

STORAGE SOLVED

STEPS TOWARD LEAN HOSPITAL MATERIALS MANAGEMENT

COLUMBUS COMMUNITY HOSPITAL

THE CHALLENGE

Columbus Community Hospital is a 65-bed hospital, sprawled over 80 acres in the community of Columbus, Nebraska. It features a new hospital facility and a medical office building. Like many healthcare facilities, Columbus Community Hospital was looking for ways to increase patient and staff satisfaction by improving efficiency, while also recognizing substantial cost savings.

The hospital's Director of Material Management, Zachary Kavan, saw an opportunity to affect change within the hospital's materials management, specifically within the clean supply rooms. His team faced several challenges, including occasional stock-outs of items nurses needed for patients, substantial time spent counting items daily to bring the supplies up to inventory PAR level, and the use of manual and tedious daily materials replenishment and fulfillment processes. The consequences of these challenges led to staff communication issues, unnecessary time away from patients, and the department performing non-value added tasks. All these issues combined made the case to find a better solution a priority.



"Patient satisfaction is always one of our top priorities. One of the best ways materials management can help in this area, is to minimize clinicians' responsibility in the supply chain and give them more time to spend with their patients. In the past, we asked clinicians to keep track of inventory by completing a daily count of their area supplies in order to requisition what they would need for the day. With the StockBox, we only ask that they make a visual check and drop a few RFID tags."

- Mr. Zachary Kavan,
Director of Materials
Management





STORAGE SOLUTION

Columbus Community Hospital chose a FrameWRX® and StockBox™ solution to address their clean supply materials management needs. Six FrameWRX sections with divided bins, along with a locked cabinet and a StockBox, an RFID-enabled product, were installed in December of 2011.

StockBox is most effective when combined with a FrameWRX storage system and the Kanban method of lean materials management. The Kanban method is a system used to manage inventory levels. Specific usage “triggers” replenishment. In a two-bin Kanban method, two bin quantities are used for a single supply. When the primary bin is emptied, a call is triggered for another “bin” of stock.

When paired with a StockBox, the replenishment “trigger” is a stock card that includes an RFID antenna, which contains detailed information about a specific supply. When a supply is running low, the stock card is inserted into the StockBox, which wirelessly transmits the need for replenishment.

The combination of a StockBox, FrameWRX and the Kanban method of inventory management will result in savings for any size healthcare institution. The cost of supplies is



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"The most important part of any management system is nursing buy-in. Without it you end up with an expensive system that will not get used, does not function properly, and decreases employee satisfaction. The StockBox gained acceptance from our clinicians quickly and has enabled us to not only improve our inventory distribution and costs, but also increase employee satisfaction on the nursing side and central supply side."

- Mr. Zachary Kavan,
 Director of Materials
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second only to that of labor in healthcare facilities. In fact, supplies can equate to as much as 40% of a hospital's budget. By implementing a reliable materials replenishment system, cost savings of nearly 20% in labor and even more in supplies can easily be attained.

Over time, there is a cost savings for reduced inventory on hand, as well as less chance of expired inventory losses, and stock-outs may essentially vanish. Additionally, the return on investment even on low cost items can be realized in as little as 18 months.

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Columbus' expectations of the new materials management system were that staff would have more time to spend on value-driven services, a cost savings in terms of inventory and personnel, and be able to optimize inventory levels for all supplies. In just five short months, Columbus Community Hospital has realized an incredible return on investment. Implementing the FrameWRX solution, with StockBox, has turned what was a 5-step process into a 2-step process for inventory management.



THE RESULTS

- Reduced inventory from 3600+ items to 1900 within two months.
- \$1000 in reduced consumables inventory after re-sizing inventory once.
- 1.5 hours saved each day in counting supplies.
- 468 hours saved each year in counting supplies.
- 2 hours saved per week of nurses time by preventing stock-outs, or \$3120.
- Personnel counting savings, including overhead costs of \$7020 per year, not including savings from nursing time.
- Full ROI in less than 18 months for hardware, stock cards and software (based on Spacesaver/AC pricing at launch of product).
- Zero stock-outs since installation!

