



CASE STUDY

SUPPLY-CHAIN MANAGEMENT  
AS AN OUTSOURCED FUNCTION

*One Company's Experience*

## > THE COMPANY

An **international market leader** in the development, manufacturing and distribution of medical devices approached **The Allied Group** with an issue concerning the distribution of an adjunct product necessary in the demonstration of their device.

The primary selling tool is to invite physicians for a weekend workshop to explore how they can expand their practices by offering new revenue streams. The company conducts approximately 80 workshops per year, avoiding the summer months and December. Typically, thirty-five to forty physicians will attend a workshop (the smallest being twenty and the largest being close to one hundred). During the workshop, they have demonstrations using a variety of equipment and offer testimonials from local doctors who have expanded their practice by using these services. There are extensive hands-on demonstrations during break-out sessions that allow the physicians to see the tools in action.

## > THE ISSUES

The Marketing Department at this company is responsible for the coordination of these workshops. Marketing and Sales are responsible for the logistics of the meetings, who to invite, and how to drive attendance. They are also responsible for securing contracts for the locations and making sure all participant materials are in place for a successful workshop.

**The Allied Group** was invited to help with the distribution of the supplies and marketing materials used for each workshop. The company was experiencing issues with the coordination of protective eyewear needed and with properly conducting demonstrations at the workshops. The issues were:

- The protective eyewear is expensive and several different types are needed for each trade show. It is mandatory that the proper protective eyewear be worn during demonstrations.



**The Allied Group** was invited to help with the **distribution** of supplies and marketing materials for each workshop.

- Protective eyewear was not returned in a timely fashion to move from one workshop to the next.
- When cartons were opened at the next trade show often there was too much of one type and not enough of another.
- Protective eyewear was missing or it was not the proper type.
- The protective eyewear was often returned dirty or broken.
- The workshop leaders never knew from one week to the next if they would get the proper protective eyewear.
- The company had tried several solutions but none seemed to work.
- The lack of protective eyewear was causing workshop issues and had potential impact on sales.
- The lack of visibility of the inventory and where it was located.

## > THE SOLUTIONS

The Vice President of Marketing came to the realization that this was neither a core competency nor a focal point of their company and looked to an outside resource for help. **The Allied Group** was called in to study the issue and make recommendations with the understanding that if they came up with a reasonable solution they would become responsible for the program.

**The Allied Group** investigated and spoke to numerous workshop leaders, sales reps and other stakeholders in the process and made the following determinations:

- The company had tried several approaches to solve this issue and there was confusion among the ranks on how to return the protective eyewear.
- Some thought they were to forward to the next workshop in the area and others thought they needed to be returned but weren't sure where.
- Many times protective eyewear were mixed in containers and nobody was checking them before they went back out.
- The company did an excellent job determining which physicians agreed to attend the workshop but that information was not always communicated to those responsible for the protective eyewear.
- No single person was really responsible for the protective eyewear.
- No one was checking on missing or damaged eyewear, thus sets were becoming incomplete and mixed with other sets.
- Due to missing and damaged protective eyewear the company was spending upwards of \$75,000 per year in excess freight to get the protective eyewear from one workshop to another.
- No one from this company had visibility of the inventory or shipping status.

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The Allied Group recommended that they take on responsibility of the program and do the following:

- The Allied Group, under letter from the VP of Marketing, would communicate the new guidelines to Sales and the workshop leaders
- The Allied Group would be the central point. All return would come to our receiving for inspection, cleaning, reconditioning and preparation for shipment and return
- Color code each type of protective eyewear based on their marketing scheme so there was no question which eyewear belongs to which product. We would color code the case, protective eyewear and associated products
- Study the transportation logistics and develop business rules on the use of ground, third day and second day air
- Make recommendations to charge back the sales region for any lost or missing protective eyewear or cases
- The color coded cases include the letter from the VP of Marketing about the program and clear instructions on how to return the product
- Each case has a prepaid UPS return shipping label that enables the sales rep responsible for the work shop to return them in the following ways:
  - > Call an 800 number to notify the company the case was available at the hotel for pick up
  - > Drop the case off at any authorized UPS location
  - > Give to any UPS driver they saw
- Through the use of The Allied Group's Virtual Office, our web enabled inventory-tracking system, and our Warehouse Management System Radio Beacon, the customer has 24/7 access to the inventory status of each case of protective eyewear.
- The Allied Group's Supply-Chain Software has allowed us to make continued improvements and recommendations to further enhance this program.



## RESULTS

The Allied Group has taken full ownership for the coordination of other materials for the workshop program

Workshops have had the protective eyewear necessary to conduct their workshops

The lost, damage and missing protective eyewear is now less than 2%

Reduced freight costs by \$70,000 per annum

Ability of the customer to have 24/7 online status of each case of protective eyewear. Anyone in our customer company can access the location of any case of protective eyewear.