

BUSINESS MANAGEMENT 7233
GLOBAL SOURCING (Strategic Sourcing)
Autumn 2016
Mon/Wed 10:15-11:45, Gerlach 265

COURSE OUTLINE
Subject to Changes

Professor: John Gray
Office: 612 Fisher Hall
e-mail: gray.402@osu.edu

Office Hours: Tuesdays 12:45-2:15
Phone: 614-247-8021
Fax: 614-292-1272

COURSE DESCRIPTION

This course focuses on the strategic sourcing of goods and services, with an international focus. We begin by looking at the “make-buy” decision (also referred to as insourcing/outsourcing; or vertical integration/disintegration). This is the decision that fundamentally determines what is sourced from outside the firm and what is produced/managed in-house. Insights from this literature also help us greatly when deciding between different sourcing strategies for a given activity. We also cover the location decision, which is distinct from the make-buy decision, but often made contemporaneously with it. This determines “where in the world” is/are the best place(s) from which to source the good or service.

We then focus on the management of services or products that are sourced from outside the firm. This includes coverage of organizing for strategic global sourcing, and the multiple-step process from identifying a need to selecting and managing suppliers or vendors. While examining sourcing, we discuss both general characteristics of sourcing relationships and the challenges inherent in international sourcing relationships.

At the end of the course, the student should be able to:

- strategically and analytically assess a “make-buy” decision in manufacturing or services, incorporating knowledge of the theoretical drivers of firm boundary decisions
- evaluate location-related factors in sourcing decisions
- understand fundamental approaches to supplier/vendor selection and on-going management
- articulate and manage key trade-offs in global sourcing (multi-source/single-source, “arms-length” vs. close relationship, etc.)
- articulate, and be prepared to manage, the difficult ethical issues that can arise when sourcing globally.

We will learn by analyzing case situations of real companies facing strategic issues in sourcing. We will supplement case analysis with readings, class discussion and group presentations. In addition, we will have guest speakers.

To obtain the full benefit of the case approach, it is necessary that everyone come to class well prepared. “Well-prepared” means that you have thoroughly read the case and other assigned materials, have thoughtfully considered the issues raised by the case and the assignment questions, and have done whatever quantitative analysis is appropriate. And, based on that analysis, you are prepared to propose a course of action. By participating actively in the discussions, you will sharpen your own insights, and those of your classmates.

REQUIRED COURSE MATERIALS

A course packet is required for the course. The packet can be purchased on the Carmen site. The course packet includes most of the material required for the course. Some required readings are also posted to Carmen, through the library's e-reserve system. Using this system saves you money, as you get those articles for free. Some publically-available material will also be uploaded to Carmen. We do not have a text book.

Class Attendance

Occasionally, students have legitimate conflicts which prevent them from completely preparing a given case, or from attending class. If you are unable to fully prepare for class, please attend anyway and participate as best you can. But, please inform me of your situation before class, so that I will not ask you questions that you are not well enough prepared to discuss. If you must miss class, you will receive a 0 for contribution that day unless within a few days you turn in a short (1-2 page) write-up that addresses the material for that day's class, in which case you will count as attending. In general, missing more than a couple of classes is problematic and can severely impact your grade. Also please note that tardiness will adversely impact your class contribution for that day, and consistent tardiness can greatly affect your class contribution grade in the course. Also, inattentiveness will generally be noticed and will adversely affect your class contribution grade.

Project OR Exam

Each individual must complete a project OR take an exam at the end of course.

Project: You have the option of completing an individual project or forming a group (no more than four people) and doing so. Project groups and case groups need not be the same. Projects will have a mid-term and final presentation and report. Global sourcing is a broad topic, so many topics are acceptable. I will attempt to enlist some companies that have offered to support group projects and propose some "research" ideas that interest me, and post those to Carmen before the first class session.

Exam: We will discuss the content and format of the exam as it approaches. It will likely be untimed take-home and due just before Thanksgiving.

Group Cases

Each case group will turn in five cases, four marked with * and one marked with **. Each * is worth 6% of the grade, and each ** is worth 12% of the grade. Cases will be assigned based on preferences given in the first class or two. Cases will be submitted through "turnitin" originality checker on Carmen. I also appreciate, but do not require, hard copies turned in the day of the class.

Books / Professional Memberships

The course packet is all that is required for the course; there is no text book. However, if you plan to be a procurement/ purchasing /sourcing manager, there are several books that may be worth purchasing. They can also serve as references for the material in this course, and so it may be in your interest to purchase them now. Some suggested books can be provided by request. Further, if you are interested in pursuing a career in these areas, there are many excellent professional societies, many of which are free for students. *I strongly recommend that you join ISM (www.ism.ws). It is free for students (and professors!). You get a free magazine subscription and a periodic e-mail with articles related to topics we cover. There are also local chapter meetings that are good networking and learning opportunities. These are usually free or very cheap for students.*

Class Contribution

You are expected to participate in the class discussion of cases and articles. Discussion questions will be posted to Carmen at least a few days before each class. Sometimes you will be asked to submit answers to Carmen before the class. Your class contribution grade will be based on:

- (a) evidence of careful preparation of case and/or readings
- (b) clarity and conciseness of your recommendations
- (c) convincing quantitative and qualitative analysis to support your recommendations
- (d) engaging in discussions on Carmen related to course material

You may check with me periodically to find out about your contribution grade.

Grading

Your grade will be based on the following scheme:

Project OR Individual Exam	40%
Individual Class contribution	24%
Group case write-ups	36%

At the end of the semester, both case and project groups will have the opportunity to provide individual grades for their team members (that is, they will divide “contribution” of 100% up among the members). An individual’s grade on group work be adjusted based on this feedback.

Disability Accommodation: If you need an accommodation based on the impact of a disability, arrange an appointment with me as soon as possible. I rely on the Office for Disability Services for assistance in verifying need and developing accommodation strategies. You should start the verification process as soon as possible.

Academic Misconduct: Material submitted for course grade credit must be your own work. Please be informed that both you and I must follow Faculty Rule 3335-5-54, which requires that “all instances of what he or she believes may be academic misconduct” be reported to the University Academic Misconduct Committee. Academic misconduct is a serious threat to the integrity and value of your diploma.

SCHEDULE

PART I: Make-Buy and Location		
1	24 August	Class Introduction / Project & Case Groups
2	29 August	Make-Buy Analysis
3	31 August	Location Analysis
	5 September	NO CLASS (Labor Day)
4	7 September	Approaches to location and make-buy decisions
5	12 September	Approaches to location and make-buy decisions, cont'd
6	14 September	CASE: Scotts Miracle-Gro**
7	19 September	CASE: Intel Corporation* / wrap-up PART I
PART II: Strategic Supplier and Vendor Management		
8	21 September	Strategic Sourcing Overview I
9	26 September	GUEST: Strategic Sourcing Overview II: Consultant Perspective <i>Arshita Raju, Manager, AT Kearney (Fisher MBA 2013)</i>
10	28 September	GUEST: Spend Analysis (analytics) CASE: Spend Analysis (written by Impendi Consulting) <i>Jeff Skiles, Senior Associate, Impendi (Fisher MBA 2015)</i> <i>Nathan MacCarter, Director, Impendi (Fisher MBA 2007)</i>
11	3 October	CASE: Betapharm, Inc. (Supplier Selection)*
12	5 October	CASE: GlaxoSmithKline: Sourcing Complex Professional Services*
13	10 October	CASE: Developing a buyer-supplier relationship (Liz-Ruentex)*
	12 October	<<no class.: Term 1 Finals >>
14	17 October	CASE: on-going management/scorecards (Metalcraft)*
15	19 October	GUEST: Vendor/Supplier Management 2: Honda: cross-functional decision making between procurement and R&D/engineering <i>Mark Ehrlich and Ed Baumgartner, Honda</i>
16	24 October	Midterm Project Presentations
17	26 October	Strategic Sourcing Overview III
18	31 October	CASE: services contracting/relationship difficulties (Tegan-Hrad)*
19	2 November	Cost Modeling: Approaches
20	7 November	CASE: Cost Modeling at Whirlpool**
21	9 November	CASE: Supply Chain Risk Mgt (Cisco)*
22	14 November	GUEST: Trevor Brown, Dean, John Glenn College of Public Affairs Government Procurement CASE? (TBD)
23	16 November	Managing for quality with outsourced and offshore activities
24	21 November	Project Reviews during class; EXAMS DUE by noon
	23 November	<<no class, day before Thanksgiving, University Holiday >>
25	28 November	GUEST: Cardinal Health (Kevin Taylor and Stefan Grunwald) Cross-functional challenges in global procurement
26	30 November	CASE: Social Issues: IKEA's Child Labor challenge* WSJ 2016 article: ~Can you make an ethical mobile phone
27	5 December	Wrap-Up IKEA/Social Issues, and Course Review
28	7 December	Project Presentations
	TDB, finals wk	Project Presentations, Day 2 (if necessary)