



Purchase Order Confirmation Best Practices with Envi®



Why Best Practice-based Processes?

Best Practices in Purchase Order (PO) Confirmation focus on **managing by exception and eliminating discrepancies.**

By establishing PO Confirmation Best Practices, you will:

- Identify areas where overspending or overcharging is occurring
- Quickly identify and update data inaccuracies in your system
- Update contracts; improve contract negotiations in the future
- Partner with your vendors to improve overall performance
- Enable your team to “Manage by Exception”
- Improve downstream automation, all the way through invoice payment

Why is this important? **Every step improves your supply chain performance, increases staff efficiencies and reduces cost!**

Inventory Optimization Solutions (IOS) is committed to continually sharing best practices that improve and streamline supply chain processes. With feedback from hundreds of Envi® users, we’re pleased to offer recommendations to improve your healthcare organization’s supply chain processes.

Seven Steps to Achieve Value

1. Tell your vendors what you need

- ✓ Create a baseline – what percentage of your electronic orders are confirmed electronically with an 855 (EDI Purchase Order Acknowledgement)?
- ✓ Set a target goal to confirm at least 90% of your orders by 855 (Already at 90%? Increase your goal.)
- ✓ Make 855 capabilities a requirement of new vendors as you negotiate new contracts

2. Practice daily order confirmations

- ✓ You’ll need a solution to automatically match electronic POs against PO acknowledgements, flagging items that don’t match and need resolution
- ✓ Assign a team member to work exceptions: your new mantra “Manage by exception” will drive toward your goal of greater efficiency

3. Track your discrepancy rates. If you’re doing it right...

- ✓ Your team is identifying data discrepancies and making updates in your system, including price changes, product data and descriptions, item numbers, units of measure – any data element that’s keeping your purchase orders and acknowledgements from matching
- ✓ Then, you should see your discrepancy rates decrease. If your discrepancies aren’t declining, you need to identify root cause! (It’s likely, data updates aren’t being made.)

Save money. Be efficient. Don’t do it alone.

Contact us at sales@ioscorp.com or (800) 700-4467.

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Success with Purchase Order Confirmation Best Practices

“PO confirmations are amazing. I am able to update prices, easily notice when incorrect price changes occur, and find out numerous issues with the orders before they hold them up. PO confirmations have helped me drive down costs. The EDI confirmation immediately brings to my attention any product that has a price change. Then I can address these changes with my distributor rep the same day. This has helped me stay in front of contract expirations that can increase my product price 3 to 4 times.”

Beth Herrmann
Open Door Health

“One of the features that works really well are the confirmations from EDI vendors and the ability to receive invoices electronically. This helps our AP become much more automated and our efficiencies are off the charts from those two features.”

Chris Dwiggins
MUSC Physicians

4. Track your stock-out rate

- ✓ Managing exceptions should reduce your stock-out rates
- ✓ Track for every location to identify any areas not being resolved by confirmation management

5. Measure cost reductions

- ✓ You should see reductions in emergency shipping (including any rush or overnight deliveries). Identify current costs and track your downward trend.
- ✓ Product price accuracy should help improve supply costs! Paying the right price upfront will reduce overpayment, and also, downstream labor costs for rework.

6. Track vendor performance

- ✓ Make sure you can run vendor variance reports to track results by vendor, over time, and measure for improvement
- ✓ Create a vendor scorecard to share and review regularly with your top vendors

7. You're working toward The Perfect Order

- ✓ It's a big goal, but your compass should always be pointing toward “Right product, right place, right time, right price, right amount...”



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