



Improving Materials Management in a Surgical Services Department

Our client is a leading academic medical center, affiliated with Harvard Medical School. This 777-bed hospital has been ranked on US News and World Report's Honor Roll of America's best hospitals for 11 consecutive years.

Challenge

The academic medical center's surgical services department has 39 operating rooms, with 80 inventory control points maintained by 30 staff members dedicated to materials management. Increasing operating costs required the hospital to evaluate internal departmental budgets to identify opportunities for saving and efficiencies.

With material expenditures climbing, hospital executives were interested in re-evaluating opportunities to better control costs in this high-spend area. Tefen was engaged to improve the hospital's supply chain and materials management within their surgical services department.

How Tefen Helped

The project was structured in a two-phase approach that included an in-depth diagnostic and a hands-on implementation. The team assembled included representatives from the OR's materials management group, nursing representation, representatives from the Center for Clinical Excellence, and managers of the Surgical Services

During the diagnostic, the group reviewed the 12-month historical spend of disposables and implants, and identified that 251 disposable items of the total 7,700 items purchased accounted for 40% of the total annual spend of the department. It was evident that focusing on a small number of items ensured higher success by better regulating flow of these materials into the OR area, as well as managing them throughout the year.

During the implementation, the team focused on re-rationalizing distribution processes within the OR area. Several inventory control locations were eliminated, while others were consolidated. Furthermore, par levels were redefined to match consumption levels to ensure that inventory on-hand was not excessive, while guaranteeing sufficient safety stock for unexpected fluctuations.

Staffing patterns and schedules were recreated for the materials management group to utilize resources at the appropriate timing. For example, minimal support is required for stocking supplies inside the ORs during the day, as rooms are occupied for surgeries during that time. Instead, schedules were designed for higher staffing levels during the evening and night hours to utilize off-hours to perform behind-the-scenes work.

Standardization of materials across the ORs was a major initiative. Benefits extend to both clinical and materials management staff members; Nurses who operate in different rooms every day can expect to find the same type of supply in the same location, regardless of the specific room they are occupying at that time. The replenishment process is more accurate - and handled faster – when the materials management staff members have one standardized configuration for each room to stock supplies.

Performance Excellence Delivered

The collaborative work between Tefen and the client benefited three main categories: Process improvements, culture, and finance.

Process improvements increased reliability and efficiency of the supply replenishment process. A ‘Count-Write-Retrieve-Stock’ method was introduced, using revised and standardized stock sheets. Adjusted par levels with fewer inventory control locations alleviated the complexity of managing a high-pace surgical services area.

Culturally, the improvements increased the trust between clinical and materials management groups, reducing the typical tendency to hoard supplies. Stocking to the maximum possible was no longer necessary once the clinical staff was comfortable knowing that supplies will be there when required.

Financially, new processes and solutions allowed the hospital to save approximately \$500,000 through better distribution, par level redefinition, and staffing in its OR materials management group.

About Tefen

Tefen is an international management consulting firm, committed to improving overall operational effectiveness for Fortune 500 companies around the world. The firm’s main areas of focus include operations excellence, manufacturing, quality, customer service, research and development and supply chain management. With its “hands-on” approach philosophy, the company has achieved tremendous success in delivering quantifiable and value-driven results for its clients in a variety of industries, including healthcare, life sciences, general manufacturing, high-tech and financial services. All of Tefen’s support programs are ISO 9001 certified. Tefen currently employs over 300 professionals worldwide.

For additional information, please contact:

Cristina Priamo, Senior Marketing Associate

Tefen USA

(646) 652-8259

cpriamo@tefen.com

