



“Renoir’s experience in supply chain management was clearly evident. They displayed keen perceptual skills that allowed them to understand the complexities of our organization. They exceeded our expectations in every way.”

Ann Madden Rice
*Associate Director
 & Chief Operating Officer*

Key Results

Savings over \$15m

New systems

Culture change
 OR capacity increase

Physician standardization
 improvement

Organizational
 structure change

University of Iowa Hospitals and Clinics

Using cultural change to save \$15 million

The University of Iowa Hospitals and Clinics (UIHC) is one of America’s leading academic hospitals with over 600 beds and an annual turnover of \$1b. At the suggestion of the University HealthSystem Consortium (UHC), of which UIHC is a member, UIHC engaged Renoir Consulting to review their supply chain process.

OVERVIEW

Increasingly, UIHC’s new top management team wanted to tackle the high cost of their supply chain and recognized the difficult cultural change that lay ahead.

ANALYSIS

Renoir carried out a 3 week Assessment with cooperation from UHC, identifying and committing to \$9m in savings. The savings would come from all aspects of the supply chain including purchasing, inventory, utilization, and physician standardization. The proposal, over 60 weeks, involved 180 man weeks from Renoir, with an additional 6 full time UIHC staff.

FOCUS PROCESS™ & IMPLEMENTATION

In each of the implementation areas, Management Action Teams (MAT) were formed. The MAT’s met weekly and were the driving force in creating change, both in terms of attitude and systems. Scorecards were devised and implemented by each of the MAT’s for review by senior physicians and management at the weekly Steering Committee.

The Project achieved a one time inventory reduction of over \$5m with the majority coming from pharmacy, processed stores, and procurement services. The reductions required a robust system, including an intranet to avoid stockouts & a significant cultural change to ensure compliance. In addition, the reduction allowed UIHC to close a warehouse and further reduce costs.

A new centralized procurement system & department was set up to consolidate the process and ensure that departments received the best and consistent pricing for medical supplies. Through these economies of scale, the hospital was able to negotiate the best prices across all departments. In addition, the Physicians were encouraged to take part in the price negotiation with the vendors. This involvement of the medical staff also aided the physician preference issues, further driving down the cost of med/surg items.

Ongoing savings from the project exceeded \$10m for a total of over \$15m. Significant savings were achieved throughout the organization and included over \$2.5m from physician preference items.

There were many other benefits achieved that were over and above those already listed, including a 10% increase in OR capacity.

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AFTERCARE

Renoir's projects include an extended period of monitoring to ensure that the changes are sustainable. UIHC has targeted \$7m of additional savings and at the time of writing they were well on their way to achieve that. In the words of Steven Long, Senior Assistant Director of Supply Chain, "... the most remarkable outcome of Renoir's work has been the change in the culture of our medical center."

UPDATE: When Renoir began working with UIHC, their supply chain ranked in the 80-85th percentile amongst UHC members. By project completion, UIHC ranked in the 60th percentile, reflecting a \$15 million improvement. Another year later, UIHC ranked in the 35th percentile reflecting a real continuous improvement culture.

(Performance based on - Measure of Supply cost per CMI adjusted discharge)

"The Renoir approach is ... similar to 6 from a process perspective... faster ... less resistance – the key enemy ... enjoyed the process ... relentless ... whole organization behind the process."

Romy Bolton
6 Black Belt, Director
Internal Improvement
University of Iowa Hospital
and Clinics, USA

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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