



Industry: Healthcare

Employees: 18,000 +

Hospital Beds: 500 +

Location: Texas

Key Challenges

As a large consumer of medical surgical supplies, this prestigious hospital's Supply Chain Services was challenged with how to effectively handle the volume and breadth of products needed by their end users. The challenge was complicated by the large number vendors required to source their required products. Traditionally, supplies are delivered to the loading dock and distributed internally to end users by hospital staff employees. It is a very labor intensive process that involves many touch points.

In order to manage its extensive procurement needs as well as create efficiencies around housing and distribution services, the hospital outsourced its inventory management of medical surgical supplies to a national medical supply distributor.

As part of their procurement objectives, the hospital maintains a high commitment towards diversity and small business. The hospital needed a unique program in which they could outsource their strategic sourcing of disposable medical supplies while satisfying their diversity initiatives. Historically, the hospital has faced challenges in meeting its diversity initiatives around the acquisition of pharmaceutical and disposable medical supplies.

The Solution

The hospital eliminated their internal warehouse and contracted with a large global supplier of disposable medical supplies for a low unit of measure, just in time delivery program to the par level locations throughout the hospital. Not only did the hospital realize saving by eliminating their warehouse, the amount of dead inventory was reduced by going to a just in time delivery program. Another key component driving efficiency was the introduction of eCommerce for order fulfillment.

To satisfy the diversity requirements, Summus Industries was subcontracted to provide a labor force inside the national distributor's facility to staff all pick and pack operations for orders relating to this hospital.

The Results

The hospital's strategic sourcing model for acquiring disposable medical supplies has been in place for approximately 10 years. The hospital has realized cost savings by eliminating its warehouse. The hospital has realized savings by aligning with one strategic distributor for disposable medical supplies because their spend has been leveraged resulting in lower costs. The introduction of eCommerce solutions has streamlined to order fulfillment process.

The introduction of Summus Industries' staff in the national distributor's facility has lowered their labor costs and allows the national distributor to quickly staff up and down as needed to meet labor demands. The hospital and the national distributor both have supplier diversity programs that benefit from the subcontracting relationship.

Benefits

- Cost savings by going to a Just In Time delivery model
- Supply chain process improvements
- Less clinician time spent managing inventory and more time spent taking care of patient
- Labor reallocation and improved small business utilization

Outcome

Summus Industries has been able to leverage the relationship with the hospital and the national distributor into other business opportunities making its business model more sustainable. As an ancillary benefit, Summus Industries is now being mentored by the large national distributor in areas such as strategic planning, marketing and succession planning.