



Greenville Health System establishes supply distribution center, achieves ROI in 11 months

After relying on outside supply chain management, Greenville Health System (GHS), a Greenville, S.C.-based private, notfor-profit, academic healthcare delivery system, chose to bring its supply distribution in-house. In an effort to maximize efficiencies and save costs, GHS worked with Infor to overlay its existing warehouse management system with Infor Supply Chain Execution (SCE) to reduce the number of its supply deliveries and achieve a range of efficiencies across the organization, which includes eight acute care hospitals. It achieved a return on investment in just 11 months.



- HEADQUARTERS
Greenville, SC
- OPERATING REVENUE
\$2.2 billion
- INDUSTRY
Healthcare
- EMPLOYEES
14,000
- INFOR PRODUCT
Infor Supply Chain Execution
- WEB SITE
ghs.org

“Infor provided the technology to enable us to continuously monitor and analyze value along the supply chain, and become an organizational profit center.”

Chad Richard
Executive Director of Supply Chain,
Greenville Health System

Discovering care quality in supply management

Identifying business challenges

In the increasingly cost constrained world of healthcare, Greenville Health System (GHS) was looking for the best way to achieve economies of scale and cost savings within its \$60 million supply distribution system.

GHS also wanted to integrate pharmacy distribution into its supply chain to not only save money, but alleviate back orders that occur with high-demand pharmaceuticals. In the past, GHS had to wait, along with other organizations that used the same distributors, for back-ordered medications.

At the same time it was revamping its distribution system, GHS made an intentional effort to directly involve physicians and other leaders across the system to support and create greater supply efficiencies. Creating awareness of supply costs among all levels of the organization, they reasoned, would ultimately help save money and motivate others to look for more efficiencies and savings.

“Aside from giving physicians transparency into supplies, we are also able to monitor the supply chain and processes, and provide feedback to our bedside nurses. This not only builds trust, but also eliminates supply hoarding and, more importantly, the risk that old, outdated, or recalled products make it into the care stream.”

Chad Richard

Executive Director of Supply Chain,
Greenville Health System

Business results and efficiencies



\$5 to \$7 million
Dollars saved annually



\$4 to \$5 million
Annual rebates



11 months
Time-to-ROI



\$40 million to \$6 million
Reduction in external supplies

Optimizing the supply chain continuum

GHS looked to retail giants such as Walmart as supply chain models for warehousing, transportation, and logistics. In establishing its own supply chain distribution center, GHS followed the example of the Intermountain Healthcare Supply Chain Organization, which sources, purchases, and delivers supplies to its own hospitals and clinics.

Today, linen services and, most recently, pharmacy, are now fully integrated into the GHS supply chain. GHS manages pharmacy supplies using the same pick-to-voice technology that is used for the entire supply chain, so pharmacy supplies are included in supply delivery.

Through its own system and the ability to purchase directly, GHS has the power to negotiate discounts and tracing fees directly with vendors to enable its rapid, 11-month, return on investment.

GHS now saves \$5-\$7 million annually by using its own supply management and distribution center, receives \$4-\$5 million in rebates from supply distributors, and has reduced its dependence on external distributors, going from \$40 million down to \$6 million in supply costs, or 4 truckloads per week down to one truckload a month.

Bringing the entire system together

Transporting the c-suite to the supply room

Nobody better understands the importance of a lean, efficient, and trusted supply chain than the CEO at GHS, who has a supply chain background and a Master's degree in supply chain management. With the CEO bringing to the table an overall understanding of the complexity of the supply chain lifecycle, he could clearly delineate for other executives the visible and hidden costs of an inefficient supply chain and how it fits into GHS's overall cost and budgeting strategy. In the current healthcare environment, where the choice is either to cut labor—including care staff—or other costs, focusing on supply efficiency becomes even more critical, since no one wants to eliminate staff, which can also mean sacrificing the ability to offer excellent patient care.

“When we decided to go forward with our own distribution center, we already had a strong, six-year relationship with Infor, which runs our Human Resources system. We chose Infor SCE because they understand our model and how to be strategic. Today, I can say that without Infor, we could not have moved forward with our warehouse and achieved these impressive results.”

Chad Richard

Executive Director of Supply Chain,
Greenville Health System

Driving clinician engagement in supply chain value

Most physicians—78%—at GHS are employed by the organization and incentivized through their pay structures to keep costs under control. The system engages physicians by providing system transparency, insight, and analysis so they can monitor their costs, readmission, and care quality. Physicians feel they have a voice in how supplies are managed, and Greenville can avoid the level of supply hoarding that can occur when physicians and nurses don't have access to or feel they are getting what they need. By establishing physician supply chain “champions” and offering incentives, more trust and transparency now exists between the supply and clinical teams.

By keeping staff focused on their job instead of supply management, patient care exponentially improves, which means value-based reimbursement penalties decline.

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