

Materials Management

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Materials Management

- Introduction: Why should we discuss?
- Purchase policy
- Receiving goods
- Inventory process
- Distribution
- Equipment- General tips

Why should we discuss?

Problems galore !

- Shortage
- Expiry
- Wastage
- Pilferage
- Malfunctioning of equipments

Materials management- definition

Definition: A process encompassing acquisition, shipping, receiving, evaluation, warehousing and distribution of goods, supplies and equipment

Each step is vital

Materials management functions

1. Material planning and programming
2. Purchasing and outsourcing
3. Inventory control
4. Storekeeping and warehousing
5. Codification

Materials management functions ..contd.

6. Standardization and evaluation of all products
7. Transportation and material handling
8. Inspection and quality control
9. Cost reduction through value analysis
10. Disposal of surplus / obsolete material
11. Distribution

Purchase

Basic Principles

1. Based on need assessment
2. Ultimate aim: Right quality, right quantity, right prices, right source and at right time to the right place
3. Centralize the purchase system
4. Back up of good systems management

Finding the Right Source

1. Supplies catalogue
2. Print media : Trade directories, trade journals , news papers, yellow pages
3. Salespersons: many advantages
4. Trade exhibition , fairs , conferences
5. Colleagues in similar field
6. Internet

Negotiations

- Possible because of huge margins
- Pass on to patients
- Not at the cost of quality
- Win-win situation for all
- Maintain relationship

NEGOTIATION



Negotiations - Principles

1. Not to purchase on listed price
2. Negotiate bulk price
3. Always ask for discount
4. Price protection
5. Credit

Receiving

1. Establish written protocols, assign responsibility
2. Checking of goods for quality, expiry etc
3. Cross check with purchase order & invoice / delivery chalan
4. Proper record in designed registers
5. Signature of receiver & delivery person
6. Periodic checks

Material receipt register

Date	Sr. No.	Supplier's Name	P. O. Ref. & Date	Challan No. Dt.	Qty Received	Qty Rejected	Qty Accepted	MRN No.

Inventory

- Stocks to ensure un interrupted supplies
- The idle resources which have future economic value
- Cushion between estimated and actual demand of materials

Inventory control

A scientific system which indicates:

1. What to order
2. When to order
3. How much to order
4. How much to stock

Inventory control

1. Optimum level of inventory - not large, not small
2. First in, first out
3. Factors: utility, availability, demand, cost
4. ABC Analysis:

Quantity vs Cost categorization of items

A- 10 % --70 % B-20 % - 20 % C-70 % -10 %

More attention to A

Stock control card

Name Of Material	Code No.	Max. Level	Min Level	Re-Order Level	EOQ/ Lot size	Units	Location

Date	Doc Ref	IN	OUT	Bal	Remark

Consumption - month wise

Categorization & codification

- Time consuming; very helpful in long run
- Makes stock taking easier
- Helps keeping track of movements of goods
- Design registers according to requirements & volume of turn over

Distribution

- From store to user
- An intricate process
- Right item at right time at right place
- 2 methods:
 - *Requisition: as and when required
 - *Par level: periodic replenishing to a certain fixed level

Computerization

- Makes life easy
- Have security against data tempering

Equipments: general tips

1. Assess need: cost benefit analysis
2. Shop around
3. Learn from sales persons
4. Sources of information: web, conferences, journals
5. Bargain hard
6. After sale service - most important parameter

General tips ...

7. Client list
8. Trial period
9. Warranty details
10. AMC and After sale service: down time, replacement, preventive maintenance
11. Log book
12. Insurance
13. Obsolescence , buy back
14. Training of staff

References

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Thanks