

Parkland Health & Hospital System, Texas

Performance & Policy Review System Integration

Parkland Health and Hospital System (PHHS) in Dallas, Texas is rated one of America's finest academic hospitals with 950 beds and an annual turnover of \$1.2b. In April 2006, the PHHS Board together with Senior Management selected Renoir Corporation to conduct a review of their purchasing processes and materials management systems in order to assess the opportunity for culture change and to maximize potential benefits within the supply chain.

"The Purchasing Department processes were broken and inefficient. Renoir's ability to work with our people to address these issues has given PHHS the momentum and sustainability to continuously address supply chain opportunity well into the future."

John Dragovits
Chief Financial Officer

Key Results

Savings of \$3,800,000

ROI of 4:1

Substantially reduced inventory from implemented Inventory Management System

Monthly contract schedule & action plan implemented

Supply costs bench marked and spend analysed

ANALYSIS

The PHHS Board feared that procurement policies were not being followed & that Supply Chain processes were out of control. There was no performance information available to the Board or management team. Desperate for a clear, unbiased review of their situation, the Board stepped in and insisted that the management team accept external help.

Renoir carried out a 3 week Assessment that identified multiple processes dangerously out of control, no systems to support the management team and a culture throughout the organization of the 'Parkland Way' – an expectation that things would go wrong across the whole of the supply chain.

Since the process was so desperately broken, Renoir proposed a Supply Chain Process Rebuild from first principles, the development of a performance measurement system and a process for including and challenging the staff in solutions to change behavior and break the 'Parkland Way' culture. In addition, Renoir committed to realize a minimum reduction of \$2.4m in supply chain costs over a 40 week project.

PROJECT RESULTS

The Focus Process™ consisted of a detailed review of Supply Chain processes, systems & behaviors. Together with the Renoir team, 8 Management Action Teams (MAT's) were engaged, consisting of more than 50 PHHS staff. This client intensive, participative approach developed a fast tracked culture change geared toward a 'businesslike mindset'. A systematic, project managed approach to teamwork, analyzing opportunity and problem solving was instilled and reviewed with all teams on a weekly basis. During this focused 12 week process the key activities included:

• Planning:

- All procurement & supply chain processes were mapped and critiqued
- Action Planning and Problem Solving technique workshops

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- Management Control System elements & benchmarked metrics for weekly review
- Supply costs benchmarked and spend analyzed for standardization & negotiation opportunity

- **Implementation:**

- Specific Project Schedules were developed & implemented for each MAT.
- Training on teamwork, problem solving, effective meetings, benchmarking and Marketplace @Novation were conducted
- Inventory Management Systems were implemented resulting in substantially reduced inventory
- Spend analysis tools were used to determine and capture GPO utilization opportunities.
- Purchasing and Supply Chain processes were reengineered resulting in reduced inventory and procurement costs
- Benchmarking afforded contract negotiators better pricing results with vendors
- Vendor increases on expired contracts were eliminated with a new contract management system
- A monthly contract schedule & action plan was implemented to focus on prioritizing vendor contract negotiation opportunity
- A scorecard was implemented and key performance indicators were measured and reviewed weekly against best practice targets. This resulted in an action-oriented culture, & a very new Parkland Way.
- A savings of \$3.8m was realized resulting in a greater than 4:1 ROI.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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