

BA 735

PURCHASING AND SUPPLY MANAGEMENT

1:30 p.m.-3:18p.m., Monday/Wednesday

Autumn 2008

Professor: W.C. Benton
Office: 610 Fisher Tower
Phone: 292-8868
Office Hours: MW 3:30-4:30pm and by appointment

Text Book: Purchasing and Supply Management McGraw-Hill 2007: Text and Cases, Benton and Supplementary Readings Packet.

COURSE DESCRIPTION, OBJECTIVES, AND FORMAT:

This course is designed to explore the industrial-institutional purchasing cycle for operating supplies, raw materials, components and capital equipment within the context of the Materials Management Organization Concept. Specifically, we will learn the basic principles, policies, and procedures involved in:

- A. the requirement determination.
- B. the procurement decision process.
- C. the purchasing function in general and for particular types of "BUYS."
- D. the Materials Management Concept, organization and philosophy.

We will focus on the interrelationships of purchasing with the rest of the functional and system areas of the organization with particular emphasis on the interface with marketing, logistics and operations management. While we will concentrate on applications for manufacturing, hospitals, banks, educational and government entities.

At the conclusion of the course, the student should be able to competently buy a product or service for profit and nonprofit organizations. In addition, the student will be able to view how purchases affect the entire operation of the organization and how this activity fits within the Operations, Marketing, Logistics Management (OLM) and Supply chain Management field.

This course is excellent preparation for the Certified Purchasing Manager (C.P.M.) program sponsored by the Institute of Supply Management (ISM) and the certification program sponsored by the Supply Chain Council (SCC).

If you are a marketing major, this course is a fine opportunity to gain empathy for the buyer and to learn "how they buy." If you are an operations or POM major the material in this course is critical as the average firm spends over 70 percent of the cost of goods on purchased material from outside vendors. Finance and accounting majors will also benefit as the high cost of materials directly affects ROI and ROA. Finally, with today's emphasis on material shortage and the significant role of purchasing, this course will be a very useful general management preparation.

FIELD PROJECT:

A field project is due at the end of the course and can either be a product buying report or the area specialization report.

1. The Product Buying Report. In this type of report, you are asked to assemble and present all of the information a buyer needs to purchase intelligently a specific product or commodity such as integrated circuits, capital equipment, pumps, or peanut oil. In selecting and presenting the assemble facts, you should indicate what use a buyer might make of these facts. For example, to list only a few, you might report on the following questions:
 - a. The intended use of the product and the requirements to be met by the item purchased. Include all the relevant buying "influences"—which needs to be involved.``
 - b. The available products, which might meet these requirements and the characteristics of these products. In discussing the characteristics of these products, the grades, classifications, and properties, which distinguish one product from another, should be defined. One of the available products may be selected for detailed investigation.
 - c. the technical data required in specifying and inspecting the selected product.
 - d. The materials of parts entering into the selected products and an analysis of their sources and availability.
 - e. The methods of manufacture, provided that they are significant in selecting suppliers or in appraising quality.
 - f. Supplier selection, i.e., competitive bidding vs. negotiation.
 - g. Factors affecting the supply, demand, price, and inventory of the selected product (an analysis of general business conditions is not intended in this question); however, substitute possibilities and value analysis considerations should be covered.
 - h. Contract terms and type.
 - I. Detailed sources of information on the selected product.
2. The Area Specialization Report. In this report, you are asked to make yourself an "expert" in one specialized area of the purchasing and materials management function. For example, you might choose or be assigned the Make or Buy area. The project would involve learning about this subject from the available literature, perhaps visiting several industrial firms for firsthand discussions, and then report is completed, you should be able to answer with reasonable ease many penetrating questions in your field of study. In grading this second kind of report, the following guidelines are used:
 - a. Has the writer performed adequate research on this subject?
 - b. Is the research well documented?
 - c. Does the writer fully comprehend this subject?
 - d. How well has the writer explained this subject?
 - e. Are there parts of this subject, which should have been covered and are not covered?
 - f. Is the report free from excessive wordage?

ASSIGNMENTS: See the attached Assignment Schedule.

EXAMINATIONS AND GRADING:

The cases will be graded according to the point criteria in the attached 'case evaluation form (as a guide).'' The field project will be given a letter grade for overall performance. The midterm and final will be 90 minutes, combination multiple choice and problem-short answer. All examinations are a combination Multiple Choice Problem-short answer. The final examination will be selectively comprehensive but concentrates on the material after the mid term.

The final course grading weights are as follows:

Midterm	30%
Homework	15%
Class Participation	5%
Team Project*	20%
Final Exam	30%

*A team of four persons will be assigned to conduct field projects.

SUMMARY:

As in any endeavor, if you put a lot into this course, you will take away more than the effort. I hope you find the classes exciting, rewarding and, yes, even fun. There should be several practitioners in the course, which will add to our experience and reality from actual practice examples.

DATE	TOPIC	ASSIGNMENT
9/24	Introduction to Purchasing And Supply Management	<ul style="list-style-type: none"> • Benton, pages 3-18 • Supply's Growing Status and Influence (CP), • Enhancing Purchasing's Strategic Reputation • The Future of Purchasing : A ten Year Forecast
9/29	Purchasing Decisions and Business Strategy	<ul style="list-style-type: none"> • Benton, pages 19-41 • Case 20: Trip 7 Screen Printing
10/1	Materials Management	<ul style="list-style-type: none"> • Benton, pages 61-77 • Case 5: Austin Wood Products
10/6	Inventory Management	<ul style="list-style-type: none"> • Benton, pages 79-87 & pages 91-97 • Prepare exercises 5.1-5.3 • The Cost of Ordering (CP)
10/8	Just-in-Time (Lean) Purchasing	<ul style="list-style-type: none"> • Benton, pages 105-117 • Managing Supplier Leadtimes • Term Paper Proposals Due
10/13	Purchasing Procedures, E-Purchasing, and Systems Contracting	<ul style="list-style-type: none"> • Benton, pages 121-138 • Case 18: Swisher Systems Corporation
10/15	Supplier Selection and Evaluation	<ul style="list-style-type: none"> • Benton, pages 143-162 • Determining Performance Appraisal Criteria (CP) • Using Vendor Capacity Planning in Supplier Evaluation (CP) • Vendor Profile Analysis (CP)
10/20	Make vs. Buy Decisions Lease vs. Buy	<ul style="list-style-type: none"> • Case 10: Firebird Electric • Benton, Appendix 15B, 331-336
10/22	Global Sourcing Review for Midterm	<ul style="list-style-type: none"> • Benton, pages 163-180 • Case 19: The Tank Case • Single Source Qualifications (CP) • Single Sourcing a Management Tool (CP) • The Impact of Cycle Time on Supplier Selection (CP)

10/27	First Midterm Examination	
10/29	Total Quality Management (TQM) and Purchasing	<ul style="list-style-type: none"> • Benton, pages 209-222
11/3	Pricing Determination/Price Cost/Analysis	<ul style="list-style-type: none"> • Benton pages 233-247
11/5	Pricing Determination/Price Cost/Analysis	<ul style="list-style-type: none"> • Appendix 12 C. pages 262-269 • Case 16: Pendleton Construction
11/10	Pricing-Learning Curves/ Bargaining and Negotiations	<ul style="list-style-type: none"> • Benton, pages 271-288 • Prepare: Exercises 12.1-12.4 • Negotiations Test (CP)
11/12	Bargaining and Negotiations	<ul style="list-style-type: none"> • Case 2: AMD Construction,
11/17	Project Presentations	<ul style="list-style-type: none"> • Term Project Due
11/19	Presentations	
11/24	Purchasing, Supply, partnerships, and Supply Chain Power	<ul style="list-style-type: none"> • Benton, pages 185-199 • Case 3: ARMS
11/26	Value Analysis	<ul style="list-style-type: none"> • Value Analysis Note (CP)
12/1	Global Purchasing/Transportation Purchasing Review for Final	<ul style="list-style-type: none"> • Benton, pages 179-189, 370-393 • International Freight(CP) • International Purchasing and Global Sourcing (CP), • Case 9: Eastern Waves, Inc.
11/3	Final Examination	

*RP = Reading Packet

Academic Misconduct:

All academic misconduct cases will be thoroughly prosecuted according to the most recent rules listed in the student handbook.

BM 735

Group Number	Name	Phone Number	Email
1	Bond	(614) 584-3909	Bond.122
	Choun		Choun.1
	Donovan	(614) 288-7735	Donovan.101
	Gargas	(330) 273-6308	Gargas.3
	Hamilton	(740) 549-3098	Hamilton.535
2	Hayes	(937) 631-1693	Hayes.446
	Herderick	(614) 837-6499	Herderick.3
	Meng	(917) 622-6516	Meng.26
	Price	(330) 385-8539	Price.533
	Rammel	(419) 953-8032	Rammel.18
3	Saccone	(281) 253-4817	Saccone.2
	Shafer	(937) 426-0752	Shafer.119
	Wymer	(734) 847-1308	Wymer.10
	DeLong	(937) 537-0139	DeLong.101
	Hoagland	(614) 476-3237	Hoagland.6
4	Jordan	(216) 447-8718	Jordan.483
	Kapetanovic	(614) 760-7767	Kapetanovic.3
	Lee	(614) 286-0448	Lee.1944
	Lewis	(440) 247-2916	Lewis.981
	Sullivan	(440) 225-7633	Sullivan.351
5	Cuellar	(630) 848-0920	Cuellar.5
	Lee	(614) 491-6460	Lee.2671
	Wollenberg	(740) 334-1458	Wollenberg.11
	Yang		Yang.1146
	Pritz	(513) 604-7287	Pritz.3