

Exel Opens West London Support Centre for NHS Trusts

Exel spent over two years researching healthcare supply chains by comparing them with those in the retail and automotive industries. The Company found little service development, poor utilisation of resources and inadequate investment in IT. To address these problems, Exel developed the Support Centre concept and opened a brand new distribution centre in West London to link NHS Trusts with their suppliers.

The Challenge

Hospital supply chains rely heavily on nursing staff to order and replenish stocks. The receipt, dispatch and warehouse facilities of goods takes up valuable space and serious site congestion is caused by up to 30 deliveries per day. Local variations in the way that inventory management techniques are applied have given rise to product duplication, overstocking, wastage and obsolescence.

Crucially, there is a lack of management information and little visibility of inventory held throughout a Trust. This means that it is difficult to control and forecast usage, which in turn prevents Trusts from entering into long term strategic purchasing arrangements with manufacturers and suppliers. Additionally, the benefits of e-procurement are sub-optimal without full inventory visibility.

The Solution

Exel has developed a new distribution channel, which re-engineers the healthcare supply chain between hospitals and their suppliers, automatically simplifying the system.

A bespoke and innovative suite of inventory tools includes a consignment tracking system and Exel's Materials Management Application (EMMA) that has been developed to drive the Support Centre solution and allow complete transparency of inventory movement across the Trust. Barcode technology ensures accuracy in demand capture and tracking of products from receipt at the remote Support Centre through to put away at hospital ward level. Electronic catalogues were developed for all departments, with product and supplier selection and price negotiations still being performed by the Trust's purchasing and product advisory teams.

In 1998, Central Middlesex Hospital (CMH) became the first to benefit from this new concept and signed a seven year contract with Exel to manage its supply chain. Exel's global experience of change management was crucial to the successful implementation of the project, with the team managing all communication, re-training and project management issues. This resulted in a smooth transition to the Support Centre and allowed CMH to reap benefits in terms of cost savings, quality improvements and service efficiencies almost immediately.

Exel's world-class hospital support team carry out ward-level demand capture for all stock and non-stock products, linen, fluids and sterile procedure packs. This covers almost 10,000 barcodes and more than 3,000 different products. Orders are then passed to suppliers who deliver to the off-site Support Centre, where multi-product consignments are assembled for dispatch to each ward. This not only reduces the cost and time of the put away service, which is performed at ward level by the Exel team, but also enables the nursing staff to devote more time to their core activity of patient care. In the first year, stocks of commonly used items were reduced by 35%. Items can typically be transferred from store to ward within two hours, although emergencies are handled within a 30 minute timeframe.

The Results

The Trust can now use the supply chain as an enabling rather than a constraining factor in delivering cost-effective healthcare for its patients.

CMH has enjoyed many benefits such as cost savings, increased control and co-ordination of purchasing, improved service levels, full audit trails and space release. The time spent by Trust staff on supply chain activities has also been reduced. The daily deliveries, which once congested the hospital site and its approach roads, have now been reduced to just three consolidated deliveries from Exel.

The availability of management information has enabled the Trust to achieve purchasing savings and has also proved a useful tool in product and supplier selection by purchasing and clinical staff. Overall supply chain savings are forecast to be in excess of £1m (both cash and non-cash related savings) over the life of the contract.

As John Pope, Chief Executive of the Trust, says, "Our expectations were high but we have been hugely impressed by Exel's professionalism and ability to deliver our joint vision."

Philip Sutcliffe, Director Corporate Services, North West London Hospitals, NHS Trust, elaborated, "Exel offered us an innovative solution to our supply chain issues that has realised huge benefits to the Trust - both in terms of quality and cost savings. The transition from old to new was handled seamlessly, with a high degree of collaboration and teamwork from all involved."

Exel's West London Support Centre has the capacity to service five London Trusts and Exel anticipates developing similar support offers in other countries worldwide.