

UC San Francisco Medical Center

Supply Chain Communication Pays Off

University of California, San Francisco Medical Center (UCSF) is a top 10 academic hospital in the USA. Reaching this level requires continuous improvement across all areas, however Supply Chain was one area that had not kept pace. Through a detailed analytical and consensual approach, Renoir was able to secure over \$13 million of savings whilst maintaining or improving supply chain practices.

Traditionally within the academic healthcare environment, supply chain is predominantly seen as the domain of Materials Management and Purchasing. A number of other departments such as Cardiology and Electrophysiology often manage their supply chain almost independently. At UCSF, the supply chain function was managed significantly better, compared with a number of other academic healthcare institutions. They had made strong efforts to perfect their item master and link it into their billing system, yet there were significant skill gaps and the effective managing of supplies as a culture had not permeated the entire organization.

ANALYSIS

Renoir carried out an analysis within UCSF's supply chain activities in the operating rooms (ORs), sterile processing, Cardiology, Radiology and their Materials and Purchasing departments. The focus was on process flows and management control systems in relation to the efficacy of the supply chain activities. A number of issues were identified:

- Their point of care materials management system (Pyxis) was not correctly managed and quantities did not match the system data, making stock out situations more likely
- Inventory 'days cover' were not being systematically reviewed causing wide fluctuations between available stock and actually needed stock
- In general, departmental silos existed with regard to supply chain management. Purchasing was largely focussed on order processing, without adding significant value in a pro-active way. Strategic sourcing as a concept did not exist.
- Similarly, Materials Management, as a department, did not have good relationships with their customers and were not seen to be adding value.

By ensuring that UCSF stakeholders gained a thorough understanding of the detail and context of these issues, the Renoir team, through their Focus Process™, gained support within the organization. Building upon the UCSF team's enthusiasm, solutions to the issues were jointly developed and implemented by UCSF and Renoir.

Key Results

\$13.1 Million of realized savings

Increased supply chain performance

Installation of strategic sourcing principles

A new focus to ensure supply chain continues to be managed well

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INITIATIVES

Resulting from these activities, a step-change in the management of supplies within UCSF was seen.

- Inventory systems associated with Materials Management were significantly improved. Inventory days cover was set at correct levels and the Pyxis system became more accurate.
- Importantly, there was recognition that supply chain management is a continuous, progressive process and systems were put in place to continuously improve it.
- Purchasing became an outward looking, proactive department that was reorganized into Strategic Sourcing, Analysis & Support, and Transactional Purchasing subgroups. Coupled with the recruitment of a Strategic Sourcing Director, the focus shifted to value adding activities associated with Strategic Sourcing, while continuing to improve and manage the more transactional aspects of the Purchasing function and keeping prices under control.
- Significant savings were achieved within Pharmacy, through a focus on utilization issues, conversions of branded medications to generics, and the elimination of a bundled “risk sharing” agreement, which, given the new analytical skills of the stakeholders, was found to not benefit the hospital.

Perhaps the most striking, and important benefit derived from the Renoir engagement, was improved communication between departments on supply chain issues:

- Multi-skilled groups were set up during the engagement and continued after the project, sustaining and improving the results achieved.
- Horizontal processes across the whole medical center were put in place to ensure supply chain systems ran much more smoothly, creating more savings opportunities, and better capture mechanisms.

THE RENOIR GROUP

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