

STERIS: Governing the Mentor manufacturing transition

Internal ID: S&F-STR-526

Topic: Operations Strategy, Risk Management, Customer Strategy

Industry: Health Care Equipment

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Case overview

- **Audience / course level:** MBA and executive strategy / operations
- **Company / industry / geography:** STERIS plc; medical products and services; U.S.
- **Decision owner and decision date:** Hypothetical executive responsible for the sterility-assurance manufacturing transition; August 4, 2026
- **Information cutoff:** August 4, 2026, 11:59 p.m. U.S. Eastern Time
- **Decision scope:** Set implementation governance for commissioning and production migration at the announced Mentor, Ohio plant. The construction decision is already announced. Project returns, AST contract sterilization operations and any actual internal approval process are outside scope.

The case

Opening decision

On May 11, STERIS announced that it would invest approximately \$60 million over two years in a new sterility-assurance manufacturing plant in Mentor, Ohio. The plant is intended to consolidate existing U.S. production and was expected to be operational in late calendar 2027. The investment is announced; the operating transition still has to be designed.

Assume STERIS has asked a hypothetical executive responsible for the transition to recommend how commissioning and production migration should be governed. The public record does not disclose an actual management assignment, internal debate, line-transfer schedule, or fixed capital conflict. The company's disclosures also do not say which facilities, products, or processes will move.

Decision question: What commissioning and migration principles should guide the Mentor transition, and what evidence should be required before production is transferred or legacy capability is retired?

Assignment: Prepare a two-page decision memo for the hypothetical executive as of August 4, 2026. Recommend an implementation approach, identify its principal risks and safeguards, and specify the first operating data and review gates you would request. No financial model is required. Any numeric gate you propose must be labeled as a teaching assumption, not a STERIS target.

Situation and strategic context

STERIS serves healthcare providers, medical-device manufacturers and other customers through distinct businesses. Its Healthcare portfolio includes sterility-assurance products and consumables. Applied Sterilization Technologies (AST), by contrast, sells contract processing, testing and equipment/control systems. The Mentor project concerns manufacturing sterility-assurance products; AST's sterilization facilities and operating economics do not describe this plant. [1]

STERIS says its production facilities are dedicated to particular processes and products. Its quality-management system spans materials, manufacture, storage, handling, distribution and service. The company also identifies facility, utility, equipment, labor and distribution interruptions among risks that could disrupt operations. These disclosures establish relevant operating considerations, but do not establish that any particular Mentor process has a known qualification obstacle or that current plants provide a specific amount of backup capacity. [1]

The company described the new plant as a consolidation of existing U.S. production and a center of excellence. The stated operating target was late calendar 2027. Public disclosures do not quantify expected savings, added capacity, site-level cost-to-serve, or project returns. Students therefore need to consider how a consolidated footprint might support coordination and repeatability while managing validation, quality, continuity, ramp and concentration risks.

STERIS reported approximately \$375 million of FY2027 capital expenditure guidance and approximately \$850 million of free-cash-flow guidance. Its FY2026 capital expenditure was \$369.0 million. The company had also authorized a share-repurchase program of up to \$1 billion in May 2026. These company-wide figures provide scale only: STERIS did not disclose the plant's annual spending schedule or say that the project competes with repurchases or another fixed commitment. [1-2]

Operations research offers questions, not a plant-specific answer. Facility-network models show that centralization depends on costs, transport, demand variability and capacity-sharing conditions; uncertainty can support a central, local or hybrid footprint depending on the assumptions. Work on irreversible investment highlights that staged choices can retain value when they provide useful information, but delay and parallel operations also have costs. Neither literature establishes STERIS's expected savings or qualification requirements. [3-5]

Decision alternatives

The alternatives below are governance approaches for an already-announced project, not choices about whether to build it. They are teaching options, not disclosed company plans.

Alternative	Terms known to students	Expected strategic trade-off	Evidence still needed
A. Schedule-led transition	Manage toward the announced late-2027 operating target; transfer production in planned waves as commissioning milestones are met.	Could coordinate the transition around the target date and limit prolonged parallel operations; leaves less room if a process, quality or supply milestone slips.	Process-level readiness, validated output, customer requirements, capacity, service performance and cost of temporary overlap.
Alternative	Terms known to students	Expected strategic trade-off	Evidence still needed
B. Readiness-gated transition	Transfer each defined process only after	Could protect continuity and quality while	Whether dual operation is feasible, gate ownership,

Alternative	Terms known to students	Expected strategic trade-off	Evidence still needed
	documented commissioning, quality and supply gates are met; retain legacy capability until the receiving process demonstrates stable performance.	uncertainty resolves; may extend overlap or delay benefits, whose magnitude is not public.	evidence standard, fallback capacity and consequences of schedule changes.
C. Selective hybrid	Set a common minimum release standard, then sequence processes according to readiness and operational exposure; use temporary fallback only where it is practical.	Could match sequencing to process differences and avoid treating all production as identical; adds coordination and may preserve complexity.	Product/process map, dependencies, transfer grouping, customer qualification needs and the cost and duration of fallback.

Exhibits

Exhibit 1. Announced Mentor project and capital context (USD; company facts unless marked)

Item	Value	Label and period	Source / locator
Mentor sterility-assurance manufacturing plant	Approximately \$60 million over two years; expected operational in late calendar 2027; intended to consolidate existing U.S. production	[F] Announced May 11, 2026; project estimate and plan	[2], “Fiscal 2027 Outlook,” capital expenditure and Mentor plant paragraphs
STERIS FY2027 capital expenditure outlook	Approximately \$375 million	[F] Company outlook as of May 11, 2026	[2], “Fiscal 2027 Outlook”
STERIS FY2027 free-cash-flow outlook	Approximately \$850 million	[F] Company outlook as of May 11, 2026	[2], “Fiscal 2027 Outlook”
STERIS FY2026 capital expenditure	\$369.0 million	[F] Fiscal year ended March 31, 2026	[1], Item 7, “Liquidity and Capital Resources” and “Capital Expenditures,” pp. 39-42
Share-repurchase authorization	Up to \$1.0 billion	[F] Authorized May 5, 2026; not a commitment to repurchase the full amount	[1], Item 7 and Note 15, pp. 32 and 99-100

The project figure is a rounded, multi-year estimate. The annual company-wide guidance is not a project funding schedule. No project savings or return is disclosed. The listed figures should not be combined into an implied capital-allocation conflict.

Exhibit 2. Operating facts, boundaries and unknowns

Evidence	What it establishes	What it does not establish
[F] STERIS describes facilities as dedicated to particular processes and	Process and quality discipline are relevant when production changes	Which processes will move, required customer approvals, test protocols,

Evidence	What it establishes	What it does not establish
products; quality controls cover the lifecycle from materials through service.	location.	validation time or actual qualification bottlenecks. [1], Item 1, "Quality Assurance," p. 5
[F] STERIS identifies facility, utility/mechanical, labor, permit and distribution disruptions as possible business-continuity risks.	Supply continuity and fallback planning are relevant to implementation.	The probability of a Mentor disruption, the resilience of any particular legacy site, or available backup capacity. [1], Item 1A, pp. 19-20
[F] Sterility-assurance products are in Healthcare; AST is separately described as a contract-processing, testing and equipment business.	The product-manufacturing project must be analyzed on its own scope.	AST revenue, margin or sterilization capacity as a proxy for Mentor manufacturing. [1], Item 1, pp. 3-4 and Item 7, pp. 35-37
[G] Site/line scope, volumes, utilization, transfer dependencies, freight, labor, customer-specific requirements, transition cost and expected benefits are not disclosed in the reviewed public sources.	These are priority items for internal diligence.	A public-data calculation of capacity, savings, project returns or the optimal migration date. [1-2]

Exhibit 3. Student-designed migration scorecard

Use the following categories to propose stage gates. **[A]** The categories are a classroom framework, not STERIS's disclosed internal scorecard. Any numerical threshold or review period must be labeled **[A]**.

Dimension	Evidence or measure students may request	Decision use
Quality and process readiness	Approved process documentation, validation evidence, nonconformance trends and product-release records	Determine whether the receiving process is ready for a transfer decision.
Supply continuity	On-time/in-full delivery, open orders, inventory coverage, recovery time and fallback plan	Decide whether a transfer or legacy-capability retirement creates unacceptable service exposure.
Ramp and capacity	First-pass yield, throughput, schedule attainment, constraints and staffing readiness	Establish whether the new operation is stable enough for the next migration wave.
Customer and process dependencies	Product/process map, customer-specific qualification or notification requirements, shared utilities and sequencing dependencies	Sequence transfers and identify critical-path items.
Cost and benefit tracking	Actual project spend, duplicate-running cost, freight, labor and any validated operating benefit	Track the business case without treating undisclosed targets as facts.

Student deliverable and questions

Submit a two-page memo to the hypothetical transition executive. Choose A, B, or C, or recommend a clearly defined combination. State the governance owner for each gate, identify the information needed before the first production transfer, and specify what evidence would cause you to pause, continue or change sequence. Include the strongest argument against your recommendation. Separate facts from assumptions; do not infer a project return from the company-wide figures.

1. Which implementation approach best balances consolidation with quality, continuity, ramp and concentration exposure under the disclosed information?
2. What evidence should be required before a process is moved, and what evidence should be required before legacy capability is retired?
3. How should STERIS respond if the late-2027 target conflicts with a readiness or continuity gate? What information would change your answer?

Sources and conventions

All company information is limited to August 4, 2026. “FY2027” means the fiscal year ending March 31, 2027. Approximate values retain the company’s rounding. No later project progress or outcome is used.

1. STERIS plc, FY2026 Form 10-K, filed May 29, 2026, SEC accession 0001628280-26-039136: Item 1, pp. 2-5; Item 1A, pp. 19-20; Item 7, pp. 32-42; Note 15, pp. 99-100. [SEC filing](#).
2. STERIS plc, FY2026 fourth-quarter and full-year results, Form 8-K Exhibit 99.1, furnished May 11, 2026, SEC accession 0001628280-26-033580, “Fiscal 2027 Outlook.” [SEC exhibit](#).
3. Lu, Lauren Xiaoyuan, and Jan A. Van Mieghem. “Multimarket Facility Network Design with Offshoring Applications.” *Manufacturing & Service Operations Management* 11, no. 1 (2009): 90-108. Model §3, network analysis §§4-6, numerical analysis §7, conclusion §9. [DOI](#).
4. Snyder, Lawrence V. “Facility Location Under Uncertainty: A Review.” *IIE Transactions* 38, no. 7 (2006): 547-564. §§1-5; manuscript and pagination details in the research source register. [DOI](#).
5. Pindyck, Robert S. “Irreversibility, Uncertainty, and Investment.” *Journal of Economic Literature* 29, no. 3 (1991): 1110-1148. Selected sections and actual reading depth in the research source register. [Full-text PDF](#).