

Veterinary Teaching Hospital Inventory Costing Process Improvement (UIUC)

Business Case

The Veterinary Teaching Hospital (VTH) at the College of Veterinary Medicine uses three non-integrated systems to manage their inventory; Banner, 4D and Vetstar. As a result, it is believed that the current processes to manage inventory do not ensure accuracy in pricing to VTH customers.

Goal

Standardize the process for updating inventory prices to ensure VTH customer costs are fair, consistent and accurate.

Approach

Developed an understanding of the current process and related issues through process mapping and data collection. Analyzed the resulting information which proved that there is inconsistencies between Vetstar, 4D, and Banner for inventory costs. Brainstorming sessions were held to develop recommendations towards solutions to improve the process of providing consistent and accurate pricing to VTH customers.

Outcome

Provided important insight into the complexities of the inventory process at the VTH to a multi-disciplinary group. Initiated discussions with the inventory management software vendors in an effort to simplify the process. Identified 5 key recommendations for improving the process and established timeframes for completion of the recommended actions.

Key Findings

- **11 service areas found to have a customer price difference on the same inventory items within Vetstar.**
- **9 service areas found to have an incorrect markup when product pricing was compared to inventory costs.**

Short-term Improvement Recommendations

- 1. Provide access to all invoices to purchasers at the VTH** – enables purchasers to verify accuracy so client is charged appropriately.
- 2. Establish training for users of 4Dweb and Vetstar** – improved training will help to ensure accuracy of charges for clients across the different sections.

Long-term Improvement Recommendations

- 1. Create and implement procedure for direct communication of prices/changes within the VTH for Vetstar and 4D** – better inform sections on pricing changes so issues can be caught in a more timely manner.
- 2. Standardize descriptions for supplies/drugs in 4D and Vetstar** – standardized descriptions will help ensure correct pricing is used and help identify pricing variation for inventory items.
- 3. Update software so inventory items are uniquely listed and Vetstar functionality is changed so user defines the service area independently from the inventory item** – creates efficiencies in entering charges by reducing duplicate items.

Implementation of Recommended Improvements

Process owner will work with the project sponsor to determine the best actions to implement to improve the accuracy and consistency of the inventory. A timeline will be developed and action items towards completion will be created and managed.