



Vancouver Coastal Health Realizes Big Savings With Schenker

Background

Keeping one busy hospital stocked with supplies can be a nasty headache. Now imagine doing the same for eight hospitals and some 20 health care facilities. That was the challenge for Vancouver Coastal Health (VCH) in Vancouver, British Columbia, on Canada's West Coast.

VCH provides a full range of health care services ranging from hospital treatment to community-based residential, home health, mental health and public health services. The agency serves residents from the coastal mountain communities to Vancouver, North Vancouver, West Vancouver and Richmond.

The Challenge

Non-pharmaceutical supplies like needles, catheters, renal fluids and non-surgical operating room supplies were arriving at each facility from many small carriers throughout the day. Full time receiving staff were required at each location simply to accept and distribute products to stockrooms in each ward.

Replenishment was done by the receivers based on experience and models established for each facility, resulting in many small deliveries to each site requiring all the invoicing and purchasing to be performed for each site for each shipment.

The Solution

In October of 2005, the decision was made to migrate all supplies and non-pharma items to one central location – a dedicated 50,000 sq. ft. section of a 200,000 sq. ft. warehouse operated by Schenker Pacific Logistics. Starting with two hospitals, by March of 2006 all VCH locations were included in the new program.

Today, the warehouse carries approximately \$6 million worth of inventory with over 5,000 sku's. Operating six days per week with two shifts, it employs approximately 32 health union employees, a site manager and three supervisors with three customer service staff.

Receiving is done on the day shift, with the afternoon shift picking approximately 4,000 orders per shift for delivery to VCH facilities. A dedicated truck fleet loads at 11 p.m. and each truck delivers to the hospitals and healthcare sites on its route each night, returning at six a.m. With this approach, VCH eliminates a multitude of trucks from the roads during peak hours (and their associated carbon emissions).

Delivered goods are placed inside a secure area within the healthcare facility by the Schenker driver and receiving staff simply take the returnable product totes and deliver them directly to the ward as specified on the tote label.

“Before moving to Schenker's central warehouse, VCH had supply inventory in eight hospitals,” says John Ellis, Business Development, Schenker Pacific Logistics. “This required storing excessive stock to service all locations and dedicated inventory control personnel in each location..”

In fact, the inventory and ordering process is now just as efficient as delivery. Inventory tracking and ordering are done at the ward level using radio frequency guns.. When the gun is downloaded, the computer prepares an order for the required quantity, which is then automatically sent to the warehouse for fulfillment and delivery.

Delivering Results

Schenker's solution enabled the purchasing group to focus on the multitude of items they were buying and eliminate duplicates from inventory that were coming from several suppliers..

Factoring in bulk purchasing, this model has reduced inventory and enables purchasing staff at the warehouse to continuously review and redefine buying quantities, pricing, delivery methods and expedite rush items more efficiently.

“Inventory has been reduced significantly and the number of items kept in stock has been reduced from 14,000 to 5,000,” adds Ellis. “This in turn has greatly simplified their purchasing and payables process.”

In addition to saving over \$2-million per year in operating costs, VCH has:

- freed up over 50,000 sq. ft. of hospital space which has been turned over to patient care – saving a further \$10-million in new construction costs;
- received price reductions from suppliers due to reduced distribution costs and volume buying;
- established central storage and management of emergency supplies needed during a Pandemic.

Increasing efficiency, reducing costs and getting more vehicles off busy daytime streets all add up to fewer headaches for Vancouver Coastal Health.