

NATIONAL UNIVERSITY OF SINGAPORE

School of Business, Department of Decision Sciences

DSC3202 Purchasing and Materials Management

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Session: Semester 2, 2016/2017

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 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.

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

To track the progress of each individual students through the course, each student will be required to complete a series of assignments. 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:

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
- ✧ Try out a negotiation

Readings:

- ✧ Chapter 1: The Scope and Influence of Purchasing

Week 2:

Lecture Topic: Procurement Strategy

- ✧ Creating supply strategies to link with the company's vision and mission
- ✧ Discuss how to measure success
- ✧ Review an example procurement dashboard

Readings:

- ✧ Chapter 2: Strategic Procurement (Intro, 2.7 – 2.11, 2.12, 2.13.11, 2.15, 2.16)
 - ✧ PQI Case: Read the website, annual report
 - ✧ Examples of procurement measures
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Week 3:

Lecture Topic: Purchase Price Management

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

Readings:

- ✧ Chapter 11: Purchase Price Management and Long-term Cost-in-use
 - ✧ Whirl Pool Case
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Week 4:

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
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Week 5:

Lecture Topic: Linking Procurement with Finance

- ✧ Using learning curve analysis to promote delivery times
- ✧ Identify how procurement helps the balance sheet, P&L statement and cash flow

Readings:

- ✧ Chapter 10: Sourcing, Supplier Selection and Performance Management
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Week 6:

Lecture Topic: Revise Key Concepts

- ✧ Walkthrough key calculations, tools and concepts
 - ✧ Revision of cases presented so far
 - ✧ Discussion on the role of procurement
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Week 7:

- ✧ **In-Class Midterm Exam – During Class Time**
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Week 8:

Lecture Topic: External Guest Lecture

- ✧ Lecture on Procurement Best Practices

Readings

- ✧ Pre-reading for guest lecture
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Week 9:

Lecture Topic: Review the Midterm Results - Procurement Live

- ✧ Applying the concepts learned to actual work in business
 - ✧ Start Simulation
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Week 10:

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
- ✧ Continue Simulation

Readings:

- ✧ Chapter 14: Negotiation
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Week 11:**Lecture Topic: Negotiation 2**

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

Readings:

- ✧ Chapter 15: Negotiation
 - ✧ Chapter 7: Legal and Contractual Management
 - ✧ Appendix 1: Code of Professional Ethics
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Week 12:**Lecture Topic: Negotiation Simulation**

- ✧ Wrap up of simulation and review of results
 - ✧ Discuss best practices, usage of performance measurement
 - ✧ Review what should be placed on a procurement dashboard
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Week 13:**Lecture Topic: Final Negotiation Review of Key Learnings**

- ✧ Final Complex Negotiation
- ✧ Review class concepts
- ✧ Final project questions and answers