



CASE STUDY

SUPPLY-CHAIN MANAGEMENT
AS AN OUTSOURCED FUNCTION

One Company's Experience



Driving Marketing & Operational Performance.

> THE COMPANY

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

The primary selling tool is to invite physicians to 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 demonstrate a variety of equipment and have testimonials from local doctors who have expanded their practice by offering 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 determination and coordination of these workshops. Marketing and Sales are responsible for the logistics of where and when to conduct the meetings, who to invite, and how to drive attendance. They are also responsible for coordinating the contracts for the locations and making sure all the participant materials are in place for a successful workshop.

The Allied Group was invited to help with the coordination and distribution of the supplies and marketing materials for each of these workshops. 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 very expensive and several different types are needed for each trade show. It is mandatory that the proper protective eyewear be worn during demonstrations.



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- 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 well
- 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 what was happening 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 in 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 and reporting what was missing or damaged, 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 next and same day 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 for the program and would 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
- We would 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
- The Allied Group studied the transportation logistics and developed business rules on the use of ground, third day and second day air
- The Allied Group made recommendations to the company to charge back the sales region for any lost or missing protective eyewear or cases
- Based on the location, date of the workshop, number of anticipated workshop participants and the availability of glasses, the Allied Group would prepare shipments for each workshop
- The color coded cases included the letter from the VP of Marketing about the program and clear instructions how to return the product
- Each case had a prepaid UPS return shipping label that enabled the sales rep responsible for the workshop to return 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
- The Allied Group would call the sales rep on Monday if they did not find the tracking number in the system and ask when the product would be returned
- 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 customer now knows if a case was in inventory, in transit or at a trade show.
- 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.