

# Minor in Strategic Procurement

## Description

### The Minor concept

A minor gives you the opportunity to specialize your master program even further. The minor is a bundle of electives that can be chosen separately, but if chosen together gives you a coherent set of competencies that qualifies you to a specialist or leadership function, in this case within Strategic Procurement.

### Purpose

In companies with manufacturing, cost of goods sold (COGS) is 50-80%; in service companies, the equivalent cost is 30%. Thereby procurement is an important function in companies where traditionally, focus has been on cost savings by letting suppliers compete for orders. With the last 20 years' globalization, however, the role of procurement has shifted from that of cost saving focus alone to also finding the right suppliers in evermore complex global supply markets and networks. By this development, purchasing is central in finding new business partners and developing relationships with them that can create competitive advantage. These relationships are based on competition or on collaboration where new products, services and processes are developed. In addition to external relationship building, procurement also needs to build constructive relationships to internal functions for which they procure. The minor in Strategic Procurement gives you a comprehensive set of analytical and management tools to elevate a traditional procurement organization to a strategic level.

The minor combines theories and methods primarily the supply management discipline - with specific focus on external-internal relationship building - with that of management accounting giving you the financial insight and measures to understand the function and how procurement is connected to the corporate strategy as the business as a whole. In providing you with the tools to develop the procurement organization, the minor further gives insight into organizational change processes.

### Structure

The below table lists the structure and the ECTS credits of the individual courses. The course descriptions are available in the [online course catalogue](#). Direct links are inserted in the below table.

| Course                                     | ECTS |
|--|------|
| <a href="#">Global Sourcing Management</a> | 7.5  |

| Course  | ECTS |
|---|------|
| <a href="#">Procurement Organization and Strategy</a> | 7.5  |
| <a href="#">Advanced Sourcing Analysis Techniques</a> | 7.5  |

## Content

### Advanced Sourcing Analysis Techniques.

Learning objectives:

- Understand the role of the procurement and production function in the value creation of the company
- Understand and be able to apply strategic as well as operational planning and coordination tools that can be used in the coordination with the production function and the suppliers Be able to evaluate the efficiency of the procurement function
- Explain the process of collecting and extracting financial and operational data for sourcing analysis
- Analyze sourcing data and identify and how they could be used for analysis and decision making on choice of sourcing strategies
- Apply different sourcing analysis and estimation methods and techniques in order to create value in the organization

Content:

- Spend analysis
- Financial analysis
- Cost driver analysis – total cost of ownership (TCO)
- Supply market analysis – supplier profiling
- Purchase specifications (e.g. value analysis)

Indicative literature (more to come)

- Cooper, R., Slagmulder, R. (2003). “Interorganizational costing, part 1”, Cost Management; Sep/Oct , 17, 5, ABI/INFORM Global, p. 14.
- Bragg, S.M., (2010), *Cost Reduction Analysis – Tools and Strategies*, Wiley & Sons, [Chap. 8]
- Singh et al, (2006), ”Automated Cleansing for Spend Analytics”, IPSERA Conference Paper

### Global Sourcing Management.

Learning objectives:

- Compare concepts, models and frameworks in order to analyse global sourcing practices
- Apply and organise relevant processes, techniques and assessments in order to analyse and realise sourcing synergies

- Develop and convey effective category sourcing strategies in order to balance cost, risk, and value
- Apply and organise relevant category management processes and explain how these processes develop into being effective for the organisation
- Identify relevant challenges within management of global sourcing practices and explain how these challenges impact the organisation?

Content:

- Identifying and realizing sourcing synergies across business units/sites
- Category management
- Indirect spend management
- Global supply network governance
- Supply risk
- Sourcing innovative solutions

Indicative literature

- O'Brien, J., (2012), "Category Management in Purchasing", United Kingdom: Kogan Page Ltd.
- Hartmann, E., Trautmann, G., Jahns, C., (2008) "Organisational design implications of global sourcing: a multiple case study analysis on the application of control mechanisms", *Journal of Purchasing & Supply Management*, 14, p. 28–42.
- Smart, A.; Dudas, A., (2007), "Developing a decision-making framework for implementing purchasing synergy: a case study", *International Journal of Physical Distribution & Logistics Management*, Vol. 37 Iss 1, pp. 64 - 89
- Schiele, H.; Philipp Horn, P; Bart V. (2011): "Estimating cost-saving potential from international sourcing and other sourcing levers; Relative importance and trade-offs", *International Journal of Physical Distribution & Logistics Management*, Vol.41(3)
- Payne, J.; Dorn, W. R., (2012), "*Managing Indirect Spend*", Hoboken, NJ, USA: John Wiley & Sons, Inc.

## **Procurement Organization and Strategy**

Learning objectives:

- Explain how procurement knowledge and competences can be developed, managed and integrated into corporate strategy
- Explore and discuss change management concepts and theories in a procurement organization in order to resolve concrete development issues
- Critically reflect on leadership roles and values in strategic procurement
- Communicate results to stakeholders

Content:

- The procurement organization
- Procurement capability development
- Procurement value creation
- Change management
- Values and leadership for procurement
- Sustainability in procurement

#### Indicative literature

- Mol, M.J. (2003), "Purchasing's strategic relevance", Journal of Purchasing and Supply Management, vol. 9(1), pp. 43-51
- Barney, J.B. (2012), "Purchasing, supply chain management and sustained competitive advantage: The relevance of resource based theory", Journal of Supply Chain Management, Vol. 48(2), pp. 3-6
- Cousins, P.D. (2005), "The alignment of appropriate firm and supply strategies for competitive advantage" International Journal of Operations & Production Management, Vol. 25(5), pp. 403-428.
- Van Weele, A. J. and van Raaij, E.M. (2014), "The future of purchasing and supply management research: About relevance and rigor", Journal of Supply Chain Management, Vol. 50(1), pp.
- Giunipero, L., Handfield, R. B. and Eltantawy, R. (2006), "Supply management's evolution: key skill sets for the supply manager of the future", International Journal of Operations & Production Management, Vol. 26(7), pp. 822-844.
- Driedonks, B.A., Gevers, J.M.P. and van Weele, A.J. (2010), "Managing sourcing team effectiveness: The need for a team perspective in purchasing", Journal of Purchasing & Supply Management, Vol. 16. 109-11. 7
- Peireira, C. R., Christopher, M. and Da Silva, A. (2014), "Achieving supply chain resilience: the role of procurement", Supply Chain Management: An International Journal, Vol. 19(5/6), pp. 626-642.
- Oke, A., Prajogo, D. and Jayaram, J. ((2013), "Strengthening the innovation chain: the role of internal innovation climate and strategic relationships with supply chain partners", Journal of Supply Chain Management, Vol. 49(4), pp. 43-58.
- Kern, D., Moser, R., Sundaresan, N. and Hartmann, E. (2011), Purchasing Competence: Stakeholder-based Framework for Chief Purchasing Officers, Journal of Business Logistics, Vol. 32 (2), pp. 122-138

#### Examinations

The minor consists of the examinations listed below. The learning objectives and the regulations of the individual examinations are prescribed in the [online course catalogue](#). Direct links to the individual examinations are inserted in the table below.

| Exam name   | Exam form                          | Grading scale | Internal/external exam | ECTS | Weight |
|---|------------------------------------|---------------|------------------------|------|--------|
| <a href="#">Global Sourcing Management</a>            | Home assignment - written product  | 7-step scale  | Internal exam          | 7.5  | 7.5    |
| <a href="#">Procurement Organization and Strategy</a> | Oral exam based on written product | 7-step scale  | External exam          | 7.5  | 7.5    |

| Exam name   | Exam form | Gradingscale | Internal/external exam | ECTS | Weight |
|---|-----------|--------------|------------------------|------|--------|
| <a href="#">Advanced Sourcing Analysis Techniques</a> | Oral Exam | 7-step scale | Internal exam          | 7.5  | 7.5    |

*Minor coordinator*

Professor mso Britta Gammelgaard, PEØ

*Study Board*

The minor in Strategic Procurement is offered by the Study Board for the Master of Science Programme

in Economics and Business Administration.

*How to sign up*

If you want to sign up for the minor in Strategic Procurement you have to select CCMVM1009U Minor in Strategic Procurement when you sign up for electives. You will then subsequently be signed up for all three courses. You do not have to select all three courses individually

### **Further information**

Mette Kierkegaard, e-mail [mki.om@cbs.dk](mailto:mki.om@cbs.dk) or Britta Gammelgaard, e-mail [bg.om@cbs.dk](mailto:bg.om@cbs.dk)