

NATIONAL REHAB ENGINEERING SYMPOSIUM
SEPTEMBER 16TH 2009

"WHAT COLOURS DO PEOPLE WANT?"
WHAT A MANUFACTURER OR SUPPLIER THINK
IS A VALUE FOR MONEY SALE.


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The Supplier Chain

- What makes good value for money?
- Equipment that meets the user and prescribing clinicians goals
- Equipment that is from a reliable source
- Above Factors allow for an achievable sale without follow up for additional visits for 'change of mind' from either therapist or user
- Working toward agreed goals following an holistic approach
- Clinical reports that are timely (S.M.A.R.T) as well as prompt completion from funding bodies to allow approval for relevant funding





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Contact From Prescribers & Users

- Information Information Information...
- General information such as powerchair or manual chair not enough
- Use of referral forms not used
- Lack of information results in visit needed to attain what equipment will be relevant
- Relevant information at referral point means likely fit for equipment will be fit for purpose in terms of type and sizing

Best Guess...

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Going Out to The Appointment


- Posture & Mobility Clinics available
- The client is generally seen at home or institute such as school and for most cases this makes perfect sense
- A visit to a supplier clinic is something that is not considered
- Quicker outcome may possibly be achieved due to greater range of demo equipment
- From a supplier point of view this helps to reduce costs due to reduce travel time / distance. Client goals are achieved more timely with relevant equipment being trialled with no follow up appointments being required
- No charge for assessment



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Trial After Trial...

- Trial of equipment encouraged and needed – within reason
- Expectation to have demo equipment for extended periods
- Often utilised by 'heavy' users – equipment returned damaged
- This equipment is purchased by the supplier from manufacturer
- Not the general understanding that this equipment needs to be kept in excellent condition – 'You would not try and sell a car by having a old wreck in your showroom'
- Difficulties are encountered when therapists want to see the equipment as the chair would be set up for final prescription for trial purposes
- Not always possible
- Therapists reluctant to come to a clinical decision due to lack of equipment / posture management knowledge



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Quote or Not to Quote

- Quote – completed following trial process
- Hopefully only once as relevant equipment should now be established
- Relevant quote – changing client needs and long delays between quote and order can result in different pricing
- Long delay + change of therapist = reassessment
- We often highlight delays in order to therapist and funder and so another assessment is sometimes needed
- Extra costs incurred due to additional trials





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Quote or Not to Quote cont....



- Quote shopping
- Follow up from quotes
- Guarantees – Role of clinician


The therapist must take on responsibility for all clinical recommendations, we will most certainly provide advice and lend our experience but it is not our decision. Therapist writes the report to the funder and justifies the clinical reasoning and decision as to why the equipment meets the clinical needs of the individual.



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Order


- Order is placed with supplier for relevant scripted equipment
- Set of equipment is then required prior to deliver – this can included specialist modifications to meet the needs of the client which generally take longer to complete
- Order of equipment generally takes 6 – 8 weeks
- Fitting of the equipment is normally completed with us going out to the client
- Appointment dates and times are organised so that all parties involved with the initial process can be present
- Who is paying... This needs to be made clear and upfront



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Fitting & Delivery


- Everything should go smoothly
- Some problems can arise if there has been a change of therapist
- Occasionally needs require a re-delivery / fitting
- Due to changes either in therapist or client's change of needs this may result in additional visits with expectation being that we go out to the client
- This can result in increased costs reducing margins



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Follow Up

- Review process to ensure equipment is still fit for purpose
- Adjusts made if required at no cost
- Difficult if this is taken advantage of by either therapist or client – we cannot cover the cost of 'misuse'
- We cannot go out to adjust and re-adjust just 'in case. Goals have to be agreed at during initial assessment process
- Warranty – We can be middle man between manufacturer and client. Not all costs are covered for warranty, labour is not free




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Repairs

- Repairs – parts, labour, call out fee, client needs to cover cost of hire equipment in the interim
- Expectation of industry is this is done yesterday for a minimal fee
- We understand the issues faced by a client by the removal of equipment

'The guilt we are often subjected to about charging at all is sometimes difficult to deal with. In the end, we too are in this industry because we want to help people and get clients the best equipment to suit their need. But the reality also is that we need to earn a living like everyone else, and our business needs to make a sustainable profit margin to remain viable. It is getting this balance right that is often a test and it is getting therapists and clients to understand that we are also having to run a business.'




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Outline of Margins & Sustainability

Sample Revenue / P&L / Operating Cost : 5 member team.

	\$ Value	%
Sample Annual Revenue	\$2000k	
Ave C.O.G.	\$1350k	67.5%
Gross Profit	\$650k	32.5%
Staff Cost	\$400k	20%
Operating Cost	\$200k	10%
EBITDA	\$50k	2.5%
Demo Stock Value	\$150k	
Supplier terms	30 days	
Ave Debtor Days Private	30 days	
Ave Debtor Days Public (90% of revenue)	90 days.	



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Thank You For Your Time, Any Questions?



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