

THE UNIVERSITY OF SOUTHERN CALIFORNIA
Marshall School of Business
DSO 506 (16201) – Sourcing and Supplier Management – Fall 2020

Time: Wednesdays, 2:00-5:00 pm (via Zoom)
Wednesdays, 6:30-9:30 pm(via Zoom)

Instructor: Dr. Greys SOŠIĆ

E-mail: sosic@marshall.usc.edu

Zoom office hours: M 2:00-3:00 pm, F 10:00-11:00 am

COURSE SCOPE AND OBJECTIVES

In today's increasingly competitive and globalized world, firms are continuously trying to find ways to improve their performance and differentiate themselves from their rivals. Clearly, suppliers can have great impact on a firm's total cost and help in this differentiation process. Increased levels of outsourcing and offshoring make correct selection of suppliers and their quality, along with development of relationships between suppliers and producers, more crucial than ever.

Upon successful completion of this course, students will be able to:

- Describe the impact that sourcing and supply management have on the success and profitability of firms in today's business environment;
- Assess the factors that need to be considered when making sourcing and supplier management decisions (costs, prices, contracts, ethics, globalization, risks);
- Explain the influence that sourcing and supply management have on other functional activities, such as product design, inventory management, etc.

The class format includes lectures, case discussions, simulations, and movie clips.

COURSE MATERIALS

Required: *Course Reader* (CR) – Package of cases and readings available at USC bookstore. In the syllabus, a number such as CR#5 refers to 5th article in sequence in the course reader.

Digital version of the course reader can be purchased at
www.universitycustompublishing.com

Handouts (HO): Handouts posted on the Blackboard.

COURSE POLICIES

This class will be entirely online. Students should ensure that they can access all of the online tools via Blackboard prior to the start of classes.

The course covers both quantitative and qualitative materials, and uses cases for discussion of issues and illustration of approaches. We will use Excel as a modeling/solution finding tool when addressing several topics. Active participation in class is important throughout the course.

If you are located in a time zone where the synchronous class sessions or exams fall outside the window of 7 a.m. to 10 p.m. in your local time zone, please contact me. You will not be penalized for not attending the live Zoom class sessions. The Zoom sessions will be recorded and posted on Blackboard, and you will be responsible for watching the recorded sessions.

If you are watching live, you can share your comments with class and you should participate in PollEverywhere; if you watch the recordings, you can email me your thought before or after class. I will also consider participation in the Discussion board on the Blackboard.

ZOOM POLICIES

Zoom is the platform used for all online sessions and online office hours. A link and instructions to join the Zoom sessions will be posted in the Blackboard Course Pages. For more information about Zoom, go to: [Zoom Support Tutorials](#)

When logging in to Zoom, you should use your full name so that I can track your attendance. While logged in, your camera should be turned on. If there is a reason that prevents you from having your camera turned on, please let me know ahead of time. Your microphone should be turned off whenever you are not participating in class discussion. You should not share the class Zoom link and/or password with anyone to avoid Zoombombing.

During synchronous Zoom sessions, the following netiquette is expected, as if you were in a physical classroom.

Please do:

- Log into class early or promptly
- Arrange to attend class where there is a reliable internet connection and without distractions
- Dress respectfully. Video conference business meetings are and will be the norm, so practice your professional telepresence.
- If you use a virtual background, please keep it respectfully professional.
- Display both your first and last name during video conferencing and synchronous class meetings.
- Respectfully minimize distractions by muting and or turning off video if necessary and when appropriate.
- Engage in appropriate tone and language with instructors and classmates.

Please try not to:

- Engage in a simultaneous activity not related to the class.
- Interact with persons who are not part of the class during the class session.
- Leave frequently or not be on camera for extended periods of time.
- Have other persons or pets in view of the camera.

POLLING POLICIES

When logging in to PollEverywhere, please use your full name so that I can track your participation!

GRADING

Group case report (1)	15%
Individual submissions (5 out of 9)	15%
Assignment	5%
Group simulation project	10%
Test	45%
Class participation	10%

GROUP CASE REPORT

Please form teams of up to four persons within the first two weeks; you will be working in these teams for the group assignments. Use the “Group” option on the Blackboard to join one of the existing teams (do not create new ones as you will not be able to see the assignments!).

The case is to be discussed within your team and you will submit (as a team) a written report. This Syllabus provides some suggested questions that you should address in your analysis. Each team is required to submit a report on one case study (Polaris in week 4). Case write-up should be at most 4 pages

and single-spaced (11 or 12 point font), with appendices attached (not included in the number of pages). It should be submitted on-line through the Blackboard, along with the Excel files used in your analysis. When preparing your report, imagine that you, as a consultant, have to study an organization, to identify the main issues it faces, and to propose a set of recommendations. Your written report should begin with an executive summary, about half page long, summarizing the most important problems and your recommendations (think about it as the “elevator pitch”—you have to explain the main details of your report to an executive during the elevator ride). The rest of the report should be organized as follows:

1. Brief description of the company and its environment
2. Brief description of the problems and issues to be addressed (the questions in the syllabus related to the specific case should guide you in identifying those issues).
3. Recommendations and implementation plan.
4. Analysis that discusses why the recommendations will solve the problems identified.

You may choose to organize the report differently; however, please ensure that the above aspects are covered and the report is well organized with clear section and sub-section headers. Please avoid repetition of case facts and long expositions (remember the page limit)! Consider what you believe are the most important factors (and why). General solutions to specific problems will get you little credit. Both quantitative and qualitative analysis is important. Creativity in analysis and suggestions that are grounded in case facts will be given high credit. Please state any assumptions made clearly. Remember that your models are usually based on the forecasted demand and that different parameters and costs in the models are estimated (forecasted), so it is useful to provide some what-if analysis that considers, e.g., different possible demand scenarios, changes in cost estimates, etc.

GROUP SIMULATION PROJECT

During week 4, we will discuss global sourcing and tailored base-surge policy. This will prepare you for a global supply chain simulation project, Mexico-China Sourcing Game, that you will take part in during week 5. A spreadsheet with game description and historical order data will be posted on the Blackboard. For the simulation exercise, you should bring your laptops to class and have Safari web browser installed. With your group, before coming to class (in week 5), you should analyze the spreadsheet and decide on your global dual sourcing strategy. This includes:

1. How will you prepare yourself to start selling? (You have four periods to prime the pipeline before sales start.)
2. Will you source from both plants? Why, and if so, how much and when?
3. What is your strategic allocation? Specifically, when the orders $D(t)$ for period t are revealed, how will you react and prepare for next period: what order will you place to Mexico and what order to China? The strategic allocation is key in setting up the sourcing relationship and includes the total number of units you expect to order over the product life cycle and how the aggregate order would be allocated to each source (i.e., the % allocated to each source captures supplier shares).

You should prepare report “Simulation analysis part 1” that describes your analysis of items 1-3 above and submit it through the Blackboard before the exercise (before class in week 5). There is no restriction on report length.

After the simulation, we will discuss your performance and decisions. You should prepare report “Simulation analysis part 2” that describes your decisions, results, and what you learned from the exercise; that is, what, if anything, should have been done differently by your team. This includes:

1. How different was your forecasted demand vs. the actual demand? How did the difference in demand change your buying strategy throughout the simulation?
2. How did the periodic financial updates impact your buying strategy?
3. What would you do differently, based on the final results?

Report should be submitted through the Blackboard by week 6; there is no restriction on report length. Note that the project grade depends on multiple factors: pre-game analysis (40%), post-game analysis (40%), and your actual performance in simulation exercise (20%).

GROUP ASSIGNMENT EVALUATION

Team assignments provide a valuable learning experience – how to work effectively and efficiently in groups, learning from others, and honing your ability to communicate to others. Although your team's grade depends on each member's efforts, some students can be tempted to let others carry their load. In order to provide an incentive for all students to make maximum contributions to the study group, you will be asked to grade each team member's contributions. Your group grades will be adjusted to obtain an individual grade based on feedback about performance provided by other members of the group (see the group assessment forms posted on the Blackboard). If you do not submit your group assessment form, it is assumed that you have assigned a rating of 100% to all your group members. The forms can be submitted in person or via e-mail, but no later than the exam date.

INDIVIDUAL (SHORT) SUBMISSIONS

In addition to the case for which you are required to submit group report, we will be discussing other cases and articles. You should be prepared for class discussion, and this Syllabus provides some suggested questions that you should address. For the individual submissions, follow the link on the Blackboard and enter the required information before the class. The objective of the short submission is to ensure that you prepare the case. For that reason, no late submissions will be accepted.

Unlike the assignments discussed in previous sections, which are meant to be solved in teams, this section discusses individual submissions, which means that you have to prepare them on your own. You can talk about the assignments with your colleagues or me, but you have to prepare and submit them individually. If you use any material outside of that provided as part of the class (found of Internet, journal articles, etc.) make sure to reference it properly; see section on academic conduct for more details.

As long as your answer shows that you have given sufficient thought to the analysis, you will get full credit. Note that this in general requires answers that are longer than one sentence. Each submission is worth up to 3 points, and the maximum number of points you can obtain for individual submissions is 15. If your total exceeds 15 points, it can improve your participation grade (note that in this case, each additional submission does not increase your participation by 3 points).

INDIVIDUAL ASSIGNMENT

There will be one individual assignments scheduled for week 3 (Pairwise comparison). It is based on class exercises and should help you prepare for the exam questions. It is not meant to be solved in teams, you have to prepare it on your own.

EXAM

The exam is scheduled for week 7 (November 18). The questions will have several formats: multiple choice, true/false, and problems.

You will take the exam on the Blackboard; it will appear on the "Assignment" page. The class meeting at 2 pm will have the exam starting at 2 pm; the class meeting at 6:30 pm will have the exam starting at 7 pm. If you are located in a time zone where the exams fall outside the window of 7 a.m. to 10 p.m. in your local time zone, please contact me (at least two weeks prior to the exam date) so that we can arrange for an appropriate time for you to take the exam.

Once you start, you have to complete the exam in one two-hour sitting (no logout/login allowed). In case you experience a computer malfunction or a power outage that logged you out of the exam, you should notify me immediately so that I can manually allow you to login again and finish the exam. If you fail to notify me immediately, you will not be able to complete the exam and only the part that was recorded will be graded.

If there are extenuating circumstances that prevent you from taking the test, you must discuss the

reason with me before the time of the test. You will not be given a make-up test unless you obtain a permission from me in advance. In addition, you must be able to document the extenuating circumstance. If you miss the test due to a medical emergency that can be documented and verified, then a make-up test will be given. Otherwise, a grade of zero will be given for the missed test. Note that a make-up test cannot be taken before the actual test date!

GRADING

Graded work will be posted on the Blackboard. Disputes over graded material should be brought to my attention as soon as possible.

CLASS PARTICIPATION

Class participation requires that you do the assigned readings, analyze the cases based on the questions given and participate actively in class. I prefer substantive comments based on good analysis rather than brief, general comments that add little to the discussion and learning. Indicate you have something to say by clicking on the raised-hand icon. Be prepared to defend your suggestions or solutions!

At the same time, be aware that it's OK to ask a question that you think may be unsophisticated or uninformed. Being too shy to ask a question will only hurt your understanding of the material. You should feel that we are in a supportive and non-judgmental environment and there is no such thing as a bad question or bad response to a question. Consider also the following:

- Don't worry about impressing people; do not keep quiet out of concern for what others will think about what you say.
- Ask questions when you do not understand; do not assume you know what others are thinking.
- Ask for clarification if you are confused; ask clarifying questions if you do not understand a point raised.

I will use PollEverywhere to assess your understanding of the material. Your answers on PollEverywhere will count towards your participation. If you are attending class live, you are expected to participate in PollEverywhere. If you are just logged in and do not answer PollEverywhere questions, I will assume that you were not attending class.

If you are attending the class live, you can also comment in the chatroom.

If you are not physically attending but would like to show your preparation, please provide me with your analysis/comments through email. This may include material related to the topics covered in class from your work experience, from additional articles/videos that you have found, readings on the Blackboard, etc. You can also contact me through Skype, by arranging a time window that works for both you and me.

I also encourage you to participate in the Discussion board on the Blackboard, where you can discuss the case readings, post additional relevant material (readings, videos, website links, etc.), start discussion with your colleagues, and so on. At the same time, just posting "You made a great point!" or similar type of comments will not contribute much to your participation grade.

GETTING HELP

If you have questions about any aspect of the course, you can always talk to me. If it is a quick question, you can contact me before or after the class, or during the break. If you need more time or privacy, you can contact me during office hours. If you cannot make my office hours, you can email me and we can arrange for an alternative time.

TECHNOLOGY REQUIREMENTS

The following equipment and system requirements are recommended to successfully participate in this online course:

- Computer with webcam

- Earphones or headset
- Reliable (preferably high speed) Internet connection
- Current operating system for Windows or Mac
- Current browser
 - o Google Chrome
 - o Firefox
 - o Internet Explorer (not recommended)
 - o Safari (Mac)

For technical support please see:

- USC Systems (Blackboard, USC Login, MyUSC, USC Gmail, GoogleApps)
For assistance with your USC login or other USC systems, please call +1 (213) 740-5555 or email Consult@usc.edu. They are open Mon – Fri 9:30am – 5pm and weekends from 8am - 5pm (all Pacific time).
- Zoom Video Web Conferencing System (MarshallTALK)
For assistance using Zoom, go to Zoom Support Page. You may also call +1 (888) 799-9666 ext. 2. They are available 24/7.
- Marshall Systems (MyMarshall, Marshall Outlook email)
For assistance with Marshall systems you can call +1 (213) 740-3000 Mon-Fri 8am-6pm (Pacific), email HelpDesk@marshall.usc.edu, or use our self-help service portal as shown below. The portal allows you to get immediate assistance by searching for the information you need. You can also use it to chat with a technician or input a request. To access the service portal, follow these steps:
 - o On a computer or mobile device, go to MyMarshall Home Page and click the “Help” link on the upper right.
 - o Log in using your Marshall username and password.
(If you don't know your Marshall login please follow the onscreen instructions pertaining to login issues)

If your computer does not have Microsoft Word, Office 365 package is available to you free of charge and allows you to install Word, Excel, PowerPoint, Outlook, OneNote, Publisher, and Access on up to 5 PCs or Macs and Office apps on other mobile devices including tablets. Office 365 also includes unlimited cloud storage on OneDrive. To download Office 365 log into your student (University) email through a web browser, choose Settings (top right corner), and select software. If you have further questions or need help with the software, please contact the USC ITS service portal.

ACADEMIC CONDUCT

Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the Student Conduct Code. Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/scampus-part-b/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

SUPPORT SYSTEMS

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention and Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Campus Support & Intervention (CSI) - (213) 740-0411

<https://campussupport.usc.edu/>

A team of professionals here to assist students, faculty, and staff in navigating complex issues. Whether you are here seeking support for yourself or someone else, we are available to help you problem solve, understand options, and connect with resources. Please note that we are not an emergency resource and are not available 24/7.

Office of Equity and Diversity (OED)- (213) 740-5086 | Title IX – (213) 821-8298

equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following *protected characteristics*: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The university also prohibits sexual assault, non-consensual sexual contact, sexual misconduct, intimate partner violence, stalking, malicious dissuasion, retaliation, and violation of interim measures.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity |Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710

uscса.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call
dps.usc.edu

Non-emergency assistance or information.

STUDENTS WITH DISABILITIES

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

STATEMENT ON TECHNOLOGY USE

Please note that communication devices such as cell phones, smart phones, tablets, etc. capable of sending and/or receiving electronic communication and all entertainment devices are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to those around you.

Course plan at a glance (tentative)

Week	Topic	Readings	Cases	Submission
1	Introduction-Purchasing and supplier management	How the U.S. Lost Out on iPhone Work (HO) In China, Human Costs Are Built Into an iPad (HO) Your Next iPhone Might Be Made in Vietnam. Thank the Trade War (HO) Parts Supplier Delphi is Scrutinized in GM Recall (HO) A Cheaper Airbag, and Takata's Road to a Deadly Crisis (HO) Takata's Future in Doubt as Airbag Recall in U.S. Doubles in Size (HO) Supplier's Role Shows Breadth of VW's Deceit (HO) Clicking Buy on Amazon (HO) Amazon's Big Breakdown (HO) It's Up To Manufacturers to Keep Their Suppliers Afloat (HO) How the World's Richest Country Ran Out of a 75-Cent Face Mask (HO) Innovation sourcing excellence (CR #1)		Short #1 – Apple (q.1) Short #2 – Automakers (q.1) Short #3 – Coronavirus (q.1)
2	Supplier selection and evaluation	KindyBis (CR#2)	HTC (CR#3)	Short #4 KindyBis (q.1) Short #5 – HTC (q.4)
3	Prices and contracts	Option pricing model (p.6, HO)		Pairwise comparison
4	Global sourcing Guest speaker from Procon Pacific		Polaris (CR#4)	Group #1 – Polaris
5	Global dual sourcing simulation game	Global dual sourcing simulation game (HO)		Group project - Simulation analysis part 1
6	Procurement risks Environmental and social issues	Managing in the Face of Exchange rate Uncertainty (HO) Bangladesh Fire: How Rules Went Astray (HO) Bangladesh Fire and Wal-Mart's Supplier Network (HO) Public Outrage Over Factory Conditions (HO) After Factory Disaster, Bangladesh Made Big Safety Strides (HO) Bangladesh Garment Workers Face Ruin Due to Coronavirus (HO)	Honda Canada (A), (B) (CR#5, #6) Exchange rate uncertainty (HO) Nike (CR#7)	Group project - Simulation analysis part 2 Short #6– Honda (q.2) Short #7– Exchange rate (q.1,2) Short #8 – Nike (q.2) Short #9–Bangladesh (q.3)

Detailed course plan

Week 1 Introduction-Purchasing and supplier management: Cost analysis

Readings:

- *How the US lost out on iPhone work* (NYT, 1/21/2012)
- *In China, Human Costs Are Built Into an iPad* (NYT, 1/25/2012)
- *Your Next iPhone Might Be Made in Vietnam. Thank the Trade War* (NYT, 7/30/19)

Discussion Questions:

1. Apple formerly assembled its computers at factories at Fremont, California, and in Colorado. From managerial perspective, what rationale do you think Apple had moving it to China? Do you support their decision? Could Apple pick an offshore assembly location in another area? What are the important factors in their location selection?
 2. What is your evaluation of Foxconn social condition policies (wages and benefits, occupational health and safety, labor and human rights)? Do they have any impact on Apple's image? Is Apple responsible for the alleged human rights violations that occurred? Should firms such as Apple maximize their profits, or should they sacrifice some profits to do good?
 3. What coordination costs does Apple incur? Would onshoring, insourcing, or a combination of the two represent a suitable response to Apple's problems? What is the impact of current trade policies on Apple's decisions?
- *Parts Supplier Delphi is Scrutinized in GM Recall* (NYT, 6/24/2014)
 - *A Cheaper Airbag, and Takata's Road to a Deadly Crisis* (NYT, 8/27/2016)
 - *Supplier's Role Shows Breadth of VW's Deceit* (NYT, 2/1/2017)

Discussion Questions:

1. Who should be held responsible for the car equipment malfunction? Justify your answer by using data from the above articles.
 2. What is the impact of the wave or recalls on GM supply chain? What role does sourcing and supplier management play in this situation?
 3. Who is the impact of the wave of recalls on Takata? On its customers? What role does sourcing and supplier management play in this situation?
 4. Should Bosch be held responsible in Volkswagen cheating on clean air rules?
- *Clicking Buy on Amazon? It's Trying to Prevent a Coronavirus Caveat* (NYT, 2/21/20)
 - *Amazon's Big Breakdown* (NYT, 6/4/2020)
 - *It's Up To Manufacturers to Keep Their Suppliers Afloat* (HBR, 5/11/2020)
 - *How the World's Richest Country Ran Out of a 75-Cent Face Mask* (NYT, 3/7/2020)

Discussion Questions:

1. Amazon was well known for its excellent supply chain management. How did coronavirus impact product availability on Amazon? Why?
2. Why did the U.S. experience severe toilet paper shortage, when this is usually a product with predictable and stable demand?
3. Why did the U.S. experience severe shortage of face masks?
4. What should manufacturers do to ensure viability of their supply chains during coronavirus crises?

- *Innovation Sourcing Excellence: Three Purchasing Capabilities for Success*

Discussion Questions:

1. What is innovation sourcing? Why is it important?
2. What innovation sourcing capabilities should companies develop to excel in purchasing?

Week 2 Supplier selection and evaluation

Readings:

- *Offshoring: Where Should KindyBis Make Its Socks?*, (IJCSM #HEC215)

Discussion Questions:

1. Consider KindyBis current production of high-end socks.
 - a) What are the options for its future production?
 - b) Chose the option that seems most reasonable without doing an in-depth analysis. Do a SWOT (strengths/weaknesses/opportunities/threats) analysis for high-end socks to guide the decision-making process.
2. Consider KindyBis production of low-end socks. How would your SWOT analysis change? What option would seem most reasonable in this case?
3. What would be the best captive offshoring location?
4. What would be the best offshore outsourcing choice?

- *Strategic Performance Measurement of Suppliers at HTC* (ACRC #HKU950)

Discussion Questions:

1. What is the purpose of the supplier scorecard at HTC? Is it achieving that goal?
2. What are the strengths and weaknesses of the supplier scorecard at HTC?
3. What should be done with suppliers receiving B grades? Should they be dropped? What alternatives would you suggest?
4. For each supplier (A, B, C, D, and E), should orders be increased or decreased? Why? Explain your recommendation.
5. What other considerations may affect future allocations of orders with the five suppliers?

Week 3 Prices and contracts

Assignment: Pairwise comparison

Doug is doing a pairwise comparison of his three suppliers, Alex, Bob, and Cam. His preferences are given as

	Extremely favors	Very strongly favors	Strongly favors	Slightly favors	Equal	Slightly favors	Strongly favors	Very strongly favors	Extremely favors	
Alex	9	7	5	3	1	3	5	7	9	Bob
Alex	9	7	5	3	1	3	5	7	9	Cam
Bob	9	7	5	3	1	3	5	7	9	Cam

Create a pairwise comparison matrix and use it to find the priority vector – the weight for each supplier (it will be easiest to do it in excel).

Please download the excel file for the Option pricing model from the Blackboard.

Week 4 Global sourcing; Guest speaker from Procon Pacific

Readings:

- *Polaris Industries Inc.* (Kellogg case #KEL725)

Discussion Questions:

1. Why does Polaris outsource the manufacture of most components but in-source final assembly?

2. Which manufacturing location provides Polaris with the greatest cost savings? You should consider costs in period 2011-2015, and take into account wage changes and appropriate exchange rates (as we assume that you are making decisions ahead of time, do not use actual exchange rates for years in question). In your analysis, assume that transportation cost from China includes all the costs to the destination, and assume that labor costs are not included in production cost. To obtain the net present cost, assume annual discount rate of 10%.
3. Would your recommendation change if foreign exchange rates increased or decreased by 15%?
4. Assuming all else is constant, would your recommendation change if labor rates in Mexico increased by 20% annually instead of 7.1%?
5. What other factors should Suresh Krishna and his team consider when making the manufacturing location recommendation?

➤ **Group report on Polaris due at the beginning of the class**

- Guest speaker from Procon Pacific, Dan Krassenstein, will join us online via Zoom at 6:30pm. The on campus class for the day will end early, and the students are expected to join the Zoom meeting at 6:30pm or watch the recording after class

Week 5 Global dual sourcing simulation game

(Bring your laptops to class)

- **Simulation analysis part 1 due at the beginning of the class**

Week 6 Procurement risks; Environmental and social issues

- **Simulation analysis part 2 due at the beginning of the class**

Readings:

- *Honda Canada (A): Tsunami and Communications; Honda Canada (B)* (Ivey Publishing case #W16152, #W16153)
Discussion Questions:
 1. What is the impact of single sourcing vs. diversified supply networks?
 2. Why was Honda caught unaware of the vulnerabilities in its supply chain?
 3. What conceptual approaches can Honda Canada take to build a more robust supply chain?
 4. How can Honda Canada turn the crisis into an opportunity?
- *Managing in the Face of Exchange-Rate Uncertainty: A Case for Operational Hedging* (Deloitte Research Study)
Discussion Questions:
 1. How can exchange rate risk impact companies with international supply chains and markets?
 2. How should companies manage exchange rate risk?
 3. What are the downsides of focusing on financial hedging tools in managing exchange rate risk?
 4. What is operational hedging? Briefly explain 3 operational hedging strategies from the article.
- *Global Sourcing at Nike* (HBS case #9-619-008)
Discussion Questions:
 1. What are the biggest challenges in sourcing that Nike is facing?
 2. How was Nike historically dealing with labor issues at their suppliers? What measures were they taking to ensure suppliers' compliance? Was that enough?
 3. What is the Manufacturing Index? How does it help Nike to deal with supplier issues?
 4. What are the main features of global sourcing at Nike in 2018?

- *Bangladesh Fire: How Rules Went Astray* (WSJ, 12/6/2012)
- *Bangladesh Fire: What Wal-Mart's Supplier Network Missed* (WSJ, 12/10/2012)
- *Public Outrage Over Factory Conditions Spurs Labor Deal* (NYT, 5/19/2013)
- *U.S. Retailers Offer Plan for Safety at Factories* (NYT, 7/10/2013)
- *After Factory Disaster, Bangladesh Made Big Safety Strides. Are the Bad Days Coming Back?* (NYT, 3/2/20)
- *Bangladesh Garment Workers Face Ruin Due to Coronavirus* (NYT, 4/3/2020)

Discussion Questions:

1. Who is responsible when accidents like the one in Bangladesh occur? How should western firms approach the safety issue for factories to which they outsource their manufacturing?
2. Was Wal-Mart approach to factory safety flawed? Would you have done anything differently?
3. *How does European approach to factory safety (the accord) differ from the American one (the alliance)? What are the pros and cons of each of them?*
4. Do you think that the Ready Made Garments Sustainability Council can successfully enforce the safety requirements? Why or why not?
5. How is coronavirus impacting Bangladesh textile industry and its safety efforts?