

Inventory Management Strategy Saves £6.3m



Our Client

A University Hospital Foundation Trust based in South West England, with an income of £580m. It employs 9,500 staff, providing specialist clinical services to approximately 1.3m people.

Challenge

Linea were engaged to develop a two stage inventory management strategy:

Stage one needed to maximise efficiencies and savings, without the immediate need for infrastructure and technology investment.

Stage two involved preparing the foundations and approach for the procurement and installation of a technology based Inventory Management System (IMS).

Solution

Identify the different inventory management approaches used and the associated consequences of these approaches.

Assess Trust, Division and Directorate non-pay expenditure by category.

Review expenditure by inventory management type.

Use ABC classification analysis to identify opportunities through a change in inventory management type and changes in delivery frequency.

Assess the frequency of early and late deliveries and the associated consequences.

Calculate total stock holding and average stock turn by Division and Directorate.

Assess key environmental factors such as; security, accessibility, waste, delinquent inventory, misappropriation and workplace organisation.

Review and rationalise the number of suppliers by product line and order line.

Undertake Voice of Customer (V.o.C) review to assess customer feedback.

Results

Strategy and Governance process developed to align materials management, finance and procurement strategies to aid decision making.

Identified savings of **£6.3m**.

Opportunity to Increase inventory turnover by **50%**

Expanded the scope of the central Materials Management Team to implement best practice and improve clinical productivity.

Developed a stock take process and approach to ensure visibility, accuracy and efficiency.

Devised a 12 month inventory management implementation plan.

'The strategy was fundamental in developing a best practice approach to inventory management and identifying significant immediate savings. It also provided a roadmap for the future implementation of an technology based Inventory Management System.

Head of Supply Chain