ASSIGNMENTS
Week 1	Introduction	Ch. 1 (1-13)	
Week 2	Purchasing Process	Ch. 1 (14-25) Ch. 2 (29-37) Ch. 3 (57-67)	
Weeks 3-4	Supplier Selection <b>Guest Lecture</b>	Ch. 12 (350-364) Ch. 13 (373-376; 382-387)	SAP I
	Supplier Evaluation and Relationship Management	Ch. 4 (73-81) Ch. 13 (377-381; 387-398)	
Week 5-6	Legal, Contracts and Ethics Issues	Ch. 19 (571-574; 576-587) Ch. 21 (617-636)	
			Assignment 1
Reading Week			
Week 7	Outsourcing and Global Purchasing	Ch. 12 (345-348) Ch. 14 (421-424)	Test 1
Week 8-9	Pricing and Costing	Ch. 15 (453-464) Ch. 16 (475-505)	SAP II
Week 10-11	Negotiation and Auctions <b>Negotiation Game</b>	Ch. 18 (537-560) and Notes	
			Test 2
Week 12	Purchasing in Transportation	Ch. 10 (296-323) and Notes	Assignment 2
Week 13	Purchasing in the Public Sector	Ch. 13 (398-400) and notes	Project Report and Presentation