



INVENTORY
OPTIMIZATION
SOLUTIONS

Cornerstone Healthcare Group Case Study

About Cornerstone Healthcare Group

Cornerstone Healthcare Group was founded in Dallas, Texas in 1990, with a mission to provide the highest quality, patient-focused healthcare and customer service to every patient, family member, and physician it serves. Cornerstone is comprised of three business segments:

- Long Term Acute Care operates 18 long term acute care hospitals
- Behavioral Health offers a continuum of services focused on older adults and is establishing psychiatric facilities in select regions
- Senior Living owns and operates eight communities in Texas, Arkansas and Tennessee, with plans for growth

To drive supply chain improvements across the growing organization, the Cornerstone executive team brought Luis Martinez on board as Vice President of Supply Chain. Martinez formulated a broad-ranging initiative that combined technology and services to improve supply chain business processes and during this process, added Cameron Gummer to the team as Corporate Purchasing Director.

The Situation

“A few years ago, we had multiple systems and 18 item masters, one for each acute care location,” said Luis Martinez. “We were using a system for purchasing that had a lot of steps and was not at all intuitive for users. It was difficult to train new team members, and creating and submitting purchase orders was a big task. We weren’t doing a great job of managing inventory at the local level – it was hard to get visibility into individual facilities and good inventory practices weren’t consistently applied. Finally, we didn’t have the reporting tools we needed and getting to data at both corporate and local levels was difficult.”



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Goals and Objectives

The team set specific goals to improve their supply chain processes:

- Streamline purchasing processes
- Create an approved, well-managed formulary based on a single item master
- Build visibility and increase control
- Increase contract compliance and manage spend
- Improve inventory management and create processes that could be consistently applied at the local level
- Implement technology that was user-friendly and intuitive
- Improve reporting capabilities

The Solution: Combining Technology and Services

To solve their supply chain challenges and achieve their goals, the team at Cornerstone considered a number of options. “We looked at several solutions and ultimately selected a combination of technology and services,” said Martinez. “We implemented the Envi® supply chain solution from IOS, beginning with a phased roll-out at a single location, with continued expansion in terms of locations and Envi capabilities. At the same time, we moved to Provista for purchasing, so as we went live, two things happened simultaneously – we implemented a new purchasing platform and a new purchasing process.”

“Our materials managers went from creating and submitting purchase orders to creating order entries in Envi, which Provista issues as POs to our vendors,” said Cameron Gummer. “They use Envi to receive and track incoming items, manage inventory and reorder supplies, and they’ve eliminated the time spent issuing POs, getting confirmations, solving back-order situations and following up with vendors. Overall, it’s been a pretty significant shift and we see benefits throughout the organization. Our materials managers get time back in their day and they’re able to be more strategic. Now, they have reporting tools they can use for better management at the local level.”

“We find that Envi saves time in a number of areas. For example, our materials managers are using Envi’s scanning capabilities,” said Martinez. “They used to write down every supply to reorder, then key in each item. Today, they use barcode scanners, and the reordering process is simply scan, dock and upload. They still do a visual check on unit of measure and quantities, and they’ve reduced reordering time by 40 percent.”

Outcomes and Results

Over the past year, the team at Cornerstone has implemented process improvements and measured savings. Key initiatives have focused on contract utilization, formulary development and inventory reduction.

“Success has been based on our joint efforts,” said Martinez. “Working together with the Provista and IOS teams, and training our end users on Envi technology, has helped us standardize our formulary, identify price discrepancies, implement better inventory receiving and tracking processes, and improve contract utilization. We’ve increased recognized contracts by 208 percent, standardized to a single distributor that covers 18 unique sites, and driven measurable savings. For example, last year we received a number of large credits due to previously inaccurate pricing. We can consistently identify correct contract prices now.”

Since beginning this process, the Cornerstone team has taken a phased approach for the roll-out. “In the first phase, we gauged the behavioral reaction to see how our end users were doing,” said Martinez. “We made sure we had buy-in before going further. Then we expanded a bit to see where we could address specific categories of spend, and deactivated some products outside the formulary. Next, we rolled out new steps to manage price discrepancies and off-contract purchasing. This phased approach and combination of technology and services has worked well for us.”

Improvements continue to be made on an ongoing basis. “With the insight Envi provides into comparable products, we’ve reduced SKUs and manufacturers, and are moving toward more standardization,” added Gummer. “We’re also benefitting from Envi’s reporting capabilities, which have changed the world we live in. Now we share information at both local and corporate levels, providing detailed information

on supplies and costs. Local materials managers can pull data for their facility, which helps them have constructive conversations with their CEOs about how dollars are spent. We use PO History and PO Receipt reports constantly.”

“Today our reports are based on data that’s accurate and trusted,” concluded Martinez. “If Envi didn’t work the way it did and Provista didn’t perform the way they have, our efforts would not have achieved such successful results. But both sides of the equation have really excelled and as a result, so have our efforts at Cornerstone.”

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– Luis Martinez, Cornerstone

Best Practices Implemented

- System-wide, standardized formulary with continuous review and improvement
- Phased roll-out of new processes and technologies throughout organization, with input from end-users to gauge success at key intervals
- Reporting tools use clean, accurate data for trusted reporting at corporate and local levels; easily create dashboards for greater visibility
- Inventory reductions and process improvements through use of Envi Inventory module
- Envi scanning capabilities reduces materials managers’ reordering time by 40 percent; now just scan, dock, upload
- Manage price discrepancies and drive savings by actively comparing purchase price to contract prices, significantly reducing overcharging and overpayment