Course Description:

Supply management deals with the acquisition of materials and services for an organization. Topics include supply management strategy, purchasing procedures and information flows, make or buy analysis, need identification and specification, quality, quantity and inventory, transportation, receiving, material handling, price determination through negotiation, cost management, supplier selection, supplier evaluation, global sourcing, legal and ethics, and sustainability. Part of the course will include discussion of how to apply Lean concepts to make materials flow through the extended value stream.

Prerequisites: BUS 341 & BUS 389

Required Text:


Supplementary Texts Used by Instructor:


Learning Objectives:

At the end of this course, students will be able to:

1. Demonstrate the significance of the supply management function using the profit-leverage effect and the return-on-assets effect.
2. List and describe the six major sub-strategies that form an overall supply management strategy.
3. Describe how to manage supply risks.
4. List and describe the nine goals of supply management.
5. List and describe the common organizational models for supply management.
6. List and describe the four general categories of the roles and responsibilities of supply management.
7. List and describe the types of supply management teams.
8. List and describe the four basic information flows involving supply management.
9. List and describe the nine steps in the supply process.
10. Differentiate between strategic and nonstrategic spend.
11. List and describe different types of technology used to improve process efficiency and effectiveness of supply management.
12. List the reasons for make instead of buy.
13. List the reasons for buying outside.
15. Perform a make or buy analysis.
16. List and describe strategic, traditional, and additional criteria used to determine good value from suppliers.
17. List and describe the seven categories of organizational needs satisfied by the supply management function.
18. List and define the methods of describing a need.
19. Describe the buyer’s perspective of the basic steps in assuring quality through statistical process control.
20. Describe the role of sampling, testing and inspection in the buying process.
21. Describe methods for assuring the quality of purchased services.
22. Demonstrate methods for determining purchase order quantities for independent demand items.
23. List and describe methods for determining purchase order quantities for dependent demand items.
24. Describe how a supply manager could use ABC classification to manage inventory items.
25. Describe vendor-managed inventory.
26. Describe lean supply.
27. Describe how to make decisions about how much of a service to acquire, when to acquire, and how to assure delivery of the specified services.
28. List and describe the components of logistics.
29. List and describe different modes of transportation and their costs and benefits.
30. List and describe the different types of transportation carriers.
31. List and describe the different types of transportation service providers.
32. List and define the key selection criteria when purchasing transportation services.
33. Define FOB terms and Incoterms.
34. List and describe the various forms of documentation used in transportation.
35. Demonstrate how to determine transportation costs.
36. Describe the cost approach and the market approach to establishing prices.
37. Describe the two primary federal laws affecting competition and pricing practices.
38. List and describe the seven general classes of purchases.
39. Describe the use of quotations and competitive bidding.
40. Differentiate between cash discounts, trade discounts, multiple discounts, quantity discounts and cumulative (volume) discounts.
41. Demonstrate how to apply discounts to purchase cost.
42. List and describe the four contract options for pricing.
43. Differentiate between forward buying and speculation.
44. Explain the purposes of a commodity exchange.
45. Describe frameworks for strategic cost management.
46. Describe and demonstrate the following cost management tools: total cost of ownership, target pricing, the learning curve, value engineering, and activity-based costing.
47. List the purchasing situations in which negotiation is necessary.
48. List and describe the basic steps in developing a negotiation strategy.
49. Demonstrate methods of supplier selection, e.g., weighted point approach, decision trees and analytic hierarchy process.
50. Describe various methods of evaluating suppliers, including informal evaluation, executive roundtable discussions, formal supplier evaluation and weighted point evaluation.
51. Describe the characteristics of unacceptable, acceptable, preferred and exceptional suppliers.
52. Describe how to assess purchaser-supplier satisfaction.
53. Describe the characteristics of partnerships and strategic alliances.
54. List and describe the reasons for selecting an offshore supplier as a preferred source.
55. List and describe potential problem areas in global sourcing.
56. Describe the various approaches to global sourcing, including regional purchase offices, global commodity management organization and international purchasing offices.
57. Describe the functions performed by global sourcing intermediaries.
58. Describe the following tools for global supply: countertrade, foreign trade zones, bonded warehouses, and temporary importation bond and duty drawbacks.
59. Describe major trading agreements, e.g., NAFTA.
60. List and describe the different types of legal authority of a buyer.
61. List and describe the conditions under which a supply officer may be held personally liable when signing contracts.
62. Describe how the legal authority of a sales representative differs from that of a supply manager.
63. Describe the purpose of the Uniform Commercial Code (UCC) and how the UCC defines a valid purchase order contract.
64. List and describe the four types of warranty agreements between buyers and sellers.
65. Describe common law and how it applies to contracts for services.
66. List and describe different types of contracting methods used in services purchasing.
68. Describe the key provisions of various laws related to e-commerce, including the U.S. E-Sign Act and the U.S. Uniform Electronic Transactions Act.
69. Describe various regulatory requirements (e.g., Sarbanes-Oxley and environmental regulations) and how they affect supply management.
70. List and describe the Institute for Supply Management Principles and Standards of Ethical Supply Management Conduct.
71. Describe supply management responsibilities as they pertain to investment recovery of scrap, surplus, obsolete and waste materials.
72. List and describe the various disposal channel options.
73. List and describe proper disposal procedures.
74. List and describe efficiency and effectiveness metrics for supply management.
75. Describe the key elements of a Plan for Every Part (PFEP) when using Lean.
76. Describe how to develop a purchased-parts market.
77. Describe how to design a delivery route for moving parts from the purchased-parts market to cells.
78. Demonstrate how to form a Lean cell.
79. Demonstrate how to analyze flow time in the extended value stream using a value stream map.
80. Be well-prepared to pass the certification exams offered by the Institute for Supply Management.

Course Evaluation:

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Group Assignment:

- The case analysis, “The Global Sourcing Wiring Harness Decision,” that you have to turn in could be completed in a group (5 maximum). You must complete the case analysis without any consultation with other groups. The case should have a separate title page, then your answers to the questions, and then an appendix with your analysis from your Excel spreadsheet. You must submit your Excel spreadsheet to the dropbox.

Individual Assignment (Implementing Sustainability in the Supply Function):

- For this project, each student will be required to read the following report: *The Lean and Green Supply Chain: A Practical Guide for Materials Managers and Supply Chain Managers to Reduce Costs and Improve Environmental Performance* You can access this guide at: [http://www.epa.gov/oppt/library/pubs/archive/acct-archive/pubs/lean.pdf](http://www.epa.gov/oppt/library/pubs/archive/acct-archive/pubs/lean.pdf)
  Questions for this assignment will be posted on D2L at least four weeks prior to the due date.

Pop Quizzes

- There will be 6 pop quizzes (a combination of multiple-choice, short answer, and/or problems) administered randomly throughout the semester.

Exams

- There will be two exams (a combination of multiple-choice, short answer, and/or problems).
Policy Regarding Makeup Quizzes/Exams and Late Assignments:

- No makeup exams will be given or late assignments accepted unless you provide valid documentation of a business meeting or illness to the instructor. Other excuses will be evaluated on a case-by-case basis. The format of makeup exams is at the instructor’s discretion and will vary significantly from the regular exams given in class.

General Class Conduct Guidelines:

- All exams and graded assignments will be reviewed in class. During the review of an exam or an assignment, you will not be permitted to take any notes or to write on those documents. After we have completed our review, you must return all documents to me. If you fail to turn in all documents to me before leaving the classroom, you will receive a grade of zero on the exam or assignment. In short, I keep all copies of graded materials.
- Students are expected to complete reading assignments prior to class, to be prepared to discuss the material in class, and to participate in class discussions.
- Students are expected to listen attentively when the instructor or other students are speaking. I run class like a business meeting.
- A note on electronic devices: You should leave all cell phones, iPods, laptops, etc., turned off and put away during class time.
- Unprofessional communication or conduct via email, phone, text, in-class, on D2L, etc. will result in a minimum subtraction of 25 points from your point total. Please be courteous and respectful of all fellow students, the professor, and the educational experience.

Cheating and Plagiarism:

- Students involved in cheating and plagiarism are subject to the maximum penalties permitted by the UW Oshkosh Student Discipline Code.

Grading Policies:

- I rarely curve although I do provide some extra credit opportunities.
BUS 345 Schedule: Spring 2012

Week 1 (Jan. 31)

Chapter 1: Purchasing & Supply Management
Handout: Careers and Salaries (ISM)

Chapter 2: Supply Strategy

Chapter 3: Supply Organization

Read and discuss “Case 3-2: Roger Haskett” in class. No typed case is required. Discussion questions are listed at the end of this document.

Week 2 (Feb. 7)

Chapter 4: Supply Processes and Technology

Chapter 5: Make or Buy, Insourcing, and Outsourcing

In-Class Exercise: Performing a Make vs. Buy Analysis
Read “Case 5-3: Alicia Wong” before class and be prepared to discuss the questions included at the end of this document.

Chapter 6: Need Identification and Specification
In-class examples of standard specifications.
In-class videos of different manufacturing methods.

Chapter 7: Quality
We will cover the following only:
Inspection upon receipt, Adjustments and returns, ISO 14000 Environmental Standards

Week 3 (Feb. 14)

Speaker: Greg Cornette from AxleTech

Chapter 8: Quantity and Inventory

Begin Chapter 9: Delivery
In-class example: Less-than-truckload and truckload freight rates.

Week 4 (Feb. 21)

Begin Chapter 9: Delivery
In-class example: Less-than-truckload and truckload freight rates.
In-class example: Comparing cost of milk run to combined cost of individual less-than-truckload shipments.
In-class videos of different modes of transportation: rail yards and ports.
Hours of Service Regulations.
Other transportation regulations.

**Week 5 (Feb. 28)**

**Case Due:** “The Global Sourcing Wiring Harness Decision” (the case is posted on D2L).

Read “Case 9-1: Penner Medical Products” before class and be prepared to discuss the questions included at the end of this document.

Chapter 10: Price
In-class example: Purchase lot-sizing when including freight rate costs.
In-class example: Analyzing price trends in commodity markets

Chapter 11: Cost Management
In-class example: ABC Classification
In-class Example: Learning Curve Function
In-Class Example: Total Cost of Ownership

**Week 6 (Mar. 6)**

Read “Case 10-2: Coral Drugs” before class and be prepared to discuss the questions included at the end of this document.

Negotiation discussion.
In-class Exercises: Negotiation
Review for Exam 1

**Week 7 (Mar. 13)**

Exam 1

**Week 8 (Mar. 27)**

Potential Speaker from ISM.

Return Exam 1

In-class Exercises: Negotiation continued.

Chapter 12: Supplier Selection
In-class Example: Finding a Supplier on the Internet
In-class Example: Decision Tree Analysis for Supplier Selection
In-class Example: Weighted Score Approach

Read “Case 12-1: Loren Inc.” before class and be prepared to discuss the questions included at the end of this document.

**Week 9 (Apr. 3)**

Speakers from Schreiber Foods: Jeremy Koskey & James Kelley
Chapter 13: Supplier Evaluation and Supplier Relations

Chapter 14: Global Supply Management
In-class Videos: Sourcing Globally

**Week 10 (Apr. 10)**

Chapter 15: Legal and Ethics

Chapter 16: Other Supply Responsibilities

**Week 11 (Apr. 17)**

Lean in the Supply Chain: Overview of value stream mapping and creating flow within a facility with cells.

**Week 12 (Apr. 24)**

Lean in the Supply Chain: Making materials flow: Plan for Every Part, developing a purchased-parts market and creating a delivery route for parts.
Extending lean to make materials flow across the entire value stream.

**Week 13 (May 1)**

Conclude Lean in the Supply Chain.

Reports due on *The Lean and Green Supply Chain: A Practical Guide for Materials Managers and Supply Chain Managers to reduce Costs and Improve Environmental Performance.*

In-Class Discussion: “Lean Supply Chain Strategies and Implementation” and “Green Corporate Strategies: Issues and Implementation from the Supply Management Perspective.” Both articles are listed under Content on the D2L site for this course.

**Week 14 (May 8)**

Exam 2
Case Discussion Questions

Case 3-2: Roger Haskett

1. How might this situation have been different if Professor Kahsay had contacted Roger Haskett earlier?
2. Can you refuse to sign the agreement? What do you think Professor Kahsay will do if you don’t cooperate?
3. Why not lease the equipment?
4. What other options might you want to explore? How long do you have before Professor Kahsay loses his patience?
5. Would you be prepared to sign the conditional sales contract as written? What changes would you make to it?

Case 5-2: Alicia Wong

1. Should it be supply’s role to suggest insourcing?
2. What benefits would accrue to TFL from making mustard in-house?
3. What risks are there for TFL?
4. How long would it take to implement this kind of change?
5. Is the savings potential attractive enough?
6. Are there other alternatives?
7. What should supply’s role be in make or buy?

Case 9-1: Penner Medical Products

1. Why do you think Penner handles its own inbound transportation?
2. Why not simply find a new vendor that is on the American side of the border and closer to Rockford?
3. Would you consider outsourcing transportation?
4. How complicated is it to fill out customs forms? Why don’t they get a customs broker involved?
5. How much money do you think this problem costs the company each year?

Case 10-2: Coral Drugs

1. If you were in the position of Shirley Black, what would you recommend to the vice president of purchasing? Why?
2. Do you agree with the way Shirley handled the issue so far? What would you have done differently?
Case 12-1: Loren Inc.

1. Should the second bid for Canchem be allowed to stand?
2. How important is price in the awarding of this contract?
3. Does it make sense to have multiple sources for materials such as this?
4. How important is the past record of suppliers in this case?
5. Does the fact that this is Brent Miller’s first major contract have any bearing on the deliberations?
6. What are the advantages and disadvantages of bidding?
7. Is the purchasing strategy of Loren consistent with its documentation to suppliers?
8. Do you believe the one bid policy of Loren to be a wise one?
9. What would your decision be?