

MS4506: PROCUREMENT AND STRATEGIC SOURCING

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

Procurement and Strategic Sourcing

Subject Code

MS - Management Sciences

Course Number

4506

Academic Unit

Management Sciences (MS)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

CB2201 Operations Management

CB2101 Introduction to Managerial Accounting

MS3124 Global Supply Chain Management

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

Costs associated with purchasing materials often account for as much as 80% of the final product cost. This means that even a small decrease in these costs can have a significant impact on the bottom line. Procurement involves a constant tension between decreasing costs and establishing cooperative relationships. Throughout this course we will be grappling with these two opposing forces. We will be examining competitive and cooperative situations in a variety of supply chain settings in which performance depends on the interactions between a variety of decision makers, including customers, suppliers, competitors, and government regulators.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Demonstrate competence in using appropriate frameworks in identifying supply needs and then determining the sourcing strategy.	25		x	
2	Apply the concepts and metrics to evaluate potential vendors, and recommend the vendor selection.	25		x	
3	Evaluate an existing vendor and conduct benchmarking analysis.	25		x	
4	Solve case problems that arise from real-world situations.	25			x

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Teaching and Learning Activities (TLAs)

TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lecture	Concepts and general knowledge on procurement and sourcing are explained.	1, 2, 3, 4
2	Class Discussion	Students work in a group of four to six to recap and answer questions of the major topics that they learned on the previous lecture. They are required to share and present their answers to the class.	1, 2, 3, 4

3	Reading Assignments	Students have to read the assigned materials individually and are required to discuss, evaluate, and comment on the concepts and knowledge	1, 2, 3, 4	
4	Case Studies	Students have to read the company case information before coming to class. During the class, they need to discuss with their team members to analyse the case.	1, 2, 3, 4	

Assessment Tasks / Activities (ATs)

ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Class Participation/Case Analysis	1, 2, 3, 4	30
2	Mid-term Test	1, 2, 3, 4	25

Continuous Assessment (%)

55

Examination (%)

45

Examination Duration (Hours)

2

Assessment Rubrics (AR)**Assessment Task**

Class participation/case analysis

Excellent (A+, A, A-)

Clearly and correctly state most critical points and important contributions of the assigned exercises and activities. Discuss issues critically. Draw significant and relevant implications to transportation environments. Good presentation skills. Strong evidence of familiarity with literature.

Good (B+, B, B-)

Clearly and correctly state some critical points and important contributions of the assigned exercises and activities. Discuss issues critically. Draw some relevant implications to transportation environments. Good presentation skills.

Fair (C+, C, C-)

Clearly and correctly state some critical points and contributions of the assigned exercises and activities.

Marginal (D)

State a few critical points and contributions of the assigned exercises and activities.

Failure (F)

Little or no evidence of contributions of the assigned exercises and activities.

Assessment Task

Mid-term Test

Excellent (A+, A, A-)

Strong evidence of understanding the key concepts and definitions of the learned subject; capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good (B+, B, B-)

Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair (C+, C, C-)

Student who is profiting from the university experience; understanding of the subject; ability to show some evidence of familiarity with literature.

Marginal (D)

Sufficient familiarity with the subject matter to enable the student to progress further.

Failure (F)

Little evidence of familiarity with the subject matter; limited or irrelevant use of literature.

Assessment Task

Written Examination

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good (B+, B, B-)

Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair (C+, C, C-)

Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal (D)

Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure (F)

Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature.

Part III Other Information

Keyword Syllabus

Introduction to and Evolution of Purchasing Function

Changing views of the purchasing function. The importance of purchasing to profitability – the DuPont Model. Purchasing in the context of Supply Chain Management. Centralized vs. decentralized management of purchasing. Check and balance in procurement.

Strategic sourcing

Strategic sourcing process-a continuous improvement tool for purchasing, forming sourcing strategy, Minicase

Sourcing in the Global Context

Complexity of global sourcing, Challenging issues in international trade and logistics

Strategic outsourcing

Core competences. Levels of strategy in the organisation. Make or buy decisions. Outsourcing vs offshoring. Outsourcing vs subcontracting.

Pricing/Cost Analysis

Cost estimation and mark-up strategy. Support tools for negotiation like price/cost analysis and learning curve. Analyze suppliers' cost structures and construct suitable quotes.

Competitive Bidding and Negotiation

Use of competitive bidding to select supplier. Auctions Stages of negotiation. Strategies of negotiation.

Supplier Selection and Management

Metrics for supplier selections. Developing suppliers' capability and improving supplier performances.

Supplier relationship management and development

Systematic way to manage a portfolio of suppliers, supply chain power issue

E-procurement

IT as a means of reducing transactions costs in the supply chain. Integrated information systems internal and external networks, including electronic data interchange (EDI) and e-sourcing.

Contracting and legal issues

Legal aspect of procurement contract.

Reading List

Compulsory Readings

Title	
1	Supply Management, 8th edition, D. Burt, S. Petcavage, and R. Pinkerton, McGraw-Hill

Additional Readings

Title	
1	Purchasing and Supply Management, 5th edition, Johnson/Flynn, McGraw-Hill