Welcome to the course in Industrial Purchasing

Purchasing is probably the company function which role has changed most during the last years. From being an administrative support function to the factory, purchasing has got, and will increasingly get, a more strategic role. The current role as coordinator and integrator of the company’s internal and external resources has changed the image of the purchaser from being a material manager to a strategy oriented business man. In fact, the purchasing function in a modern company has a very broad influence on different departments along the material flow – from research & development, engineering, manufacturing, logistics, finance, marketing etc. This cross-functional role suits a Master of Science in Industrial Engineering & Management, Mechanical Engineering (or other engineers with a business oriented mind) very well. This course should give a platform for a future career within purchasing and sourcing.

The purpose of the course

The purpose of the course is to provide a general understanding of issues related to industrial purchasing and supply management; to introduce a number of important theories, terminology and methods for purchasing; to identify, describe and analyse different parts of a company’s purchasing function and their supplier relations; and to stimulate both the students’ critical analysis and their long-term interest in purchasing issues. Related to this, the students will practice their skills in some purchasing oriented activities. Finally, the course will provide an overall view of classical as well as modern purchasing theory.

The “purchasing process” (see figure below) is the main theme for the course.

After finalising the course you are not a “professional purchaser” – to reach this capability you need a lot of practical experience. But the course should, together with your other courses in the program, provide a platform for a first job at a purchasing department and for a future good career within purchasing.

More explicit goals regarding knowledge and understanding, skills and abilities, and judgement and approach are available in the official course plan http://www.ka.lth.se/kursplaner/index%20eng.cfm
Size of the course

The course gives 7.5 ECTS, corresponding to 196 hours of studies, divided between:

- Lectures: 50 h
- Workshops: 10 h
- Labs and games: 6 h
- Self studies: 130 h
- Total: 196 h

Lectures and schedule

A major part of the course consists of lectures related to the literature and guest lecturers from different industry sectors. A detailed schedule is provided below, and is published on the course’s website. The course website should be visited by the students on regular basis and before each session / activity. The website is the medium of communication with students, where always an updates course description and schedule are available.

Lec 1: Course introduction
w.44, Mon 29 Oct 10-12 Class room: M:B + 13-15, Class room: MH:C (Note: different rooms)
Ala Pazirandeh + Kostas Selviaridis

Readings: van Weele chapter 1

Lec 2: The purchasing process and its decisions makers
w.44, Wed 31 Oct 10-12, M:B
Kostas Selviaridis

Readings: van Weele chapter 2-3

- Assignment 1 sent in latest 31 Oct at 16.00.

Lec 3: Purchasing strategy
w.44, Thurs 1 Nov 10-12, MB
Ala Pazirandeh

Readings: van Weele chapter 3, 9, 10

Lec 4: Purchasers and suppliers role in product development
w.45, Mon 5 Nov 10-12, M:B
Kristian Hjorth, SCM Consulting


Lec 5: Portfolio models and purchasing market analysis
w.45, Wed 7 Nov 10-12, M:B
Kostas Selviaridis

Readings: van Weele chapter 7&9; Geldermann et al (2005); Bensou (1999); Kraljic (1983)
Workshop 1: Case discussions incl. Presentations of assignment 1
Group 1: w.45, Wed 7 Nov, 13-15, M:Q  
Ala Pazirandeh
Group 2: w.45, Wed 7 Nov, 15-17, M:Q  
Ala Pazirandeh
Group 3: w.45, Thu 8 Nov, 10-12, M:Q  
Ala Pazirandeh

Lec 6: RFX + Price and cost analysis
w.45, Thu 8 Nov 13-15, M:B  
Ala Pazirandeh


Lec 7: Supplier evaluations
w.46, Mon 12 Nov, 10-12, M:B  
Ala Pazirandeh

Readings: van Weele chapter 11, 14, 15; Nydick et al (1992)

Workshop 2: Supplier evaluation
Group 1: w.46, Mon 12 Nov 13-15, M:Q  
Ala Pazirandeh
Group 2: w.46, Mon 12 Nov 15-17, M:Q  
Ala Pazirandeh
Ala Pazirandeh

Supervision 1: Question & Answers of mini case-study
w.46, Wed 14 Nov, 10-12, M:B  
Ala Pazirandeh + Kostas Selviaridis

Lec 8: Negotiation
w.46, Fri 16 Nov 10-15, E:B  
Andreas Norrman

Readings: Fisher et al (the whole book)

Lec 9: Purchasing organization and purchasing performance measurement
w.47, Wed 21 Nov 10-12, M:B  
Kostas Selviaridis

Readings: van Weele chapter 13 and 14

- Assignment 2 sent in latest Wed 21 Nov 12.00 pm

Lec 10: Purchasing of services
w.47, Thur 22 Nov 10-12 M:B  
Kostas Selviaridis


Supervision 2: Open office hours for mini case-study
w.47, Thur 22 Nov 13-17, 4th floor, M building  
Ala Pazirandeh / Kostas Selviaridis
Lec 11: Legal aspects of Purchasing  
W.47, Wed 23 Nov. 10-15 V:B  
Dr Jonas Ledendal, Dept of Business Law, Lunds University School of Economics & Management  
Readings: van Weele chapter 2, 6. Homepage article: Carlsson (2009) Ch 9

Lec 12: Comparison of three companies' purchasing and supplier development  
W.48, Mon 26 Nov, 10-12, M:B,  
Peter Carlsson, former Head of Sourcing and Partner Management, Sony Ericsson

Lec 13: Purchasing – with environmental and ethical perspectives  
Jeanette Skjelmose, IKEA  
W.48, Mon 26 Nov 13-15, M:B  
Readings: van Weele chapter 17

Lec 14: Outsourcing to contract manufacturers—analysis and implementation  
W.48, Wed 28 Nov 10-12, M:B  
Mats Lundin, Vice President Global Sourcing, PartnerTech AB  
Readings: van Weele, chapter 8

Workshop 3: Negotiation Game  
Group 1: w.48, Thur 29 Nov 8-12, M.X1a+b. Andreas Norrman + Eva Berg  
Group 2: w.48, Thur 29 Nov 8-12, M.X2a+b. Ala Pazirandeh + Kostas Selviaridis  
Group 3: w.48, Fri 30 Nov 8-12, M.X1a+b. Andreas Norrman + Eva Berg  
Group 4: w.48, Fri 30 Nov 8-12, M.X1a+b. Ala Pazirandeh + Kostas Selviaridis  
Readings: van Weele chapter 16, Fisher et al (all the book)

- Company study sent in latest Mon 3 Dec 12.00 pm

Lec 15: Developing the purchasing function in a high growth company  
W.49, Mon 3 Dec 13-15, M:A.  
Frans Svensson, Head of purchasing, HildingAnder  
Workshop 4: Theoretical perspectives on purchasing  
Group 1: w.49, Wed 5 Dec 10-12, M.X1a+b. Kostas Selviaridis  
Group 2: w.49, Wed 5 Dec 10-12, M.X2a+b. Ala Pazirandeh  
Group 3: w.49, Thur 6 Dec 10-12, M.X1a+b. Kostas Selviaridis  
Group 4: w.49, Thur 6 Dec 10-12, M.X1a+b. Ala Pazirandeh  
Readings: compendium on homepage (part 1 and 3; part 2 is recommended reading)

Lec 16: Public procurement – Region Skåne’s development  
W.50, Mon 10 Dec 10-12, M:B  
Lars Wilander, Region Skåne  
Readings: van Weele chapter 6
Lec 17: Category management and Cultural issues in purchasing – Sony Mobile
w.50, Mon 10 Dec 13-15 M:A

Carina Johansson, Strategic buyer at Sony Mobile
Per Håkansson, Head of Sourcing Mechanics
Annika Bergqvist, Contract & Partner Manager
Staffan Linde, Contract & Partner Manager
Soad Ahajri, Partner Manager

Readings: van Weele, chapter 10 and possible article hand-outs

Workshop 5: Presentation and discussion of Company study
Group 1: w.50, Wed 12 Dec, 08-12, E1123 Kostas Selviaridis
Group 2: w.50, Wed 12 Dec, 08-12, E1124 Ala Pazirandeh
Group 3: w.50, Wed 12 Dec, 13-15, MQ Kostas Selviaridis
Group 4: w.50, Wed 12 Dec, 13-15, MR Ala Pazirandeh

Only if needed due to many groups:
Group X: w.50, Wed 13 Dec, 8-12, ML1 Ala Pazirandeh
Group Y: w.50, Wed 13 Dec, 8-12, ML2 Kostas Selviaridis

Lec 18: Course closing
w.50, Fri 14 Dec 10-12, M:B Ala Pazirandeh

Assignments and Workshops

Each assignment and the Company study, will be more detailed in separate descriptions. Those will be handed out at course introduction, and also published at the course’s web-site. Below follows a short description of each assignment.

Urkund (see www.urkund.se) will be used to support the work at Lund University regarding academic honesty, and to decrease plagiarism. (Please check http://www.urkund.se/web2008/support_handboken.asp). Your documents should hence be sent with e-mail to the following address:

ala.pazirandeh.lu@analys.urkund.se

You attach your documents to the e-mail, and the files should have any of the formats .doc, .doc or .xls. Please give the documents name like Assignment1_Group 1 or Assignment1_Group SonyEricssson. In the subject line of the e-mail you put different prefix for the three assignments: For assignment 1 [2011_1], for assignment 2 [2011_2], and for the company study [2011_3]. Note that the [] should be in the subject line.

Below is a short description of each assignment. Extended descriptions are handed out at class.

Assignment 1 – Market analysis

Suppliers’ cost data it is crucial for a purchaser. The case “West Bay Industries (D)” introduces you to this. You should prepare before the case-discussion, read through the case and in a team of 5, prepare a comparison of the different suppliers. The team should sum up their analysis in a very short report, and also be prepared to present their approach and results orally for the
Assignment 2 – Negotiation

A negotiation must be very carefully prepared. Hence you should, in teams of 5, prepare your negotiation approach, negotiation plan, negotiation tactics, decide on negotiation team and your roles, etc. before a negotiation game. Your preparations should be summarized in a short report that should be send to ala.pazirandeh.lu@analys.urkund.se (with [2011_1] first in the subject line) latest Monday 31 Oct 16.00.

Assignment 3 – Mini case study: Company description and analysis

You shall, in teams of 5 students, make an interview with a purchasing manager or a purchaser, and based on this write a report where you describe how the company works today, and plan to work in the future, related to a number of areas that the course and the literature covers. You should also analyse and reflect about similarities and differences between the company’s way of working and the course literature. The report should be professionally written - when approved it will be sent back to the company representative.

The course responsible will at the course introduction present a list of companies and contact persons that have committed themselves for an interview. They have been asked to participate in an interview in 2-3 hours. You have to contact them yourself to set up a meeting, in the recommended period week 46-48. (The contact persons are prepared to accept a meeting in this period; you will have had enough time to prepare your theoretical investigation and an interview guide, and you will have enough time afterwards to write your report).

You will have one lecture with discussion about the report and with an opportunity to ask questions, and one short meeting (15 minutes) with the course responsible (a list will be handed out where you can book a time slot). No other supervision will be given, as the assignment is clear and structured. Finally you should present your study orally, and discuss and analyse another groups report that you have read.

The report should be e-mailed to ala.pazirandeh.lu@analys.urkund.se (with [2011_3] first in the subject line). The document should also be distributed to your discussion group latest Mon 3 Dec 12.00 pm.

The report will be given grades between 3-5 (to be summed up with the grades of the written examination). A grade below 3 is failed. Then, the report must be complemented and the final points of the assignment can never reach more than 3.

Workshop 1: Market Analysis

At this workshop the aim is go through different market analysis cases. The case of assignment 1 will be covered and discussed and additional cases will be presented. The workshop begins with 1-2 of the groups presenting their assignment and arguments for the choice.

Workshop 2: Supplier evaluation

Through this workshop an AHP case is presented and solved.
**Workshop 3: Negotiation game**

The purpose with the negotiation game is to get hands on experience in negotiating as a purchaser. Afterwards you should reflect regarding what really happened and how you reacted in different situations. You will to this in teams (negotiation teams) of 5 students, with some teams acting as buyers and some as sellers. Assignment 2 is a preparation for this game.

**Workshop 4: Theoretical perspectives on purchasing**

Students are required to read and scrutinize the material for this workshop and reflect on a given set of questions. During the workshop session students are to discuss and argue for their understanding around each question. The instructors will moderate the session but not drive them. It is up to the students to drive the discussions and the arguments. The session will end in a summarizing activity by the moderator, and a random presentation of one of the groups. Alternatively, if discussions were prolonged, the groups are expected to prepare the power point slides after the workshops. Power points are to be handed-in (per group) no later than December 10th.

**Workshop 5: Final presentations**

This is the final workshop of the course were groups will present and defend their mini case study findings (i.e. assignment 3).

---

**Examination and grades**

Final examination are given after a passed written examination and passed assignments. The final grade is based on the sum of the written individual examination and the company studies:

- The weight of the Company study is 40%, and the written examination 60%.
- The written examination covering course literature and lectures. Maximum is 60 points, and at least 30 points are needed to pass. Written examination is **Tuesday 20 December 14-19 2011** in **Sparta C and Sparta D**. Further information will come later. (You have to sign up for re-exams).
- Three hand-ins (assignment 1, 2, and hand-in for the theoretical perspective workshop) should be passed. Assignment 3 should also be passed. Assignments 1, 2, and workshop 4 are graded Passed or Failed. A failed assignment might be given a chance to be complemented. If a person fails on two of those assignments, the highest total grade (5) will not be given as final grade.

**Attendance**

Attendance is mandatory for introductory lecture, workshop on market analysis, theoretical perspective workshop, case presentations, and negotiation games. All lectures are planned to contribute to the course, especially the guest lectures. Guest lectures will give you very good insights in purchasing in practice – but they are also linked to theory. On the written examination, question related to lectures and guest lectures are to be expected!
Course responsible

Ala Pazirandeh
Email (not for assignments): ala.pazirandeh@tlog.lth.se
Phone: 046-222 8141
Office: Building M, northern part, fourth level, room 4124.
Contact time: At department Mondays 15-17, at lectures or after pre-booked appointments.

Dr. Kostas Selviaridis
E-mail: kostas.selviaridis@tlog.lth.se
Office: Building M, northern part, fourth level, room 4114

Course administrator

Asa Malm
Email: asa.malm@tlog.lth.se
Phone: 046-222 91 51
Fax: 046-222 46 15
Office: Building M, northern part, fourth level, room 4118.
Contact time: At department 09-12, 13-15 (Not Fridays)

Other staff involved

Sebastian Pashaei Sebastian.pashaei@tlog.lth.se
Prof. Andreas Norrman andreas.norrman@tlog.lth.se

Web page

The web page is updated continuously, and contains a lot of fresh material such as hand-outs from lecture, course description, assignments, articles

Address: http://www.tlog.lth.se/english/education/courses/mtt115_industrial_purchasing/

- Username: ip_student
- Password: mtt115

Selected information can be posted on the division’s board, on the 4th floor of M building in on the right of Kostas Selviaridis’s room.

Literature

- At http://www.cengage.co.uk/vanweele5/students/stu_weblinks.html there are learning materials, as e.g. Multiple Choice Questions and Learning objectives to help you better follow the literature.
- Selected articles and material published on the website or handed out. (Replaces compendium from previous years)
Finally…

Your feedback regarding teaching and learning activities are extremely important for us, the department and the students of next year’s course. You are always welcome to contact us for discussions regarding the course, its structure and content. After, and during, the course you will be given formal course assessment that we hope you will fill in to support our development.

Welcome to the Industrial Purchasing course!

Ala Pazirandeh & Kostas Selviaridis

Course responsible