Self Service and Just-in-Time Supply Management
Make Northwestern Memorial’s Clinicians More Efficient, Achieves ROI in Three Years

“We’re leaps and bounds ahead of where we were when we used pads of paper and had to hand-count items. Deliveries are made overnight, so that each morning the carts are stocked. As a result, our clinicians are more efficient because they have direct access to the supplies they need quickly.” – Sue Lopardo, Director, Information Services, Northwestern Memorial Hospital

A supply chain without cost controls can affect a healthcare provider’s financial stability, so Northwestern Memorial Hospital in Chicago uses a materials management system to ensure its fiscal health. As a result of this and its overall excellence, the academic medical center is just one of only five U.S. healthcare institutions to earn the highest AA+ bond rating from Standard & Poor’s.

Northwestern Memorial also is nationally recognized for delivering exceptional healthcare. It was ranked in 10 clinical specialties—six of which make it the highest ranked hospital in Illinois—as part of U.S. News & World Report’s 2008 America’s Best Hospitals issue, and is one of the few hospitals to have achieved Magnet status for nursing excellence. In addition, Northwestern Memorial is the sole recipient of the prestigious National Quality Healthcare Award from the National Committee for Quality Health Care. It was also the sole winner for four consecutive years of the National Research Corporation’s “Consumer Choice” award, and, by the same organization, selected as the “most preferred” Chicago-area hospital for 14 consecutive years.

Carefully selected information systems have contributed to Northwestern Memorial’s recent success. In 1999, when the hospital realized its back office functionality had become an obstacle to its growth and progress, it sought to replace an assortment of legacy applications with an integrated system. It chose Oracle’s PeopleSoft Enterprise after evaluating other solutions. Sue Lopardo, director of Information Services, said,
Key Benefits:

- Achieved ROI in three years
- Automated workflow and manual processes for 100% online requisitioning
- Managed procurement growth without increase in staff despite a 96% increase in supply volume and an increase of 3,000 POs per month within two years
- Reduced time for HR changes from days to seconds
- Tracked more than 120,000 training hours for 7,120 participants for one project alone
- Eliminated labor-intensive requisition and purchase orders so that request-to-receipt processes are 89% complete in less than 10 days, compared to less than 50% complete in 10 days

“We can now use information consistently and can present accurate reports to management. The commonalities of information, whether it’s for finance, human resources, or supply chain, lets us follow best practices, focus on process improvements, and get to the root of the problem.”

PeopleSoft Enterprise automates Northwestern Memorial’s workflow and manages a vast array of supply items and vendors. It fine tunes spending with the ability to report by department, vendor, and usage.

Managing Growth with Minimal Procurement Staff

Northwestern Memorial achieved ROI for both its PeopleSoft Supply Chain Management and PeopleSoft Financials deployment within the first three years. The savings was largely realized by using the system’s inherent controls to manage and ensure that purchases were made only from approved suppliers.

Due to a growth spurt in the past two years, the academic medical center now has a vast procurement system, with more than 1,200 authorized requestors and approvers. Its onsite warehouses manage a combined 1,659 unique items valued just under US$800,000. Northwestern Memorial’s supply volume increased by 96%, so that it now stocks 46,402 items in 609 par locations.

“We had also seen an increase of 3,000 POs per month,” said Chris Ryzewski, system administrator of patient support and logistics. “Yet little to no additional staffing was needed because PeopleSoft Enterprise Supply Chain Management gave us the capacity to grow.”

Ryzewski added that its ability to better manage par locations demonstrates the system’s flexibility in sourcing items based on need and availability. “PeopleSoft Enterprise Supply Chain Management is flexible in how it allows us to make changes to key attributes quickly across all locations or specific target areas,” he said.

By eliminating labor-intensive paper requisitions and purchase orders, 89% of Northwestern Memorial’s requisitions have completed the request-to-receipt process in less than 10 days, up by 39% compared to before deployment when only 50% were completed within 10 days.
“PeopleSoft Enterprise provides the infrastructure for our NM Connect portal and gives it a consistent look and feel. The links to all our clinical applications and eLearning are there. Those who are authorized to approve requisitions can easily access them. Employees use the portal 24-hours-a-day for patient care. Management uses it to inform and get feedback from our employees on major projects, such as opening and staffing new facilities. Our PeopleSoft Portal supports our employees in many essential ways.”

Sue Lopardo
Director of Information Services

“We’re leaps and bounds ahead of where we were when we used pads of paper and had to hand-count items. Stocking is now a seamless process achieved using bar codes and hand-scanners. As a result, our clinicians are more efficient because they have direct access to the supplies they need where they need them,” said Lopardo.

User visibility into the procure-to-pay cycle means fewer phone calls to the procurement office, while 100% online requisitioning has eliminated paper requisitions. The system ensures goods are ordered from a catalog at a price that’s been negotiated for the hospital, which lowers costs and speeds up the ordering process.

“Ninety percent of our non-capital requests are turned around within two days and some supplies arrive the same day they are ordered,” said Michael Manalo, manager of Purchasing Services. “With our inventory management process and linkage to suppliers through EDI, we are definitely a just-in-time shop.”

**Self-Service Reduces Time for HR Changes from Days to Seconds**

Northwestern Memorial used PeopleSoft Enterprise HR Self Service’s out-of-the-box functionality to complete nearly 4,000 performance reviews the first year after its deployment. Additionally, employees used the self-service tool to make 654 personnel data changes online that first year, ushering in an era of reduced delays, minimized reliance on paper, and increased privacy in the hospital’s personnel matters. “Sometimes little things do make a difference,” said Shelly Efrosinis, manager of Human Resources and Shared Services. “In one year, 1,643 address changes were submitted and 4,726 W4 changes were completed online. The total time to complete these requests went from 48 hours, including a walk to the HR department, to about 30 seconds.”

Lopardo added, “PeopleSoft Enterprise provides the infrastructure for our NM Connect portal and gives it a consistent look and feel. The links to all our clinical applications and eLearning are there. Those who are authorized to approve requisitions can easily access them. Employees use the portal 24 hours a day for patient care. Management uses it to inform and get feedback from our employees on major projects, such as opening and staffing new facilities. Overall, NM Connect supports our employees in many essential ways.”
Tracking More Than 120,000 Training Hours for 7,120 Participants

PeopleSoft Enterprise Learning Management provides the flexibility that Northwestern Memorial considers crucial for its around-the-clock workforce by providing training online. Having a searchable catalog of courses and self-service enrollment adds to the convenience training accessibility to ensure that Northwestern Memorial meets requirements for internal certifications and corporate compliance. For example, the tool helped the staff prepare for the move to Northwestern Memorial’s new Prentice Women’s Hospital in October of 2007 when PeopleSoft Enterprise Learning Management delivered and tracked more than 120,000 hours of training for 7,120 participants over a six-week period. “PeopleSoft Enterprise Learning Management allows Northwestern Memorial to launch material and manage training on a much broader scale,” Lopardo said.

She added that bringing employees on board is easier, too, because employees are immediately enrolled in the classes they need to take. The system tracks learning histories so that employees and the managers can see at a glance what has been completed during each performance review period.

Access to Data Helps Spotlight Excellence to Earn Magnet Status

In 2006, Northwestern Memorial received Magnet status, the gold standard for nursing excellence and award that recognizes an organizational commitment to the best in patient care. Only about 3% of the nation's 5,700 hospitals and healthcare organizations have been recognized as a Magnet institution.

“Achieving Magnet status called for a lot of information on the internal and external training our nurses had completed, including certifications, licensing and nursing ratios for various specialties of care. PeopleSoft Enterprise System helps us produce the quality of reporting we needed to become a Magnet status hospital,” Lopardo said.

Why Oracle?

When Northwestern Memorial compared Oracle’s PeopleSoft Enterprise with other products in the market, it was industry-specificity that tipped the scales. “Ours was a strategic decision based on the how PeopleSoft products performed in the healthcare arena,” Lopardo said.
“PeopleSoft Enterprise had supply chain features that suited our industry,” she continued. “The products of other vendors and partners that we reviewed just were not robust enough to support what we wanted for the future for Northwestern Memorial. Plus we felt that Oracle would continue to support us and could continue to bring leading-edge solutions to the hospital.”

Northwestern Memorial first deployed PeopleSoft Human Capital Management, followed by Financials, Supply Chain Management and Enterprise Learning Management. “We knew we couldn’t continue to expand our learning programs without a tool to ensure that the right people received the right training for our organization to be in compliance. We found that once our PeopleSoft Enterprise standardization and integration was underway, the self-service would make it easier to work here,” Lopardo said.

Northwestern Memorial Hospital is among the nation’s preeminent academic medical centers with physicians on the medical staff and allied healthcare providers specializing in cardiovascular services, women’s health, oncology, neurosciences, orthopedics, transplantation, gastrointestinal disease, psychiatry and infectious diseases. The hospital is a major referral center in the Midwest and beyond, and patients have access to advanced diagnostic and therapeutic modalities, including medical imaging, laser technology, minimally invasive surgery, organ and stem cell transplantation and biologic therapies. Physicians on the medical staff also are faculty members of Northwestern University’s Feinberg School of Medicine and participate in medical education and research programs.