Sourcing Solutions Analysis At MTC

1. How would you position MTC to be viewed as a strategic supplier for the major hospital groups? Provide us with a general overview of how you believe that key strategic suppliers should act.

Ans: As a strategic supplier, one will have to look after and have a strong control on the whole outsourcing strategies which includes the 12 Rights of logistics, to minimize and keep in control the overall expenditure, maintain service levels and making it does go beyond and fluctuate too much, how to mitigate small and also larger risks, taking into account any catastrophic events and taking the necessary measures to tackle the same. In the case of the MTC to be viewed as a strategic supplier, I could notice that in order to maintain a healthy relationships and keep the business running, the MTC and the different hospital groups should be on the same page and ready to help each other at any-time to keep their business in continuity and to tackle any sort of barriers together.

The MTC should take some initiatives at their end internally and then try to discuss it with different hospital groups which can establish and maintain a strong relationship between the two. Here I will list some the initiatives or business solutions which probably MTC can consider:

1. The MTC can make use of the sales reps and give them the responsibility of creating a contract or an agreement with the hospital groups in which all the necessary points will be highlighted that were discussed and agreed upon mutually such as how to lower costs in transportation, how we can use technology and think of any automation processes, develop innovation products, what are the plan of action to mitigate risks, improving customer support and become agile to market trends and orders.
2. The MTC can also discuss solutions with the hospital groups on how they can sell and ship the surgical kits directly to the hospital groups and not involving through GPO’s and distributor companies.
3. They can also try to come up with a plan to acquire some land close to the hospitals and build their own 3PL logistics network by which they can save transportation costs, reduce the lead time and ensuring service levels are met
4. Establish a co-creation of value in which both MTC and the hospitals can gain value and profit (For eg: If they plan to invest in technology by installing more smart kiosks and also printing machines). This will help the hospital’s finance and IT department staff to work more efficiently.
5. The MTC’s sales reps should organize and conduct training sessions at various hospitals and guide the staff members how to use the new technology, how to monitor and control the goods being shipped etc.
6. All the customer’s individual views and suggestions should be taken into consideration by the MTC and hospital groups. The customers also should be aware of the development and innovation plans that the hospital is implementing so that customer relationship and satisfaction will be maintained all the time.

In conclusion, a key strategic supplier should act upon accordingly to the decisions mutually agreed upon by the MTC and hospital groups and not be biased.

1. What are typical activities that hospitals might look for in a strategic partner? In other words, consider yourself in the position of MTC’s customer.

Ans: The customers at MTC are looking and aiming to maintain a strong and healthy relationships with the hospital groups and GPO’s due to various reasons like lowering their overall costs, how to mitigate risks, try and implement innovative products for more research and development, technological enhancements, trying to build their own 3PL logistics network etc. They are also looking for a formidable team that can manage the MTC and hospital group’s day to day operations constraints, managing inventory turnover, technological advancements and most importantly a direct logistics network and sales system.

The sales reps are the ones responsible and take appropriate actions to set up a systematic and organized system in the hospitals where they should conduct training sessions to the finance department about the different tools and products that are available to purchase, how to monitor and track the inventory in house. The surgeons are the ones who will be using the surgical kits as tools so the sales reps need to ensure they provide a user guide manual or make a video tutorial as how to use it and also if any other additional tools are required. The sales reps also need to set up an IT support system just so that the hospital’s all confidential data is being stored secured and safely in case of any cyberattack.

The point that will be observed by the hospitals is that how the procurement and purchasing will function as a team at MTC, how it centralizes their approaches and activities, and how proactively the MTC creates economy of scale with their second and third tier distribution companies which will result in reducing the overall costs/expenses and also decrease the chances of risk in any kind of bottlenecks and inventory shortage in the supply chain. The hospitals will expect a more sustainable approach in the procurement process which can be considered into account by implementing the “**Supplier Payment Pledge**” launched by the US government in 2014.

This will provide confidence and a guarantee to the hospitals that MTC’s second and third tier suppliers i.e. the distribution companies are not running out of business and are maintaining good relationships. This will ensure that production disruption is continued and does not get affected and also will be an example of a risk mitigation analysis and business practice.

Lastly, the hospitals would also monitor and observe how well is the coordination between the 3PL logistics companies, manufacturing units and warehouses, planning departments etc of the MTC is since this will give assurance of the quality and a good service levels.

1. What are initiatives that MTC might consider working on with hospitals that are strategic partners? Name your top three.

Ans: There are a couple of initiatives which I highlighted in the first question which I feel after the sourcing solutions the MTC should consider implementing them with the hospitals.

* 1. Installing more smart kiosks and also printing machines for the hospital staff, finance departments and also for the surgeons for which the sales reps will provide training on how to use them.
  2. Building their own 3PL logistics warehouse facility which will be closer to the hospitals. This will reduce the transportation costs in large numbers and also decrease the overall lead time.
  3. Improving their sales system to a direct model and also implement a plan for developing and innovation of new products and tools for the hospitals.
  4. Maintaining as much as possible a lower tax rate for both the MTC and hospitals so that benefits can be achieved in both profit margin and net earnings annually.

1. What should MTC do about their off-site sterilization? Perform a make-versus-buy analysis. Be sure to include the top three reasons for keeping the sterilization off-site as well as the top three reasons to bring it in-house. Justify your judgement for either option.

Ans: My personal opinion would be that the MTC should continue their sterilization process off-site as the MTC is getting benefitted from this as there is no risk or additional costs for storage nor any damage. But I will say that, they should move this process to in house in the long run as they cannot be dependent on their off-site provider due to various reasons like damage can happen anytime if any catastrophic incident occurs, the chances are if the products can get rusted or broken very quickly without any warranty provided and also if the off-site provider has to close down its warehouse due to insufficient rent costs to be given.

**Off-site Advantages:**

* 1. Quality of service and products are of good standards and can be guaranteed.
  2. No additional storage costs and obtaining land for an in house warehouse facility.
  3. The off-site company has been a popular and major player in the market in the sterilization process and hence the benefit of trust, trained employees in sterilization, storage options are excellent.
  4. The employees can be offered with more job opportunities and can be paid more incentives due to their quality of work.

**On-site Advantages:**

* + 1. Transportation costs can be reduced and also the lead time of inventory will be minimized.
    2. Can tackle any type of risks and also in case of any emergencies the warehouse can be shut down in immediate effect to keep the inventory safe.
    3. The complete logistics network, inventory planning and better forecasting can be done by implementing and streamlining the whole supply chain process.
    4. Less hazardous and consumption of waste

By these comparisons, and keeping in mind the long term benefits, the MTC should think of investing and planning for a better in house sterilization process for their products which will yield them a huge profit. Indeed the process will certainly consume a longer period of time in analysing and planning the complete logistics network, but it will definitely help the MTC reduce the transportation costs, quality of service levels and increase the production speed of products to produce. It will be a combined effort and implementation of the MTC and the hospital to make this process a cost efficient and beneficiary measure.