



PROJECT CHARTER

Project Title: IDR Fill Rate Improvement

Business Case: IDR fill rates have fallen to 32% below the minimum customer requirement of 98%. Currently, there is no clearly defined inventory control procedure. An independent audit revealed a significant discrepancy in the inventory recorded in the general ledger and the actual IDR inventory on hand. The auditors recommended the Authority review processes related to IDR inventory control and implement procedures to decrease opportunities for future discrepancies.

Problem Statement: IDR fill rates for the past three months have averaged 66% complete for the more than 22000 lines ordered in ProClick during that time period. The top 20% of the “stock out” inventory items account for more than 80% of the unfilled lines.

Goal Statement: Increase IDR average daily fill rates to 98% for all orders received.

Project Scope: Move all items that are classified as non-emergency items and that are sourced from Cardinal to the ValuLink program. Decrease on-hand inventory by evaluating JIT program opportunities with other major vendors currently being used. Create inventory location floor maps and procedure manuals for IDR. Implement the use of a computer based inventory control tracking procedure. Monthly status reports and data summary reports will be transmitted by email attachment to the Champions.

Constraints, and Assumptions: There is no money available for equipment purchases or increasing staff. The team can implement any protocol changes supported by good data and with the approval of the Champion(s).

Team Members:

Karen Young, MPM, CSSBB, Six Sigma Black Belt, Team Leader

Peter Stephens, Director of Operations, Materials Management

Dwayne Gaines, Operations Manager IDR and Receiving, Materials Management

Sylvia Thomas, Inventory Control Manager, Materials Management

Matthew Lockamy, Information Systems Coordinator, Materials Management

Owen Lawson, Operations Manager, Cardinal Healthcare



Stakeholders:

Dr. Andrew Agwunobi, CEO, Grady Health System, Team Champion
Gerald Reed, Vice President, CPO, Materials Management, Team Champion
Materials Management End Users
Materials Management Employees

Project Outcomes:

Fill rates increased from 62% to 91% during project life cycle. Inventory reduction opportunity valued at \$20,000,000. Lost charges due to end user non-compliance reduced from an average of \$7,000 per day to \$2,200 per day. Twelve month, 3 phase post project implementation plan including process control measurement system.