



**THE TIMES 100**

**BUSINESS CASE STUDIES**

## Teacher guide

### Supply chain & procurement OPITO & CIPS

#### Where does the lesson fit?

This session would fit in an Operations Management module when exploring supply chains, supply chain management and working with suppliers. Students may then go on to explore stock control or the use of technology for supply chain management.



**Suggested resources & activities** related to supply chains, procurement, OPITO and CIPS

- Full OPITO and CIPS case study
- Supply chains and procurement PowerPoint
- Business Ethics lesson resources
- OPITO and CIPS crossword
- OPITO and CIPS word search

#### Suggested timings for the session

5 mins	Starter e.g. crossword
5 mins	Use the Supply chains and procurement PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Questions
30 mins	Task – Service Level Agreement
5 mins	What have you learned?

#### Answers to questions

1. What is procurement?  
Procurement is concerned with purchasing and supply. It covers the full supply chain including:
  - Negotiation of contracts
  - Purchasing
  - Storage
  - Distribution



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2. Describe the challenges that were faced by BP supply chain managers during the Deepwater Horizon oil spill.  
The challenges included finding sufficiently large quantities of the supplies required quickly as well as trying to keep budgets under control.
3. Explain what is meant by a service level agreement  
A Service Level Agreement is a contract that specifies standards, timings and payments for supply along with penalties for missing targets. It sets out the responsibilities and expectations for both the business (the buyer) and its suppliers. A key element of the SLA is ensuring that the price quoted by suppliers will not be subject to change, thus affecting the purchasing budget.
4. Analyse why reliability is so important in purchasing and supply  
Reliability of suppliers is important to:
  - Keep costs low and profits up
  - Ensure production processes can continue to run smoothly
  - Enhance business reputation
  - Maintain safety (especially in the oil and gas industry)

### **What have you learned?**

Expected learning is likely to include:

- Meaning of procurement
- Meaning of supply chain
- Meaning of supply chain management
- Role of supply chain managers
- The challenges faced by supply chain managers
- Benefits of reliable suppliers