

MAKERERE UNIVERSITY BUSINESS SCHOOL
Faculty of Computing and Management Science
Department of procurement and logistics management

PROGRAMME: Bachelor of Procurement and Supply Management (BPSM III)
COURSE NAME: International procurement
COURSE CODE: PLM 326

YEAR OF STUDY: III **SEMESTER:** II

FACILITATOR: **Ms. Lawino Giovanna**

INTRODUCTION

As the progressive lowering of trade barriers eases, business survival increasingly hinges on a company's ability to compete globally in external and/or internal markets. Competitors from overseas are targeting previously secure domestic supply markets, while domestic competitors are increasingly looking overseas not only for new markets, but also for new sources of supply. Their procurement objectives are many and varied, but high on the list of priorities are issues of cost reduction, product and service innovation, technology acquisition and risk spreading. Blind loyalty to existing markets and suppliers is no longer sufficient to ensure that a firm continues to make a comfortable living, let alone to achieve the growth and profitability it needs to remain competitive.

STUDY OBJECTIVES

At the end of this course, students should be able to;

- Differentiate between local and International and Global procurement
- Know why we engage in International procurement
- Know the role of Procurement function in International procurement
- Know the challenges of International procurement

MODE OF ASSESSMENT

- | | |
|------------------|-------------|
| • Course work I | 15% |
| • Course work II | 15% |
| • Final Exam | 70% |
| Total | 100% |

TEACHING METHODS

- Straight lectures, Group and class discussions and presentations (ONLINE/PHYSICAL).

STUDY CONTENT

1. Introduction to international procurement

- Definitions
- Drivers of international purchasing

- Factors to consider in International Procurement
- Costs in International Procurement
- Role of the purchasing function in international procurement
- Challenges faced in international purchasing

2. International procurement process and considerations

- Needs identification and specification
- Sourcing
- Evaluation and selection
- Contracting
- Contract management
- Contract performance evaluation

Negotiation in international procurement

- Definition and objectives of negotiation in International Procurement
- The linkage between the procurement and negotiation
- The international negotiation process
- Factors affecting international negotiations
- International negotiation aspects

3. Analysis of International procurement environment and supply markets

- Reasons of analyzing the international procurement environment and supply markets.
- Analysis of the international procurement environment and their supply markets
 - a) The PESTLE
 - b) Porters five force model
 - c) SWOT analysis for international markets
 - d) Kraljic model
 - e) Logistics Performance Index (LPI)

4. International purchasing operations

- Incoterms-obligations of Parties-**Incoterms for Containerized cargo**
- Methods of payment; Letters of Credit, Collection Agreements, Escrow etc
- International purchasing documentation; Principle Documents e.g. Bill of Lading, Sea Waybill, Truck Waybill, Air Waybill, Commercial Invoice, Certificate of Insurance, Certificate of Origin, Pre-Shipment Inspection Certificate.

5. Customs Management

- Customs Management Introduction
- Containerization and Port Procedures-**ICDs, Cargo Handling Equipment**
- Basic import and export procedures
- Customs Valuation
- Rules of origin
- Calculation of Customs Duties
- Rationale for clearing goods
- Clearing and forwarding procedures
- Challenges in clearing and forwarding eg smuggling

- Factors to consider when importing and exporting

6. Supporting institutions in international procurement

- Regulatory institutions (WTO, Standards agencies,
- Banking institutions & Foreign exchange bureau
- International Logistics providers (e.g. 3PLs & 4PLs)
- Insurance institutions
- National chambers of commerce, etc

7. International logistics management

- Definition of logistics
- Scope of international logistics:
 - Materials cycle
 - Transportation
 - Storage and warehousing
 - Inventory management
 - Physical distribution
- In sourcing V. Out sourcing International Logistics (e.g. 3rd party, 4th party Ls)
- Pros and cons of in sourcing/outsourcing international logistics

8. Risks and risk management in international purchasing

- Definition of risk and risk management
- Risk management process
- Risks and risk management in international procurement
- Foreign exchange risk

9. Legal issues in international procurement

(The international procurement contract document)

- Principal clauses in a procurement contract document
- Conflict resolution approaches (Arbitration V. Litigation)

10. Emerging issues in international procurement

- Integrating ICT in international procurement
- Ethical issues in international procurement
- Sustainable procurement

REFERENCES

Lyons, K, Farrington, (2006) Purchasing and Supply Chain Management (Seventh Edition), Pearson Education Limited, England chapter 14 page 514.

Arjan, J, Van Weelc, (2005) Purchasing and Supply Chain Management (Fourth Edition)- Thomson Learning, Bedford Row, London

Branch, A, (200 I) International Purchasing and Management Thomson Learning, Berkshire House,, London

The Chartered Institute of Purchasing and Supply, Graduate Diploma, Professional Stage Study Guide, tactics and Operations By Neil Fuller, seventh edition 2003.

Approved by HOD:

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