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Details are Important

Hospital Inventory Management

Improve Inventory Accuracy, reduce inventory management overhead cost, and ensure you have the right inventory where it's needed.

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THE SITUATION

A senior assisted living organization was carrying excessive inventory to avoid running out of essential supplies. Despite higher inventory levels, they continued to experience expediting costs to avoid running out of material. Inventory management was creating upward pressure on overhead and preventing progress on inventory management process improvement activities. Additionally, because inventory management was not integrated with accounting, the monthly close process was long and arduous.

PAR REPLENISHMENT SOLUTION

We implemented Oracle Applications PAR Replenishment integrated with handheld barcode scanners to drive automatic replenishment and streamline inventory transactions. Since the client expenses the inventory when it's transferred to point-of-use locations, these transactions needed to create the inventory accounting transaction that consume inventory assets to expense.

PERIODIC AUTOMATIC REPLENISHMENT

Periodic Automatic Replenishment (PAR) is a common inventory replenishment method used by hospitals and other healthcare organizations, to manage inventory distributed across multiple floors, buildings, and campuses. Oracle directs inventory management personal to restock locations that fall below their defined PAR levels.

HANDHELD BAR CODE SCANNERS

Without the ability to transact inventory counts at stocking locations, PAR replenishment will increase inventory overhead costs by creating a high volume of manual transaction activity. Handheld barcode devices are good tools for counting and recording replenishment requirements at the point of use. We used handheld barcode Scanners integrated with PAR Replenishment to streamline inventory transactions and contribute to improved inventory accuracy.

TODAY

Within 6 months, the client increased inventory accuracy to over 90%, reduced the time to count inventory by more than 50% and eliminated the need to hire additional personnel. Additionally, they reduced the period close window from15 days to two days.

IMPLEMENTATION PROCESS

As with all successful system implementations, the first and most important reason for this project's success was **excellent teamwork**. We quickly implemented PAR Replenishment and realized the economic benefits of this new system because of **senior management's commitment** to the project, **team readiness** for the process change and, use of a **well-practiced project methodology**.

TEAM READINESS

We knew from the beginning, the most important critical success factor was the team's readiness to change. By completing several process walkthrough sessions to illustrate the current system's weaknesses, we helped the team become ready to use PAR Replenishment, and created enthusiasm for changing the way they did inventory management. This process built confidence in the team's ability to succeed, brought clarity to the solution design, and taught the team how to do PAR Replenishment Inventory management.

CLIENT COMMITMENT

By working with our client, we created clear and concise business objectives for the PAR Replenishment project. This brought clarity to a shared vision of our goal and made it easier to work through issues that came up along the way.

METHODOLOGY

We did not reinvent our methodology for this project; we did use a well defined, well documented, and consistently practiced methodology, to ensure a smooth process that left no holes in the delivered system[i].

These critical success factors are essential ingredients of all our projects, and, therefore, you will find them in every case study we write.

BUILDING BLOCKS

Our architectural requirement from the onset was to use as much Oracle standard functionality as possible. This requirement was necessary for four reasons:

- Faster Implementation
- Reduced Cost
- Reduced Schedule Risk
- Better Sustainability over the long haul

It turned out we had to create two custom reports and one mass update program.

- **Custom Pick Ticket** – Pick Ticket that was easier to read than Oracle's standard pick ticket.

- **Custom Barcode Label Program** – Label printing program that provides different options for single and mass label printing.
- **PAR Count Mass Load** – Mass Load Program to load Items and corresponding PAR levels to Stocking Locations within Subinventories.

The remaining architectural elements are standard Oracle eBusiness Applications and off-the-shelf hardware.

ORACLE PAR REPLENISHMENT

Oracle PAR Replenishment is a feature of Oracle's Inventory software module. It establishes inventory PAR levels by inventory item in a stocking location within a Subinventory. PAR Replenishment counting software generates demand to inventory management team members to replenish material that has fallen below PAR levels. After the material is counted, PAR Replenishment automatically generates move orders to transfer material from the supply room to the destination locations. Since PAR Replenishment uses standard move orders to affect the inventory transfer, inventory accounting is automatic.

ORACLE MOBILE SUPPLY CHAIN APPLICATIONS

Oracle Mobile Supply Chain Applications software connects handheld barcode scanning device to Oracle eBusiness Suite of Applications. It works well with a broad range of handheld devices and integrates them tightly with Oracle eBusiness Suite. We used Mobile Supply Chain Applications to Integrated Motorola handheld barcode scanners with Oracle Inventory.

HARDWARE

We used the client's existing Wi-Fi network to connect Motorola MC9090[ii] handheld scanners to Oracle Inventory. We integrated Zebra S4M[iii] Printers with Oracle Inventory to print barcode labels.

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Healthcare organizations can reduce inventory levels, reduce overhead, and improve inventory accuracy quickly by implementing Oracle PAR Replenishment. If you found this article useful or have questions, please contact SPG at (619)992-4107 or email Bill Weeks at bill.weeks@spgusnet.com.

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[i] SPG Integrated Methodology incorporates a continuous improvement process within the methodology itself. This continuous improvement process does not add to the project schedule, nor does add to the project complexity.
[ii] MC9090 handheld barcode scanner from Motorola Solutions, www.motorola.com
[iii] Zebra S4M Printer from Zebra Technologies, www.zebra.com