

How Owens & Minor Helped a Prominent Nonprofit Health System Transform Their Supply Chain with LUM Solutions

A Forward-Thinking Partnership

With rising supply chain expenses and continued pressure to provide quality care amid tightening budgets, a prominent, nonprofit health system decided to transition a segment of its hospitals from self-distribution to Owens & Minor distribution.

The Challenge

NOTABLE CHANGES DURING A NOTABLE YEAR

The distribution change wasn't the only notable and complex change that this health system would be choosing to undertake with the help of Owens & Minor. Over the course of two years, the health system not only changed distribution but also transitioned from bulk ordering to logical unit of measure (LUM) ordering for nineteen hospitals. For a portion of these hospitals, the distribution and LUM changes occurred in the midst of the health system converting to a new and improved Materials Management Information System (MMIS) and during the ongoing COVID-19 pandemic.

Any one of these transitions alone would be a task requiring a tremendous amount of coordination and crucial attention to detail; to do all three concurrently for a portion of the hospitals while also being reactive to the emerging COVID-19 pandemic presented an extraordinary effort. The health system recognized Owens & Minor's commitment to their success and to stand beside them for the long haul.

The Solution

PREPARATION THROUGHOUT THE PROCESS

The potential for the overall success of the conversion process for this health system finds its origin in the robust nature of the initial planning. An operations-based project management team from Owens & Minor takes responsibility for the design of the entire conversion process, coordinating efforts for the workstream leads, pricing, transportation, operations, EDI, customer support and more, proceeding to include post-conversion activities as well.

For more than a full year, the Owens & Minor project management team was focused on adapting processes to meet the new and challenging supply chain environment for the health system. This included increased data analysis on item files to make sure the use case was properly defined over an extended timeframe, while also being intentionally conscious of the heightened security measures necessary to maintain data integrity for the health system.

RESULTS AT A GLANCE

After Owens & Minor helped this nonprofit health system increase efficiency in its supply chain, they recorded impressive savings.

✓ **98.9%**
adjusted fill rate

✓ **100%**
of go-live orders delivered
on time, without issue

✓ **97%**
invoice match rate



“It is always great to work alongside a customer committed to making a conversion successful. At Owens & Minor, we partner with our customers to provide outstanding service on day 1, and ensure that the framework we build together continues to provide outstanding service on day 91. Our best-in-class, hypercare support process was focused on providing this customer a smooth, clean transition ensuring all orders were successfully transmitted, received, picked, staged and delivered.”

Allison Brown
Director of Strategic Implementation, Owens & Minor

Overall, the goal of Owens & Minor was to make the conversion process as seamless and noninvasive as possible. As confirmed by Allison Brown, Director of Strategic Implementation for Owens & Minor, “We are always focused on delivering our customers the products they need, when they need them, the way they need them. In this way, we are constantly improving the amount of support the supply chain can offer to clinicians.”

To facilitate efficient distribution changes, which included MMIS enhancement and the transition to LUM solutions, Owens & Minor conducted an in-depth walkthrough assessment of their current replenishment process. The walkthrough helped contextualize every step of the health system’s supply chain process from the dock to the point-of-use (including transportation, labor and process flow) in order to best serve their unique and specific needs.

Todd Croushore, Operations Manager for Owens & Minor’s Pittsburgh Distribution Center (DC), says that beginning the process this way can make a pivotal difference, with the goal of making the transitions feel as seamless as possible to the customer.

“We always make sure that we are in direct communication with storeroom people,” explains Croushore, “to understand how their receiving and staging work, what types of issues they were having or any roadblocks that we could help with.”

The Results

INCREASED PRODUCTIVITY WITHOUT INCREASED EXPENSE

According to Todd Croushore, one of the most impactful changes was a shift in teammate scheduling, enabling Owens & Minor to pick and ship LUM orders more quickly. Croushore says that with greater control over the inventory and distribution, the DC was “able to become more productive without adding more staff.”

Due to the advantages of Owens & Minor’s Distribution Center Operations, this health system was also able to utilize developed guidelines for pallet sortation by supply location to maximize the effectiveness of each Owens & Minor truckload and delivery staging for each facility.

SETTING SUCCESSFUL METRICS

Following the completion of the walkthrough and the application of data analytics, Owens & Minor provided an estimated ROI from transitioning to the LUM program, while also providing recommendations for right-sizing storeroom inventory and future-state staffing to support the LUM replenishment activity. In order to further improve the impact of these recommendations, Owens & Minor’s continued engagement incorporated additional cost-savings opportunities, such as product standardization and route optimization.

The customer also received systems support from Owens & Minor’s E-commerce Integration Team. Led by E-Commerce Integration Specialist Mark Smith, a one-pass product replenishment batch schedule for LUM supply locations was configured, while simultaneously developing a supply location crosswalk, allowing the warehouse to pick, pack, ship, process and consolidate e-procurement purchases without unnecessary delay. Working primarily with the customer’s internal IT team, Smith and his colleagues were able to create new code and programming logic to adhere to the account and header information the health system needed to have included on packing slips and pallet content lists.



Reaching Success Together— Millions of Dollars Saved

The health system was able to advance current supply chain capabilities and clinical and budgetary goals. Since it transitioned its supply chain to Owens & Minor's LUM solutions, the health system has saved millions of dollars and gained greater supply chain efficiencies.

Both Gregg Samuels, an Operations Manager at Owens & Minor, and Jose Roman, Owens & Minor's Process Improvement Specialist, worked directly with the customer's supply chain managers. In order to establish stock numbers at the appropriate DCs in an organized fashion, an easy-to-use stock number database was designed to ensure that supplies went to the right hospital and right locations within each hospital. Further, they were able to develop and establish a pick module that maximized labor usage.

“The success of this implementation is a result of the strong teams put together by both parties. The willingness of both sides to listen and solve problems in their individual workstreams played a major role in the overall success of this project.”

Kevin Reale
Senior Account Manager, Owens & Minor

Along with the experience and expertise of the Owens & Minor team, the customer's staff and management also came prepared and took ownership of crucial aspects of the transition process as well, according to Matt Gillard, Global Process Leader for Owens & Minor. “It was a great collaboration,” he confirms. “We had the right people involved from our side and so did they. They were absolutely as committed to success as we were.”

“It takes a tremendous amount of effort and planning from OM teammates and our provider customers to implement LUM when the overall healthcare supply chain is ‘normal.’ In the midst of the COVID-19 pandemic, our teams worked diligently to track down and expedite product, adjust allocations, finalize transportation plans in light of increased security screening measures at the hospitals, develop a remote go-live support plan, adjust staffing models and ensure teammate safety.”

Tina Wilson
Senior Operations Implementation Project Specialist,
Owens & Minor

Owens & Minor Consulting Services Principal Consultant Tara Dinsmore echoes her colleagues' comments about the customer's being well-poised for success. “Their Supply Chain Integration team and Process Consultants with our Commercial Sales led strategic planning sessions to closely coordinate an information systems migration, GPO conversion and implementation of LUM solutions,” Dinsmore says proudly.




That commitment to success is echoed by Owens & Minor's Regional Transportation Manager, Scott Besnyi, who fills the critical role of managing the full spectrum of shipments and deliveries being made to the system's nineteen hospitals Owens & Minor distributes to. Besnyi participated in the walkthroughs that were a part of the initial efforts toward transition and held the responsibility for ensuring the proper equipment and transportation were available to serve the health system. “We know our customers' needs and we know how the steps in the conversion process work,” says Besnyi. “And we see that reflected in the training and experience of our drivers.”

Even though COVID-19 impacted face-to-face meetings for a portion of the hospitals, the entire team found ways to keep communications alive and relevant.

“For the customer, changing distributors is nothing short of an organizational change for their hospital and/or health system. Owens & Minor Strategic Implementation Team takes the uncertainty about the conversion off the customer from the start of the project. We build confidence through customer collaboration and the use of leading practices with implementation processes to deliver a great customer experience and provide a smooth conversion journey.”

Tara Dinsmore
Principal Consultant, Owens & Minor Consulting Services



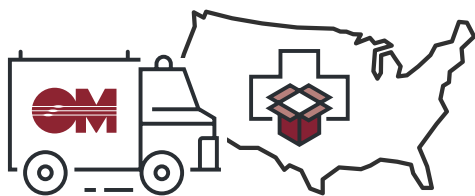
“ O&M doesn’t just talk partnerships. They live partnerships. It’s embodied in all that they do. ”

VP Supply Chain Logistics
Prominent Nonprofit Health System

“ The implementation was very smooth, with no disruptions to our customers. We are very pleased with the teams’ efforts. Great collaboration. ”

Senior Director of Supply Chain
Management & PMO
Prominent Nonprofit Health System

ABOUT OWENS & MINOR



For this customer and many other health systems across the country, Owens & Minor is continually identifying opportunities to simplify workflows and improve financial performance so providers can focus more time on patient care. Our shared success is greater than just one story—and we’re ready to help you achieve your supply chain goals.

Contact us at omlearnmore@owens-minor.com.

To learn how Owens & Minor can partner with you to solve your unique challenges and take your supply chain to new levels of efficiency, contact us at omlearnmore@owens-minor.com or 1-866-935-0798.



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