

Alturos Case Study: LeSS Inventory Optimisation



Kettering General Hospital NHS Trust commissioned Alturos to conduct an inventory assessment, to determine what opportunities for improvement existed.

The Alturos specialist met with the materials management and supplies teams to explain how the LeSS inventory approach would be conducted and the potential benefits for individuals, as well as the Trust. Inventory usage and ordering data from NHS Logistics was then analysed and this highlighted opportunities to decrease the volumes held of some lines, but also identified the need to increase the volume of some lines. Pilots were conducted in each of three areas (see below), to monitor and assess the LeSS analysis. The results from the pilots were validated and the remaining inventory lines were adjusted.

The net working capital cash release was broken-down as follows:

- Materials management - £39,290;
- Theatres materials management - £36,784;
- Catheter Laboratory - £62,895;

In addition to the inventory level, the optimisation of available price breaks was also investigated. This led to reorder quantities being adjusted for certain lines and resulted in a recurrent annual saving of over £5,000. However, one of the consequential benefits of this work was that 11% fewer visits by supplies staff to clinical areas were then required.

Many benefits arose from this project, not just the immediate financial savings and these included:

- £138,969 working capital release;
- £5,431 recurrent savings through capitalising on available NHS logistics price breaks;
- Reduction in staff time required to check and replenish requisition points' inventories;
- Materials management and supplies staff having greater confidence in inventory control;
- Reduction in staff time when dealing with stock-out situations, as well as the associated premium costs to obtain further items at short notice.

Kettering General Hospital NHS Trust, in comparison to other Trusts that Alturos has worked with, had an inventory management process that was working well. Even so, the return on investment (ROI) was significant.

The benefits of improving an inventory management process, to make it function well, go beyond the immediately tangible financial savings. The consequences of just one inefficient part of the inventory process cascade in to a myriad of time and money inefficiencies that are difficult to trace and quantify.