Purchasing and Supply Chain Management 7th edition Monczka Solutions Manual

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Purchasing & Supply Chain Management, 7e

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END-OF-CHAPTER DISCUSSION QUESTIONS

Chapter 1 – "Introduction to Purchasing and Supply Chain Management"

1. Why are more top managers recognizing the importance of purchasing/supply management?

   - Presence of world-class competitors, domestically and internationally forcing organizations to improve their internal processes
   - Unprecedented shifts toward outsourcing and offshoring vs. economics of re-shoring and nearshoring

2. What is the difference between purchasing and supply management? What is the difference between a supply chain orientation and supply chain management?

   - Purchasing – a functional group as well as a functional activity
   - Supply management – strategic approach to planning for and acquiring the organization's current and future needs
   - Supply chain orientation – a higher-level recognition of the strategic value of managing operational activities and flows within and across a supply chain
   - Supply chain management – endorses a supply chain orientation and involves proactively managing the two-way movement and coordination of goods, services, information, and funds from raw material through end user

3. What is the difference between a supply chain and a value chain?

   - Supply chain – set of three or more organizations linked directly by one of more of the upstream or downstream flows of products, services, finances, and information from a source to a customer; a subset of the value chain
   - Value chain – composed of primary and support activities that can lead to competitive advantage when configured properly; the accumulation of these activities results in the total value provided by a firm

4. Do you think organizational purchasers should behave like entrepreneurs? Why or why not?

   - Answers will vary by student

5. What are some of the factors that might influence how important purchasing is to the success of an organization?

   - Increasing value and savings
   - Building relationships and driving innovation
   - Improved quality and reputation
   - Reduced time to market
   - Managing supplier risk
   - Generating economic impact
   - Contributing to competitive advantage

6. With the expected increase in AI, robotics, and automation, what knowledge and skills do you feel are required for a purchasing professional?

   - Education
   - Certifications

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- Strategic thinking
- Leadership
- Managing cross-functional teams
- Ability to see the "big picture" and use a process approach
- "Soft" skills
- Data and analytics
- Total cost analysis
- Market analysis
- Fact-based decision making

7. Why does the collective behavior of supply managers have such an impact on economic trends?

   - Power to move financial markets
   - *ISM Report on Business* is a major financial indicator

8. What impacts will technology have on supply base innovation and risk management, and will technology allow supply managers to spend more time on these two areas?

   - Improve quality
   - Reduce time to market
   - Improve supply chain visibility
   - Yes

9. Discuss the four enablers of purchasing and supply chain excellence.

   - Capable human resources
     - Key to the success of any company is the quality of its employees
     - Need for interpersonal skills to manage relationships
     - Use data and analytics
     - Understand cost management
     - Technological savvy
     - Sound human resources strategy
   - Proper organizational design
     - Process of assessing and selecting the structure and formal system of communication, division of labor, coordination, control, authority, and responsibility required to achieve organizational goals
     - Proper use of teams
   - Real-time collaborative technology capabilities
     - Cloud-based information technology
     - Mobile devices
     - Planning and execution software
     - Data and analytics
   - Right measures and measurement system
     - Knowing what to measure
     - Process in place to measure
     - Accessibility to right data
     - Support fact-based decision making and taking action
     - Communicate requirements to other supply chain members
     - Improve supplier performance
     - Recognize outstanding performance

10. Would you agree that the importance of the individual supply chain management activities vary with the type of business (e.g., purchasing vs. inbound transportation) and provide examples?

    - Answers will vary by student

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11. Briefly discuss each of the seven periods in the evolution of purchasing and supply management. What do you forecast for the future?

- The Early Years (1850 – 1900)
  - Manufacturing-based
  - "Materials man who selects, purchases, receives, and delivers all articles required"
  - Railroad industry was early adopter of purchasing activities
- Growth of Purchasing Fundamentals (1900 – 1939)
  - Expansion of purchasing outside the railroad industry
  - Development of basic purchasing procedures and ideas
  - During World War I – role in obtaining vital war materials
  - Focus on sourcing or raw materials, instead of buying finished or semi-finished goods
- The War Years (1939 – 1946)
  - Emphasis on obtaining scarce materials during wartime
  - Increased number of colleges offering purchasing courses
  - Importance of professional organizations focused on purchasing
- The Quiet Years (1947 – Mid-1960s)
  - Decline of purchasing awareness post-World War II
  - Treated as an inescapable cost of doing business; regarded as a negative function
  - Wider dissemination of purchasing practices
  - Development of value analysis
- Materials Management Era (Mid-1960s – Late 1970s)
  - Combined related functions such as purchasing, inventory control, receiving, and stores under the authority of one individual
  - Issue of supply disruptions, i.e., Vietnam War, Arab oil embargoes moved organizations to become more efficient
  - Emphasis on multiple sourcing through competitive bid pricing
  - Supplier not considered as value-adding with arm's length relationships
  - Price competition
  - Purchasing as a largely clerical function
- The Global Era (Late 1970s – 1999)
  - Inadequacies of materials management during times of severe economic recession
  - Rise of total quality management
  - Intense global competition
  - Global firms building market share vs. American firms
  - Technology changed purchasing's work environment
  - Shorter product life cycles
  - Emerging Internet
- Integrated Supply Chain Management and Technology (2000 – 2025)
  - Importance of managing the best suppliers
  - Cooperative relationships
  - Enabling innovation in the supply base
  - Use of full-service suppliers
  - Automation of tactical processes
  - Global scope to coordinate

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Chapter 2 - "The Purchasing Process"

1. How can an effective purchasing department affect organizational performance?

   - Supply assurance
   - Manage the procure-to-pay process efficiently and effectively
   - Supplier performance management
   - Develop aligned goals with internal stakeholders
   - Develop integrated supply strategies that support business goals and objectives
   - Conduct spend analysis
   - Demand management and specifications/SOWs
   - Category management and supplier evaluation/selection
   - Contract management
   - Cost management
   - Supplier relationship management
   - Establish supply management strategy

2. Discuss the concept of the internal customer. Who are purchasing's internal customers?

   - Often called a stakeholder with operational requirements
     - Have a significant stake in the outcome of purchasing decisions
   - Purchasing supports
     - Needs of operations\
     - Requirements of physical distribution centers
     - Engineering and technical groups
     - New product development
   - Typical internal customers
     - Marketing
     - Operations
     - Manufacturing
     - Engineering
     - Research and development
     - Finance
     - Information technology
     - Human resources

3. Discuss the contributions a purchasing department can make to the corporate strategic planning process.

   - Demand management
   - Category strategies
   - Contract management
   - Cost management
   - Procure-to-pay improvement
   - Supplier relationship management
   - Spend analysis

4. List the areas typically considered within purchasing's span of control. Explain why it is important that purchasing have authority over each of these areas.

   - Forecast and plan requirements
   - Requisitioning (needs clarification)
   - Supplier identification and selection
   - Contract/purchase order preparation
   - Receipt and inspection

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