



MEDICAL TECHNOLOGIES CORPORATION

CRAFTING A PERSUASIVE STRATEGY PRESENTATION

CONDITION

MTC has been imposed a tax of 2,3% of revenue

Taxes are taking 135,96 USD million of revenue for 2014, the industry seems to be very sensitive, reason why. MTC is challenged to reduce costs. The logistics department has to come up with saving costs solutions.

RESOURCES

KEYPOINT

- Sterilization should made inhouse
- Smart kiosk should be used
- Effective forecast methods should be used
- MTC products should be distinctive, managing high technology and quality
- MTC sales representative should create effective communication path with physicians and hospital they are the links to hospital group
- There should not be trunk inventory

LOGISTIC

Sterilization Process

Current sterilization process is very inefficient. Having to account that the process is made by another company and it takes 5 days, the medical device industry is wasting money. As possible solutions they could do this process in-house

LOGISTIC

3PL

Current supply chain is structured with distributors which can have some advantages, but sterilization and distribution can be done by 3PLs. Using 3PL, the manufacturer will have precise tracking of its products all the way to the final customer. 3PL can serve as distribution and inventory center, which is an advantage for the sales representatives will dedicate themselves to sell.

LOGISTIC

Inventory System

Current inventory system is obsolete and expensive, the work flow is not even tracked as there so many distributors where the manufacturer lost its control over the product. Kanban could be a great choice to solve the problem, reorganizing the process of supply chain

LOGISTIC

Sales Commission

Taking into account that commission add a lot to the final cost of the product, commission and all the sales department structure should be revised. This is the most difficult part as it involves part of the company itself, but the cost selling is too much.

OPERATIONS

Defects

Wrong storage could create damage on the products. At the end of the day, it is not only a damage, but a defect of the supply chain as a whole.

OPERATIONS

Waiting

There are 5 days of wait because of the sterilization process. All this wait time is lost time and does not add any value.

OPERATIONS

Motion

Cars moving products from the company to the sterilization company and then back. Then, having sales representative moving products from client A to client B, then to client C and then back home. It is a waste of usefull resources.

OPERATIONS

Inventory

The inventory hold by all the manufacture increase the inventory level over all in the supply chain, which in the long run will increase the inventory cost (capital cost, holding cost, storage cost, risk cost) and would reduce profitability.

OPERATIONS

Transportation

It is a waste when it is not required, and as we observe all through the case, the sterilization process transport last 48 hours on each way. Which means 96 hours of wasted transportation in the process. It is something that should be improved immediately and MTC should do as other manufacturer of medical devices and get this process done in-house.

PLANNING, SOURCHING & RISK

MTC needs to be able to copy with demand changes quicker in order to avoid over production which is a problem beside the 2,3% tax. Also the production plan needs to change in order to fulfill the demand given in the exercise.

Because the healthcare reforms, hospital must control what they purchase and the way they do it. MTC needs to be a strategic supplier to ensure latest technology mixed with higher quality.

Effective communication system should be in order. Mainly with physicians and purchase department. Thus, MTC needs to respond quickly to the needs and requirements of the client, regarding technical assistance, guarantees, technical information and possible training to the medical staff.

These are some risk, thinking about them would give us tools to anticipate them. MTC has never done sterilization process before. At the very MTC would have to buy machinery to do the process. On one hand, this machinery may be expensive, on the other hand, the purchase will mean an entire logistic process