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 calculate 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 Outline:**

**Week 1:** Chapter 1 (Purchasing and Supply Management), Chapter 2 (Supply Strategy), & Chapter 3 (Supply Organization)

**Week 2:** Chapter 4 (Supply Processes and Technology), Chapter 5 (Make or Buy, Insourcing, and Outsourcing), Chapter 6 (Need Identification and Specification)

**Week 3:** Chapter 7 (Quality), Chapter 8 (Quantity and Inventory), & Chapter 9 (Delivery)

**Week 4:** Conclude Chapter 9 (Delivery) and Review for Exam 1

**Week 5:** Begin Chapter 10 (Price) & Exam 1

**Week 6:** Guest speakers from industry
Week 7: Chapter 10 (Price) & Chapter 11 (Cost Management)

Week 8: Chapter 12 (Supplier Selection) & Chapter 13 (Supplier Evaluation and Supplier Relations)

Week 9: Chapter 14 (Global Supply Management), Chapter 15 (Legal and Ethics), & Chapter 16 (Other Supply Responsibilities)

Week 10: Introduction to Lean Concepts & Exam 2

Week 11: Overview of value stream mapping and creating flow within a facility with cells

Week 12: Making materials flow: Plan for Every Part, developing a purchased-parts market and creating a delivery route for parts

Week 13: Extending lean to make materials flow across the entire value stream

Review for Exam 3

Week 14: Exam 3

Course Evaluation:

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Exam 3 will be cumulative.

Grading Scale:

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Group Assignments:

- Case analyses are to be completed by your group members only without any consultation with other groups. The case analyses can be completed in a group (maximum size of 3). Six case analyses from the *Purchasing and Supply Management* will be assigned.

Individual Assignment (Implementing Sustainability in the Supply Function):

- For this project, each student will be required to research two journal articles to find examples of organizations that have implemented sustainability in the supply function at those companies. Example topics include, but are not limited to, the following: (a) Implementation of sustainability in the company’s supplier selection and/or evaluation processes, (b) reducing the amount of a hazardous material purchased by the company, (c) replacement of a hazardous material with a more eco-friendly material. Each student will have to submit a 1- to 1.5-page summary of each article.

Policy Regarding Makeup 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.

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.