### SESSION PLAN

**COURSE:** ABE Level 5 Award in Operations Management

**ELEMENT:** Element 3 – Procurement

## **LEARNING OUTCOME 3**

**3: Analyse the role of procurement and procurement approaches. (Weighting 25%)**

3.1 Discuss the meaning of organisational procurement

3.2 Analyse organisational procurement approaches

**NUMBER OF SESSIONS:** Seven – Approximately 17-20 hours in total, plus self-study

**SESSION TOPICS:** Session 1: Definitions of purchasing and procurement

Session 2: Strategic importance of purchasing and procurement

Session 3: Purchasing objectives

Session 4: Purchasing strategy

Session 5: Sources of supply

Session 6: Partnership sourcing

Session 7: Subcontracting

**Note to tutors: this is the recommended session plan for learning outcome 3, element 3 of ABE Level 5 Operations Management. You should follow the plan, using the activities provided. It is important to enhance all sessions with local examples and case studies, involving the learners ACTIVELY wherever possible. Sessions can be joined together or separated out, as required, to suit your teaching needs.**

**SESSION 1: Definitions of Purchasing and Procurement**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 3-4 hours | Assessment criterion 3.1: Discuss the meaning of organisational procurement  What is purchasing?  Establish the context by reiterating the fact that every organisation needs ‘transformed inputs’ and therefore purchasing is an on-going activity in business operations.  The emphasis of this session is to clearly establish how purchasing has emerged from ‘strategic irrelevance’ to become a highly strategic function in certain operations and supply chains. | Use file: **5UOM Presentation E3**  Define purchasing; identify types of buyers; classify purchases according to types of items and familiarity.  Clear distinction should between raw material, capital equipment, finished products and support services. Explain the context of purchasing in the organisations.  Discuss the evolution of purchasing into the procurement function.  Explain the purchasing procedures and the three key stages.  It is recommended that this session uses the images of real purchase orders created in the local business context. | 1-10  11-14  14-19 | Learner to be involved in this session through the suggestion of ideas and inputs. |  |
|  | Activity 1: Nature of purchases in a safari tour operations. | Introduce activity 1 at this stage. Divide the class into small groups. |  | Learners should attempt this activity in small teams. Each team should present their answers in classroom. | **5UOM E3 LO3 Activity 1 – Safari Tours Operation Types of Purchase** |

**SESSION 2: Strategic Importance of Purchasing and Procurement**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 1 hour | Assessment criterion 3.1: Discuss the meaning of organisational procurement  Strategic significance of purchasing | Use file: **5UOM Presentation E3**  Discuss the positive correlation between purchasing and the focal firm’s basic strategy.  Emphasis must be placed on the fact that for some organisations, purchasing bill is a significantly high proportion of the total costs. Purchasing acquires strategic importance in these organisations (refer to slide 22 of element 3 tutor resources).  Illustrate the importance of purchasing with examples. | 20-22 | Take notes and contribute to class discussions and idea-building. |  |

**SESSION 3: Purchasing Objectives**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 1-2 hours | Assessment criterion 3.1: Discuss the meaning of organisational procurement  Purchasing objectives | Use file: **5UOM Presentation E3**  Explain purchasing objectives and their significance. Discuss the linkage between purchasing objectives and the firm’s strategy. | 23-27 | Learners to contribute to class discussion and share ideas. |  |
|  | Activity 2: Purchasing and operating profit.  This activity is based on simple calculation. It demonstrates that cost efficiency in purchasing makes a direct and positive contribution to the focal organisation’s operating profit.  A brief explanation of opening stock may be given before the activity. | Introduce activity 2 at this stage. Divide the class into small groups. |  | Learners should attempt this activity in small teams. Each team should present their answers in classroom. | **5UOM E3 LO3 Activity 2 – Impact of Purchasing on Operating Profit** |

**SESSION 4: Purchasing Strategy**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 3-4 hours | Assessment criterion 3.1: Discuss the meaning of organisational procurement  Purchasing strategy and its frameworks  The importance of purchasing strategy and supplier strategy are an important topic in the discussion on supply chain management. The frameworks discussed in this session are seminal work in the area of purchasing. | Use file: **5UOM Presentation E3**  Explain the strategy triangle.  Identify two analytical frameworks of purchasing strategy; discuss Kraljic’s portfolio matrix and supplier preferencing frameworks.  Discuss supplier strategy and five levels of intervention that form a part of supplier strategy.  Discuss the strategic choices for sourcing available to the focal firm. Explain the ‘do or buy’ strategic choice, and the factors that influence this choice. | 28-29  30-34  35-43 | Learners to contribute to class discussion and share ideas/examples. |  |

**SESSION 5: Sources of Supply**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 4 hours | Assessment criterion 3.2: Analyse organisational procurement approaches  Who can supply?  Various supply arrangements.  Supplier assessment. | Use file: **5UOM Presentation E3**  Discuss the various sources of supplier information.  Teaching at this stage can take a participative tone discussing everyday personal and business situations that involve the process of purchasing. | 44 | Learners to share examples and ideas with the class. |  |
|  | Activity 3: Sources of information on potential suppliers. | Introduce activity 3 at this stage. Divide the class into small groups. |  | Learners should attempt this activity in small teams. Each team should present their answers in classroom. | **5UOM E3 LO3 Activity 3 – Sources of Supply** |
|  | Establish the context by discussing the triggers – such as the focal organisation’s motivation to generate superior shareholder returns, globalisation and information and communication technology – that have offered the strategic choice between ‘do or buy’ and given momentum to global sourcing and outsourcing. | Discuss the strategic choices for sourcing available to the focal firm. Explain the ‘do’ approach.  Discuss various sourcing choices: global versus local; single versus multi; partnership versus competitive bidding.  Emphasis should be on critical evaluation of the choices, while highlighting the advantages and disadvantages. Linkage should be established between choice of sourcing and the level of supply chain risk associated with it.  Discuss supplier assessment and its significance. | 45  46-56 |  |  |

**SESSION 6: Partnership Sourcing**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 2 hours | Assessment criterion 3.2: Analyse organisational procurement approaches  Partnership sourcing | Use file: **5UOM Presentation E3**  Discuss the definition, features, advantages and drawbacks of partnership sourcing. | 57-64 | Learners to contribute and make notes through the discussion. |  |
|  | Activity 4: Advantages from partnership sourcing, both for the supplier and the focal organisation.  The answer to this activity is available in the study guide under the topic ‘partnership sourcing’. | Introduce activity 4 at this stage. Divide the class into small groups.  This activity is slightly challenging as it requires thought. For this reason, it is ideally completed in groups. |  | Learners should attempt this activity in small teams. Each team should present their answers in classroom. | **5UOM E3 LO3 Activity 4 – Advantages of Partnership Sourcing** |

**SESSION 7: Subcontracting**

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| Approx. Duration | Topic | Tutor Activity | Slides | Learner Activity | Formative Assessment |
| 3 hours (includes time for conclusion) | Assessment criterion 3.2: Analyse organisational procurement approaches  Subcontracting and outsourcing  Establish the context by citing multiple real life examples of outsourcing. Discuss case study on British Airways (refer chapter 3 in the study guide) to highlight the risks associated with outsourcing. | Use file: **5UOM Presentation E3**  Define subcontracting and explain various types of subcontracting.  Define outsourcing and explain the decision logic that underpins the strategic choice of outsourcing.  The session can be summed up by discussing the case study on subcontracting decision. | 65-67  68-69 |  |  |
|  |  | Conclusion | 70-72 | Learners to share questions, comments and learning points on the subject-matter of Element 3. Tutor to introduce Element 4 and ensure learners are prepared for the next sessions. |  |
|  | Activity 5 - essay | Hand out the essay activity to students. Emphasise the importance of original work, citations and references. Set the submission deadline. |  | To be completed individually, not necessarily in the class. | Learners complete **5UOM E3 LO3 Activity 5 – HR Outsourcing in Malaysia (essay)** |