

# PLAN OF APPROACH – Medisol-Dealer Business Relationship contract Arrangement

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## Inhoud

1. Preliminary research .....	1
1.1 Company and Products Analysis .....	1
1.2 Problem analysis .....	3
1.3 Information gaps .....	4
1.4 Project aim.....	4
2. Research approach .....	5
2.1 Design .....	5
2.2 Approach per information gap .....	6
2.3 Data collection.....	6
2.4 Data Analysis .....	7
2.5 Operationalization .....	7
3. Planning .....	8
Bibliography .....	9

## List of Figures

Figure 1 - Organizational structure Medisol .....	2
Figure 2 - Research design.....	5
Figure 3- Planning and budget .....	8

## 1. Preliminary research

In this preliminary research, an overview of the company analysis, problem analysis and the way the research is to be executed and the expected outcomes for this process for a period of 21 weeks starting 3<sup>rd</sup> of February 2020 is going to be elaborated. This Plan of approach can be looked at as the expected guide to carrying out this research project. It should however be noted that this is the plan at the moment and things can change along the way while conducting the actual research. The following sections describe the contents of this anticipated plan.

### 1.1 Company and Products Analysis

Medisol B.V. from now onwards referred to as Medisol is an online supplier of Automatic external defibrillators (AED's) as its main product and related products like resuscitation manikins, batteries, electrodes which facilitate the functioning of the device and AED trainers which aid in gaining knowledge of operation of the device to both resellers and end users. In addition, the company sells also service contracts for its chief product, the AED. The company falls under the category Medical Equipment supplier since its products are in line with resuscitation a medical practice to help someone regain consciousness especially after a cardiac arrest. The company customers range from givers of first aid such as ambulance services, police services since its products are a crucial elements for them to Basic Support Lifesaving institutions as well as municipalities that may require AED's installed in busy public places. In addition, suppliers of medical equipment especially in the field of defibrillation and resuscitation form part of the market for the products of Medisol (personal communications February, 14, 2020).

The company was founded in 2001 by Edwin Roelse and Pieter Joziase, former medical professionals and with over 25 years of experience (Trustpilot, 2019). However, currently, Pieter Joziase owns 95% of the shares and Wieman Anne-Marieke the rest of 5%. The company's main offices are situated in Vlissingen, the Netherlands with a warehouse from which all the orders are distributed all over the world using UPS courier service.

Medisol has seen a rise in the number of employees from five to a total of 45 as of November 2019. 75% of its personnel is employed part time, that is to say; a minimum of 24 hours per week and 25 % working full time; in other words, 40 hours per week. There are 13 different nationalities working at the company altogether (H. Bernard, personal communication September 12, 2019).

The company's core products are the AED's. An AED, or automated external defibrillator, is used to help those experiencing sudden cardiac arrest. It's a sophisticated, yet easy-to-use, medical device that can analyze the heart's rhythm and, if necessary, deliver an electrical shock, or defibrillation, to help the heart re-establish an effective rhythm (American red Cross, n.d.) The main brands the company sells are: Phillips, CU medical, Defibtech, Defisign, Schiller, Cardiac Science Physio-control Zoll, and Heartsine

During the last five years (2014 – 2018), the company has been registering a progressive growth and as a result, the company's revenues have steadily been increasing. Throughout the course of these years, revenue figures of 5.38, 6.93, 9.04, 10.65 and 12.31 have been recorded. It comes therefore not as surprise that the company has for the 10<sup>th</sup> time in a row won the FD Gazellen award as the fastest growing company in the region Zeeland and one of the fastest growing companies in the Netherlands. In order to fall under this category, a company must register an unbroken growth in revenue of at least 20% per year, must be financially sound and having a positive net result (Omroep Zeeland, 2019). In addition, Medisol has won the Gouden Gazelle award for four times as the fastest growing company in Zeeland. Also, it has been nominated three times for the High growth Awards (Medisol, 2019a)

The company is registered as a BV under the Dutch law meaning that it has the following characteristics among others according to Inco Business group; it requires one shareholder who must be registered with the Dutch company registrar, requires a minimum share capital of 1 euro to set up, the liabilities of the shareholders is limited to the amount of money he or she has invested in the company, requires at least one director (one of the shareholders can fill in this position) and the company's registration procedure is quite fast due to the minimum documentation required (Inco Business Group, 2018).

At Medisol, there are various departments and these are; the Management, Business Development, sales, marketing, maintenance, IT, Human resource and finance. The Management team consists of the company CEO, the Business developer, director of operations as well as the two territory managers. These make the overall decisions. The sales departments are under supervision of the territory managers and all sales consultants report to their respective territory managers. There are two territory managers currently. The marketing and IT departments report to the Business developer. The director of operations is responsible for the general day to day activities within the company. Also, everyone's input is highly valued at the company ranging from interns to the people working in the warehouse.. This is in line with the statement "Together we form a chain of success" one of the core values at Medisol. In addition, every day at 10:00 a.m., there is a quick stand up meeting to give quick updates (Personal communication, February 02, 2020)

The company's organizational structure is shown in figure 1 below;

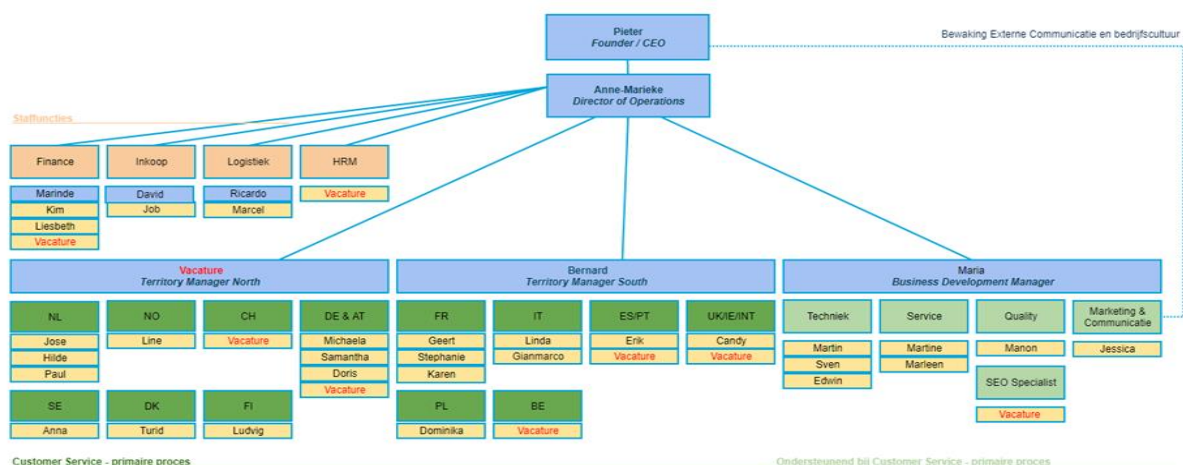


Figure 1 - Organizational structure Medisol

Source: (H. Bernard, personal communication September 12, 2019).

Saving lives is the DNA of Medisol and for that matter, the company's target is having an AED accessible to everyone in Europe within 6 minutes. Furthermore, the company's professional customer service department ensures that customers are guided towards making the right decision concerning the choice of products or service (Medisol, 2019b). Additionally, Medisol started a foundation, the Saving lives Foundation in 2018, aimed at increasing the chances of survival in case of a cardiac arrest within Europe. This is expected to be accomplished through stimulating preventive health measures, academic research into the causes of a cardiac arrest, encouraging of education and training in the field of resuscitation and promoting the purchase and use of AED's (Joziassse, 2018)

## 1.2 Problem analysis

Just like Mentioned in the company analysis above, Medisol has transformed itself from a small start up to becoming a medium sized company since its establishment in 2001. Due to this continuous exponential growth and expansion, the management has among its goals for the year 2020 to work on the process of scaling up its operations so that its activities become more professionalised than they are currently.

In its bid to strive towards becoming a more professionalised company, Medisol wants to start working with dealer contracts with effect from 2020 when dealing with re-sellers for its products. This is aimed at not only making the relationship with its customers official and formal but also aiding its process of acquiring certificates such as the ISO and MDR<sup>1</sup> which certificates are crucial in further enhancing credibility with its customers.

However much the company wants to introduce contractual relationships, it would as well not like its new system to compromise the already existing relationship it has with its dealers and certainly also not with its prospective dealers. Just like Fites (1996) in his article 'Make Your Dealers Your Partners' posted in Harvard Business review wrote; "The quality of the relationship between a company and its dealers is much more important than the contractual agreements or the techniques and tactics that make the relationship work on the surface (...) For a company that relies on independent dealers to present one face to its customers around the world, it must have uniform practices and performance standards for dealers and treat them all with equal consideration while recognizing that they are independent and unique in many ways".

Therefore, the management is wondering the appropriate elements to include in such a contractual arrangement which will define the responsibilities and rewards for performing activities(contractual control) as well as elaborate on the shared set of implicit principles or norms that coordinate the activities performed by Medisol and its dealers and govern the relationship (Normative control). In addition, it is not clear to the management whether to work with a single contract or have customised contracts since its operations are in various countries. This contract should contribute further towards achieving one of the themes at the company for the year 2020, that is to say; "Keep Your customer".

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<sup>1</sup> - Medical Device Regulation

### 1.3 Information gaps

In order to understand the suitable terms and conditions to govern the contractual relationship between Medisol and its dealers so as to provide a solution to one of them management goals (professionalization) and themes (keep Your customer) at Medisol, there are information gaps that have to be filled by searching for information and knowledge. In order to develop a profound advice to the management, we first need to find out the essential elements that enhance the buyer-seller relationship. Six fundamental information gaps have been established as part of this procedure namely: (1)The expectations of the buyer and seller with regard to Information exchange, Operational linkages, Adaptations, Legal bonds and cooperative Norms(2) Expectations of the Dealers and Medisol with regard to open sharing of information that may be useful to both parties (3) the extent to which the systems, procedures and routines of the Dealer company and Medisol can be linked to facilitate operations (4)the appropriateness of the legal bonds to be included in this contractual arrangement for a good working relationship between Medisol and its Dealers (5) the extent to which Medisol and its dealers can adapt their operations to meet each other's needs (6) The Expectations Medisol and the dealers have about working together to achieve mutual and individual goals jointly

### 1.4 Project aim

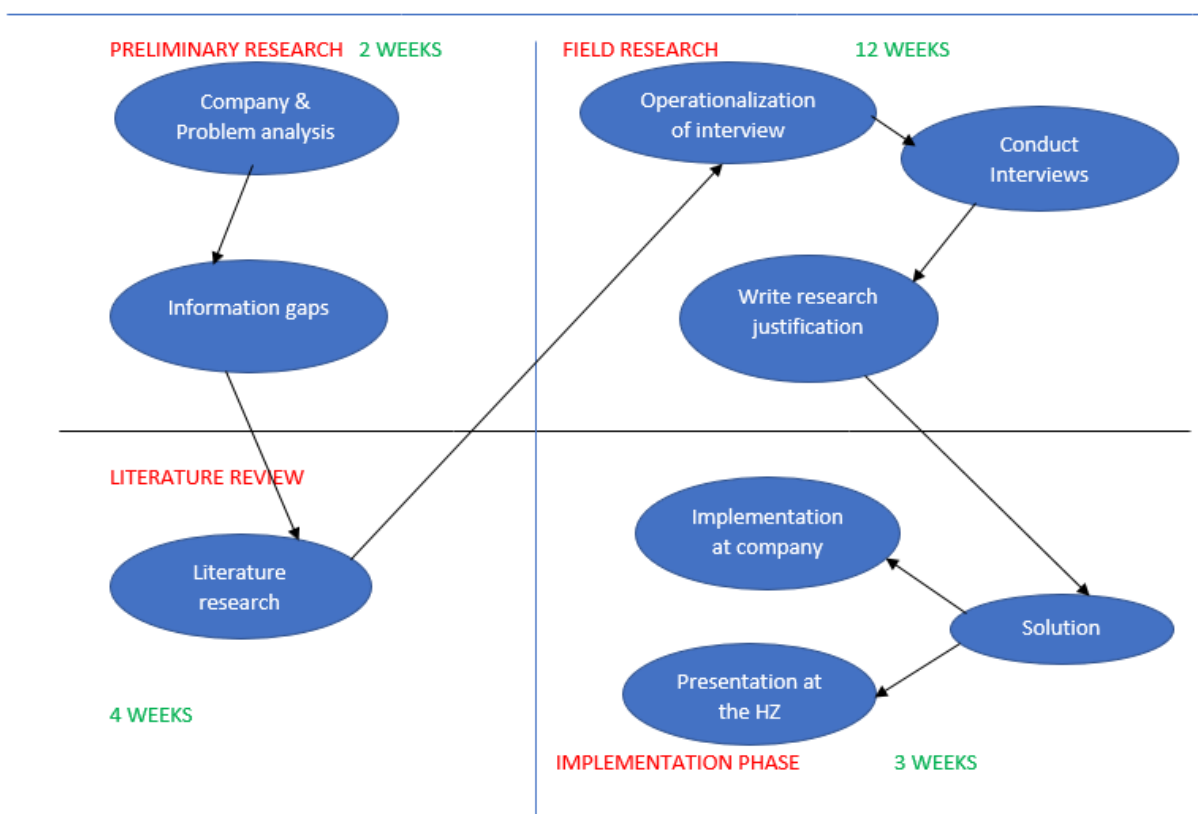
The project aim of this research is to show Medisol the importance of having certain elements in its contractual relationship arrangement with its dealers aimed at not only making the co-operation official and professional but also preserving a good working relationship with them as a measure of keeping them as its customers for a long time . To achieve this, research will be carried out to fill the information gaps. First of all, information will be searched with regard to: The expectations of the contracting parties with regard to Information exchange, Operational linkages, Adaptations, Legal bonds and cooperative Norms. Thereafter, a field research will be conducted among Medisol management staff members, since they are responsible for decision making, the head of purchasing department since he has expertise with contract negotiations and Current Medisol dealers through interviewing them with the aim of understanding what they deem important information to be included in this arrangement to lead to a good relationship. As a result of the literature and field researches, gaps will be identified between the needs for Medisol and those for its dealers basing on the elements identified during Literature research. Finally, when this has been done, the knowledge and information gathered will be used to draw conclusions and put forward recommendations to Medisol thereby increasing the likelihood of using this contract arrangement to keep Medisol customer. This solution will eventually lead to the creation of a professional product.

## 2. Research approach

### 2.1 Design

A research design has been created (figure 2) for the purpose of carrying out the research effectively and fill the 6 missing gaps. In the first two weeks of preliminary research, this plan of approach has been drafted including a detailed problem analysis and the identification of missing gaps. To fill the first information gap, literature research will be conducted right after the plan of approach is approved by the school supervisor. This is expected to last around four weeks. Based on the knowledge retrieved from the literature, field research – semi-structured interviews to be specific, will be underpinned. Operationalization of the five elements stated in information gap (1) above as described in the literature research will lead to interview questions. The time allocated for field research is approximately 12 weeks. The last 3 weeks are expected to be utilized to work on the solution (the professional product). Implementation at the company and presentation at the HZ. A detailed planning is included in chapter 3.

Figure 2 - Research design



## 2.2 Approach per information gap

To provide answers to the first information gap, literature research will be conducted through searching on internet and probably from books in the library. Information gaps 2-8 will be answered by means of qualitative field research and this will be done through conducting semi-structured interviews. The literature research will give an insight into already existing knowledge about the expectations of the buyers and sellers with regard to Information exchange, Operational linkages, Adaptations, Legal bonds and cooperative. The field research at Medisol will then reveal the wishes and needs from both parties (Medisol and its dealers) with regard to findings from the literature research. From here, conclusions will be drawn and recommendations put forward to the management.

The reason as to why the researcher has chosen qualitative method as the data collection method is because according to Verhoeven (2011) this approach to data collection aids in finding out how one perceives the situation plus what the underlying arguments and motives are from the population to be interviewed something particularly important for this research. For this kind of research, it is the texts that is important, and not how many they are. The interview will be in the form of semi-structured interviews. This means that the interviewer (researcher in this case) has a list of questions or topics and the interviewees have a great deal of freedom to contribute what they feel is relevant. In such kinds of interviews, follow up questions can be asked since the researcher is flexible and goes with the flow of the discussion. (Verhoeven, 2011). Saunders, Lewis & Thornhill (2009) termed this kind of research as “non-standardized” since it normally starts with open questions and topics which may vary from interview to interview leaving a lot of space to open answers for the people being interviewed. The appropriateness and effectiveness of a given aspect in fostering a good business relationship between two parties can indeed be quantified but can better be understood by carrying out a discussion involving asking specific questions rendering quantitative research less appropriate for this research

## 2.3 Data collection

The population the field research will focus on is the Management at Medisol since they make the final decisions, the purchasing officer to get his expertise with regard to contract arrangements and current Medisol dealers since they are the other party to this arrangement. The plan is to interview the entire management( 4 people) and the head of purchasing on the part of Medisol and the dealers. Since this research is aimed at clearly understanding what the suitable elements are to boost Medisol business relationship with its dealers through having a contract arrangement in place and to serve the company for long term, Only dealers who have worked with Medisol for the 2 years and above will be considered for the interviews. In other words, this will be the sub-population.

Due to the limited time, it may not be possible to conduct interviews with all dealers that fall under this category and therefore a sample will be interviewed. However, this sample will include at least one dealer from the different countries to be able to have a more objective perspective. The exact number of interviews to be conducted is unknown at the moment but will be determined based on saturation. This means that if new interviews do not yield any new information into the subject because the questions seem to have been answered satisfactorily



enough to produce reliable results, interviewing will end at that point. On the other hand, it is of paramount importance as asserted by Saunders, Lewis, & Thornhill (2009) to ensure internal validity and this implies that the interviews must measure what they are meant to measure. In other words, they must be representative of the reality of what is tried to be measured. The interviewing will take place at Medisol offices in Vlissingen for the management and purchasing officer and this will be recorded using an audio-recorder and taking notes during the interview. The plan is to arrange skype interviews with dealers. Priority will be given first to those that speak English. In case necessary, a native interpreter at the company will be used. The respondents will be invited for the interviews through requesting for their 8 participation in research and in case the response is positive, an interview will be held.

Finally, due to the fact that only dealers working with Medisol for a period of 2 years and above are considered, this could be a limitation to this research. Dealers working with Medisol for a shorter period who could as well contribute to a better result will not be contacted. Sales people will also not be interviewed yet they could have great influence on the result since they interact with the dealers. Given a longer period of time, it would be advisable to go beyond these limitations for the results to yield a more accurate outcome. Last but not least, the interpretation in case needed may affect the originality and quality of answers from respondents

## 2.4 Data Analysis

The audio recording from all interviews will first be transcribed. By transcribing we mean that interviews are written down sentence by sentence, including all words the way they have been said during the process in interviewing. Thereafter, semi-structured interviews will be coded based on deductive coding. Deductive coding involves developing an analytical framework using an existing theory and testing the adequacy of the theory as a means to explain the findings. (Saunders, Lewis, & Thornhill, 2009). This theory will assist in checking the similarities between theory and research and to disregard possible threats to the validity of the interviews if the researched data emulates that which has been anticipated through the conceptual framework (Saunders, Lewis, & Thornhill, 2009). By coding the interviews, the researcher will be able to ascertain if there is a similarity in responses from respondents and if these answers correspond to the theories that have been analyzed through the literature research.

## 2.5 Operationalization

The five elements to be considered for this research to facilitate the buyer-seller relationship that is to say; the expectations of the two parties with regard to Information exchange, Operational linkages between buyer and seller, Adaptations of the seller and buyer operations, Legal bonds that govern the agreement and cooperative Norms will be fully explored during the literature research. Understanding these concepts fully will form the basis of formulation of measurable indicators and these will ultimately lead to interview questions.

### 3. Planning

Below a planning of the entire project, from the 3<sup>rd</sup> of February 2020 to the 26<sup>th</sup> of June 2020 including each step of the project development to the presentation of the findings and report. The budget that is explicitly earmarked for this research is € 0

Festo's Proposed planning for graduation internship FEB - JUNE 2020				
Week No.	Date	Activity	Important deadlines	Activity
Week 1	03/Feb	Identify information gaps		
Week 2	10/Feb	Write plan of approach	14 feb. deadline POA	
Week 3	17/Feb	Hand in plan of approach	Receive feedback on POA	
Week 4	24/Feb	Improve plan of approach		
Week 5	02/Mar	Hand in improved Plan of approach, Literature research	02 March: hand in improved POA	
Week 6	09/Mar	Literature research		
Week 7	16/Mar	literature research	Assesement Incompany coach I	
Week 8	23/Mar	Literature research		
Week 9	30/Mar	Literature research & prepare interviews		
Week 10	06/Apr	Prepare interviews		
Week 11	13/Apr	conduct interviews		
Week 12	20/Apr	conduct interviews, code & evaluate interviews		•Gather proof for each PLO
Week 13	27/Apr	Code and evaluate interviews		•Use STARRT method to describe
Week 14	04/May	Write research justification		PLO for which there is no physical
Week 15	11/May	write research justification		proof.
Week 16	18/May	Write research justification & Professional product	22 May: Assesement in-company coach II	•Observations at company to aid in
Week 17	25/May	Work on professional product	29 May: deadline research justification report	getting a solution.
Week 18	01/Jun	Work on professional product & Hand in complete showcase	5 June: deadline complete showcase	•Gaining insights from companies
Week 19	08/Jun	Presentation and interview - Defense		working with dealer contracts
Week 20	15/Jun	Presentation and interview - Defense		
Week 21	22/Jun	Presenation at company & End of internship	26 June: Last internship day	

Figure 3- Planning and budget

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