



INVENTORY
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Valley Dermatology Associates Case Study



About Valley Dermatology Associates

Valley Dermatology Associates is an expanding dermatology group offering state of the art care to a growing patient population in Yakima, Washington. Since opening in 2001, the group has continued to expand, adding staff and delivering even more complete and comprehensive dermatologic care. Valley Derm provides care from initial diagnosis to the recommendation of effective treatments, working with patients to provide a personalized path to wellness. With expert healthcare providers providing an expanding variety of services, the team provides patients with the highest level of care and detection available.

The Situation

Heather Braswell, HT, CMA, Clinical and Anesthetics Manager at Valley Derm noted the challenges of the practice's rapid growth. "While we experienced a surge in clinic growth and demand, we recognized the methods we used to keep track of our expenses weren't efficient, despite being in business for nearly 20 years. Our inventory costs were consistently high, we weren't ordering or restocking appropriately, and supplies weren't rotated, so often they would expire which resulted in needless waste. This was especially impactful on our retail and cosmetic service lines. I was tasked with finding an inventory system that would let us consider each department and the unique way our clinic operates, then allow for customization to fit each area's demand for supplies."

Customizing their Envi set-up specifically for their organization allowed the clinic team to create three separate departments – surgical, clinical dermatology and cosmetics – and within the departments,

individual service lines. They identified products used across all departments, which are managed and maintained by an individual who purchases supplies and manages inventory for the overall organization. "We've consolidated general items into the main supply chain department," said Braswell. "So common things like gauze are managed at the organization level."

Next, the team identified supplies used uniquely within specific departments, and designated a staff member in each area to order and manage those supplies. Braswell added, "Specific products used within a department are assigned to that department or service line, and ordered by a team member responsible for purchasing and managing inventory for that department."

Goals for Improvement

As the team developed their customized structure in Envi, they set goals to achieve both short term targets and long term improvements. Areas of focus include:

- Creating and managing unique departments and services lines, then tracking expenses to specific service lines
- Managing data and reporting tools to create powerful financial statements, including accurate profit and loss statements for each department
- Increasing employee accountability, by enabling departments to "own" their individual supply chain
- Right-sizing inventory levels, creating alignment using both demand and par levels
- Streamlining ordering processes, replenishment, receiving and managing on-hand inventory

Valley Derm has succeeded by taking both a system-wide and department-specific approach. In her advice to others, Braswell noted "Inventory isn't something one person can do alone, so recruit a team that works together from the beginning."

Process Improvements and Results

Weekly, each department restocks from centrally located supply rooms. One designated department employee is responsible for making sure that those supply room items are tracked and restocked from two main storage areas. The designated department employee is also responsible for receiving orders, creating orders and stock usage. Only the designated department employee is allowed access to the main storage areas, which means that the supply available for restocking in the centrally located supply rooms is all that can be used for that week. "We've found this keeps supply hoarding in check and makes sure everything is accounted for appropriately," said Braswell.

The organization has seen significant results with Envi and their best practice-based processes. Braswell added:

- Allocation of expenses by department – "I can pull inventory and PO information from Envi to identify what specialty items were ordered. Then when we review financials, we can allocate supplies to service lines and understand expenses. I can track what's spent per quarter, can see vendors by departments, and can create P&L for each area."
- Reset par levels, create a more demand-driven approach – "Tracking receipts, usage and the total dollar amount sitting in supply has let us set better par levels, utilize what we have on-hand and reorder less frequently. We've improved cycling our stock and weeding out products we stopped using or replaced. As we've improved, we've created a more 'on demand' method. We have established pars, but our supply chain team member uses demand planning to manage supplies. She knows where stock is located, what's in surgery suites, what's in main supply areas, what's on the schedule and what to order."
- Examine and reduce on-hand inventory - "Bringing Envi into the clinic required a purge of our supply areas and treatment areas. Seeing what was taking up room on the shelves allowed me look at the system in a different way."
- Increase employee buy-in and accountability - "Every employee has a vested interest in being accountable for all the supplies that the clinic needs to run day to day. This makes them think about how they use the supplies available to them and think twice about what they would do without those supplies."
- Designate employees from each department manage stock - "The designated department employee is also responsible for receiving orders, creating orders and stock usage. Only the designated department employee is allowed access to the main storage areas. This keeps supply hoarding in check and makes sure everything is accounted for appropriately."
- Improve tracking and visibility to consumption - "Our biggest problem was tracking what happened to an item from the time it was ordered to when it was used on a patient or sold. Envi's usage reports help us track that product, plus we can keep up with cost increases which helps us negotiate with our suppliers."
- Usage templates make specialty items easy to reorder – "We use the Envi templates to designate specialty items and track them to the provider or department that uses them, helping us track usage and billing throughout the organization and properly allocate expenses."



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