

NATIONAL UNIVERSITY OF SINGAPORE

School of Business

Department of Decision Sciences

DSC3202 Purchasing and Materials Management

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Session: Semester I, 2016/2017

Schedule: Mon: 6pm-9pm; Tue: 11am-2pm

Curriculum for Purchasing and Materials Management (P&MM)

Best-in-class Purchasing and Materials Management (P&MM) functions support corporate performance by delivering the appropriate balance of Cost, Quality and Speed-To-Market. The function can include sourcing, costing, supplier relations, logistics, and goods storage.

While organizations buy varying combinations and amounts of raw materials, manufactured parts/components, and services, they all have to perform this procurement function efficiently and effectively. In many organizations, the value of purchased goods and services could account for more than 80% of their total spending. Therefore, P&MM represents a significant area for generating competitive advantage by improving Cost of Goods Sold (COGS) and SG&A (Sales and General Administration).

Students will learn about supply chain strategy, and then align the P&MM strategy and tactics. Negotiations, supplier relationship management (SRM), contract performance management, and Actionable Intelligence are foundational elements in the class.

Each class session is run as a business meeting with regular coaching on how to be prepared for the business environment including: ideation sessions, making persuasive arguments, and delivering business cases. The class also has speakers from industry to discuss real-world situations.

Learning Outcomes:

This course focuses on engaging the industry and will enable students to learn how to deliver best-in-class P&MM results by:

- Studying P&MM strategy, tactics and capabilities used by corporations today
- Practicing negotiations in-class
- Familiarity with the systems and processes
- Day-in-the-life of procurement professionals and systems used

During the course, students will be provided opportunity to interact with members currently active in the procurement in different businesses, ranging from public sector organizations to multi-national corporations. By the end of the course, students will be ready to be active

and contributing members of a P&MM function. They will have the foundational knowledge to support senior management in strategy development and building cases for tactical improvements in People, Processes, and Technology.

Software used: Use of Qlikview

In this course, a Business Intelligence software, Qlikview will be provided for students to utilize as a part of the course. No prior knowledge of programming or the software is necessary. The software will be taught during the class and made available as an option for students to utilize as part of the different assignments and projects.

An ordering system will also be introduced for students to familiarize themselves with actual purchasing systems in use in industry today.

Assessment

Individual Assignments	20%
Group Assignments	20%
Midterm	30%
Final Group Project	30%

Class Participation

Students are required to engage in various class activities (lectures, purchasing negotiation, guest presentation events, etc.) during the term. Efforts and performance results of such activities will be evaluated. Attendance is critical for full credit.

Individual Assignments

In order to track the progress of each individual students through the course, each student will be required to complete a series of assignments individually. Grades will be evenly distributed.

Group Assignments

Group assignments will also be included. Students will be required to cooperate with other members to complete group assignments. Grades will be evenly distributed.

Final Group Project

Each group will deliver a P&MM Final project. Projects will revolve around researching certain aspects of purchasing as a part of the supply chain.

Required Text

Purchasing and Supply Chain Management, 9th Edition
Authors: Kenneth Lysons, Brian Farrington
ISBN: 978-1-292-08611-8

Course Outline

Week 1: Mon, 8 Aug 2016 ~ Fri, 12 Aug 2016

Lecture Topic: Introduction to Purchasing and Materials Management (P&MM)

- ✧ Introduction to purchasing and procurement
- ✧ Importance and scope of the function
- ✧ Role and job of procurement

Readings:

- ✧ Chapter 1: The Scope and Influence of Purchasing
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Week 2: Mon, 15 Aug 2016 ~ Fri, 19 Aug 2016

Lecture Topic: Procurement Strategy

- ✧ Setting purchasing and supply strategies linkage with the company's vision, mission and objective.
- ✧ Analyzing supply markets
- ✧ Supplier relationship purchasing

Readings:

- ✧ Chapter 2: Strategic Procurement (Intro, 2.7 – 2.11, 2.12, 2.13.11, 2.15, 2.16)
 - ✧ PQI Case
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Week 3: Mon, 22 Aug 2016 ~ Fri, 26 Aug 2016

Lecture Topic: Purchase Price Management

- ✧ PQI Case Review
- ✧ Understanding supplier pricing decision and implementing price & cost analysis
 - BEAMA
- ✧ Price and Cost Analysis
- ✧ Cost Breakdowns

Readings:

- ✧ Chapter 11: Purchase Price Management and Long-term Cost-in-use
 - ✧ Whirl Pool Case
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Week 4: Mon, 29 Aug 2016 ~ Fri, 2 Sep 2016

Lecture Topic: Procurement Policies, Procedures and Support Tools

- ✧ Whirlpool case review
- ✧ Identifying and assessing suppliers using data
- ✧ Procurement Procedures
- ✧ Procurement Systems In Use

Readings:

- ✧ Chapter 5: Procurement Policies, Procedures and Support Tools
 - ✧ Introduction to SAP
 - ✧ Introduction to Qlikview
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Week 5: Mon, 5 Sep 2016 ~ Fri, 9 Sep 2016

Lecture Topic: Linking Procurement with Finance

- ✧ Using learning curve analysis to promote delivery times
- ✧ Make-or-Buy Decisions
- ✧ Areas of business where procurement plays a role
- ✧ Identify how procurement helps the balance sheet, P&L statement and cash flow
- ✧ Using SAP and Qlikview

Readings:

- ✧ Chapter 10: Sourcing, Supplier Selection and Performance Management
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Week 6: Mon, 12 Sep 2016 ~ Fri, 16 Sep 2016

Lecture Topic: Revise Key Concepts

- ✧ Walkthrough key calculations, tools and concepts
- ✧ Simulation

Reading

- ✧ Simulation Preparation
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Recess Week: 17 Sep 2016 – 25 Sep 2016

Week 7: Mon, 26 Sep 2016 ~ Fri, 30 Sep 2016

- ✧ **In-Class Midterm Exam – During Class Time**
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Week 8: Mon, 3 Oct 2016 ~ Fri, 7 Oct 2016

Lecture Topic: Midterm Results with Q&A and P&G Lecture

- ✧ Review midterm results
- ✧ P&G Lecture on Procurement Best Practices
- ✧ Continue Simulation

Readings

- ✧ P&G Pre-reading
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Week 9: Mon, 10 Oct 2016 ~ Fri, 14 Oct 2016

Lecture Topic: Procurement Live

- ✧ Applying the concepts learned to actual work in business
 - ✧ Continue Simulation
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Week 10: Mon, 17 Oct 2016 ~ Fri, 21 Oct 2016

Lecture Topic: Negotiation 1

- ✧ Understanding the importance and paths of negotiation (part 1)
- ✧ Approaches to negotiation
- ✧ Structure, Scope, and Asymmetric Information
- ✧ In Class Negotiation Activity

Readings:

- ✧ Chapter 14: Negotiation
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Week 11: Mon, 24 Oct 2016 ~ Fri, 28 Oct 2016

Lecture Topic: Negotiation 2

- ✧ Understanding the importance and paths of negotiation (part 2)
- ✧ Legal and Contractual Management
- ✧ In Class Negotiation Activity

Readings:

- ✧ Chapter 15: Negotiation
- ✧ Chapter 7: Legal and Contractual Management

✧ Appendix 1: Code of Professional Ethics

Week 12: Mon, 31 Oct 2016 ~ Fri, 4 Nov 2016

Lecture Topic: Negotiation Simulation

✧ Practice with Complex Negotiations in Class

Due:

✧ **Final Project Executive Summary Due: 4 Nov 2016 by 8pm (Fri)**

Week 13: Mon, 7 Nov 2016 ~ Fri, 11 Nov 2016

Review of Key Learnings

Due:

✧ **Final Presentations**