



CASE STUDY

MEDICAL CONSUMABLES

STRATEGIC SOURCING REVIEW

PROJECT SNAPSHOT

CLIENT INDUSTRY

Aged Care



LOCATION

NSW/Qld



SOLUTION

Strategic sourcing review



OUTCOME

17% annualised P&L savings





PROJECT OVERVIEW

Spend Solutions was engaged to conduct a thorough review of medical consumables to deliver a sourcing strategy that optimised commercial terms while meeting the operational needs of each site.

A survey of internal stakeholders conducted by Spend Solutions identified a number of concerns with the existing supplier arrangements, including technical support, account management capability, delivery performance & lack of clarity regarding the existing sourcing strategy. These concerns resulted in a fragmented sourcing strategy, which multiple suppliers & manufacturers in use. Spend Solutions developed a sourcing strategy to address these issues & ensure ongoing supplier performance, facilitated through a market tender. The tender included a deep analysis of supplier & manufacturer capability to meet the needs of regional locations, detailed commercial analysis & assessed various sourcing scenarios.

The client then had a clear understanding of supplier capabilities to meet organisational requirements plus the available sourcing options & commercial benefits of each. This information allowed the client to select the preferred supplier & manufacturers with confidence that the sourcing selection would deliver sustainable value.

BACKGROUND

The client was an aged care provider with 13 residential & community care sites across 2 states, the majority of which were regional. Supplier performance had been poor, with limited account management & clinical care support. As a result, the existing sourcing strategy had become fragmented, with multiple suppliers & manufacturers in use across the group. With the existing agreement due for expiry, the client knew that a thorough sourcing review was required to develop a sourcing strategy that would deliver sustainable value across the group.

PROJECT OUTCOMES

A sourcing strategy was developed that sought to optimise commercial outcomes & supplier performance across the group, with preferred suppliers & manufacturers identified whose capabilities best matched the clients' needs. Central to the strategy was addressing each identified performance issue with clear improvement actions. The overall savings were 17%, with further improvements through consolidation of suppliers & manufacturers. Recommended actions to ensure ongoing supplier performance included establishing a supplier performance management program, creating a clear clinical care plan with each manufacturer, developing a KPI reporting pack & establishing communication protocols.

CONTACT DETAILS