

Business O735
Strategic Procurement
Winter 2019 – Course Outline

**Operations Management Area
DeGroote School of Business
McMaster University**



INSTRUCTOR AND CONTACT INFORMATION

Instructor: Zdravko Dimitrov, MBA

Office Hours: by email or appointment

Email Address: dimitrz@mcmaster.ca

Teaching Assistant: Armagan Ozbilge

Office Hours: by email

Email Address: ozbilgea@mcmaster.ca

Class Times and Location

Section	Day	Time	Room
O735	Wednesday	11:20am-14:20pm	RJC-249

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):	No

COURSE DESCRIPTION

CFOs focused for a long time on revenue growth to increase earnings per share, however with today's global economy their attention is gradually shifting to reducing costs as well. A significant part of this cost is linked to procurement related costs and can be a significant part of the cost of a finished good or service, accounting for as much as 80% of manufacturing costs. These costs are likely to be even more significant with the increasing dependence on outsourcing where about 50% of manufacturing contracts in North America are outsourced. Companies that have recognized the benefits of strategic procurement and spend analysis early are reaping the benefits. In this course, the students will be introduced to tools and knowledge that will allow them to develop strategies and models to effectively manage procurement operations. The course covers the major important procurement topics such as purchasing process, supplier selection, alliance development, e-procurement (auctions and marketplaces), contract management (cost/price analysis, negotiation, bargaining, and legal issues), spend analysis, sustainable procurement (salvage and ethics issues) and performance measurement and evaluation (process mapping).

LEARNING OUTCOMES

Upon completing this course, the students will be able to:

- know the legal aspects of purchasing in the public and private sector;
- develop awareness of ethics in procurement;
- select and evaluate suppliers;
- perform cost and pricing analytics;
- different bidding and auction formats;
- supplier relationship development and management;
- bargain and negotiate procurement contracts;
- be familiar with procurement analytics software such as Excel Solver and SAP.

REQUIRED COURSE MATERIALS AND READINGS

- This course uses <http://avenue.mcmaster.ca> to post the outline, lecture notes, and feedback.
- **Purchasing and Supply Chain Management**, W.C. Benton. McGraw-Hill Education.
(Recommended Edition: 3rd [2014]; Alternative Edition: 2nd [2011])
- <http://www.mheducation.com/highered/product/purchasing-supply-chain-management-benton/M0078024110.html>

SOFTWARE APPLICATIONS

- An AHP platform available online;
- Excel Solver (available as an add-in with MS Excel);
- SAP ERP: You will be provided with SAP training materials/assistant.

EVALUATION AND IMPORTANT DATES

In addition to measuring your performance in the course, the evaluation is designed to allow you to expose your written, verbal, and analytical skills. Individual and group work will be designed to capture your unique problem solving skills. Detailed description of each evaluation component is as follows:

Component	Weight	Details
SAP Drills	15%	Submitted individually
Assignments 1&2	20%	Submitted individually
Written Case Report	15%	Submitted in groups
Group Case Presentation	15%	Submitted in groups
Final Exam	35%	Cumulative
Total	100%	

Assignments (35% individually (15%+20%); 30% (15%+15%) in groups)

- ✓ Late SAP/assignment/case submissions will not be marked. [<http://avenue.mcmaster.ca>]
- ✓ Each student will individually work on a set of SAP drills which includes **15%** of the final grade.
- ✓ Each student will individually work on two assignments which include **20%** of the final grade.
- ✓ Each student should come to the class prepared for case discussions.
- ✓ Each group will be reporting/presenting two cases, based on an assignment by the instructor.
- ✓ Each group of the students will be required to submit a group written case report on the first case where the report includes **15%** of the final grade.
- ✓ Each group will deliver an in-class presentation on the second case where the presentation includes **15%** 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.) is also be considered in marking this component.
- ✓ 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 of the assigned groups should submit one single PDF file as the final written report as well as one single Excel spreadsheet including data analysis.
- ✓ For presentations, each of the assigned groups should submit one single presentation file (e.g., a PPT file) as the final verbal report as well as one single Excel spreadsheet including data analysis.
- ✓ Each PDF file (**maximum 10 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 written report (the PDF file) should contain all necessary information/analyses, as we may not mark the corresponding Excel spreadsheet.
- ✓ Each verbal report (the presentation file) should contain all necessary information/analyses, as we may not mark the corresponding Excel spreadsheet.

Final Exam (35% individually)

The final exam will be cumulative and three hours long. It may include true/false, multiple choice, short essay, and/or calculation-based questions. The final exam may include mini-cases.

Calculator

The use of a McMaster standard calculator is allowed. See McMaster policies 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	POINTS
A+	90 - 100	12
A	85 - 89	11
A-	80 - 84	10
B+	75 - 79	9
B	70 - 74	8
B-	60 - 69	7
F	00 - 59	0

COMMUNICATION FEEDBACK

Students that are uncomfortable in directly approaching an instructor regarding a course concern may choose to send a confidential and anonymous email to the respective Area Chair or Director at:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

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 Administrative Assistant.

ACADEMIC DISHONESTY

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

www.degroote.mcmaster.ca

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

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the

notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such SAS accommodation to the instructor immediately upon receipt. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

www.degroote.mcmaster.ca

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change 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.

Acknowledgment of Course Policies

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA O735 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.

Online Element

In this course we will be using Avenue to Learn. Students should be aware that when they access the electronic components of this course, 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 this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

COURSE SCHEDULE

**Business O735
Strategic Procurement
Fall 2017 - Course Outline**

Classes	Topics	Assignments (Due 11:59 PM)	Textbook Reading	
			2 nd Edition	3 rd Edition
#1 [Jan. 9] #2 [Jan. 16] #3 [Jan. 23] #4 [Jan. 30]	Introduction Procurement Process Supplier Selection	Team selection for cases	Ch. 1-2 Ch. 7: 133-140 Ch.16 Ch. 18: 409-412 Ch. 8: 157-160	Ch. 1-2 Ch. 7: 139-149 Ch. 16 Ch. 18: 419-426 Ch. 8: 167-170
#5 [Feb. 6]	Supplier Evaluations Supply Risk Management	SAP Drill I	Ch. 8: 161-180 Ch.11: 232-241	Ch. 8: 170-190 Ch.11: 238-246
#6 [Feb. 13]	The legal aspects in contracts	SAP Drill II	Ch. 3: 45-53; 56-57	Ch. 3: 52-59; 62-65
#7 [Feb. 27]	Global Procurement and outsourcing	Assignment 1 Due	Ch. 9 Ch. 10: 209-221	Ch. 9 Ch. 10: 215-227
#8 [Mar. 6] #9 [Mar. 13]	Pricing and Costing Procurement Analytics	SAP Drill III SAP Drill IV	Ch. 13	Ch. 13
#10 [Mar. 20]	Negotiations and Auctions	Negotiations Game (In-class) Case Study 1 Due	Ch. 14: 323-336 Ch. 7: 140-141	Ch. 14: 329-342 Ch. 7: 149-150
#11 [Mar. 27]	Group Presentations	Case Study 2 Due		
#12 [Apr. 3]	Transportation and Public Sector		Ch. 15: 343-354 Ch. 17: 387-397	Ch. 15: 349-364 Ch. 17: 395-408
#13 [Apr. 10]	Final Exam [Cumulative, In-class]	Assignment 2 Due	Comprehensive (all covered material)	