

Saline, Sutures, and Teddy Bears—Never Out of Stock

Dayton Children's Hospital Optimizes Supply Chain Management So Their Patients Always Get Exactly What They Need

Children's hospitals occupy a special place in health care. They treat the pressing medical needs of infants, children, and teens while accommodating the concerns of their parents and family members. Their doctors and clinicians bring years of pediatric training to help improve the lives and health of their young patients.

Award-winning Dayton Children's Hospital (DCH) is one of more than 250 such hospitals in the U.S. Their 3,600 employees serve the pediatric needs of 20 counties in Western Ohio and Eastern Indiana. A 177-bed main hospital connects 22 other clinical pediatric facilities across the region.

Like all hospitals, DCH must strike a balance between providing high-quality care for their patients and containing costs. They also aim to attract and retain top-quality caregivers and employees. But all these goals aren't easy to achieve in the fast-changing, highly regulated industry of U.S. health care today.

Growing Pains

For DCH, cost pressures and operational complexities were growing in recent years, especially with the addition of their many satellite facilities. Leadership knew that to meet these challenges, the hospital had to invest in a digital transformation. After a careful evaluation of their options, they chose Workday as a cloud-based system to enhance and integrate back-office operations, especially HR, finance, and supply chain functions.

David Farrall, corporate director of supply chain at DCH, explains that the hospital chose to deploy Workday Supply Chain Management (SCM) after finding great success with Workday Human Capital Management and Workday Financial Management. He joined the hospital with 20 years of non-health care supply chain experience and found the differences striking. "There are greater complexities in managing a hospital supply chain compared to supply chains outside health care," he says. "And so many supplies are life-critical."

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David Farrall
Corporate Director of Supply Chain



About Dayton Children's Hospital

Dayton Children's Hospital provides comprehensive pediatric care to infants, children, and teens in Western Ohio and Eastern Indiana.

Company Website

childrensdayton.org

Key Results

- Frees staff time to focus on patient care and outcomes
- Provides more inventory visibility, preventing stockouts
- Simplifies ordering, boosting efficiency and cost control
- Standardizes processes while offering procurement flexibility

Workday Applications

- Supply Chain Management
- Financial Management
- Adaptive Planning
- Prism Analytics
- Human Capital Management

When Farrall started with DCH, the hospital had not yet retired their outdated manual system in favor of SCM. “We relied on a brutal paper system that lacked visibility into our supply inventory,” he recalls. “We were tracking 22,000 SKUs and the status of many hundreds of contracts. More than 30% of them expired, but we weren’t sure which ones without going through all of them.”

Clearer Views, No Stockouts

By transforming their supply chain with SCM, DCH has much more visibility into their inventory. As a result, the organization has simplified ordering, provided procurement flexibility, and, most importantly, avoided stockouts. “If a critical item is needed, time spent looking elsewhere for it could compromise care,” Farrall says. “And, if a procedure is particularly time-sensitive, lacking a needed item could be life-threatening. By eliminating stockouts, especially of critical medical supplies, our staff can deliver better quality care.”

He also points out: “This can help nurses, allied medical personnel, and administrative staff have more time to spend with the kids and give their families extra attention.”

To prepare for the migration to SCM, Farrall and his team first cleaned up the DCH item master. “We eliminated 50% of our SKUs simply by removing anything that hadn’t been used in more than 36 months,” he says. “After our launch, we cleaned up even more, reducing our inventory to just 7,000 items. Now, our business analyst are able to ensure items continue to flow into our SCM system by making changes to their descriptions or measurement units as needed.”

In advance of the DCH launch of SCM, Farrall started training by conducting user acceptance testing with a core team of the hospital’s high-volume requestors. “After that, we put nearly everyone who’d placed a requisition in the past year into step-by-step classes to learn the tools and processes in Workday,” he says. “Our diligent training process helped ensure our team was well prepared for our go-live date.”

Not a Penny More

DCH uses SCM as a contract repository, too. It contains more than 725 procurement agreements, including 270 Business Associate Agreements. “We don’t pay a penny more than what our contracts specify because SCM won’t allow it,” Farrall says. “In addition, I know exactly how many are expired and why. With SCM now handling all our different types of contracts, compliance is up by 80%.”

SCM helps DCH staff make more accurate requisitions, which then makes supplier deliveries more accurate and lowers the number of returns. “Returns to one of our biggest suppliers have gone down by 50%, saving us time for more valuable tasks, such as looking for ways to further reduce costs while helping our clinicians spend more time with patients,” Farrall says.

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A Just-in-Time Arrival

"I'm grateful to have come to Dayton Children's when they were restructuring everything and moving to Workday so I could both learn and help to lead our digital transformation, which has gotten us where we are today and going into the future," Farrall adds.

When the global pandemic hit in early 2020, DCH had had SCM in place for about a year, which Farrall considers most fortunate. "Supply chains were so disrupted during COVID-19 that we couldn't always get all the supplies we needed, especially PPE, hand wipes, and cleaning solutions," he says. "So, by having SCM alert us when we were getting low on critical items, we could start alternative sourcing, sometimes having to go as far as our fourth option. This helped ensure we had enough PPE for our frontline clinicians, enabling them to safely provide the high-quality patient care the kids need and their parents are counting on us to deliver."

According to Farrall, being able to easily and quickly monitor and report on the average daily use of key items has been especially important during the pandemic. "We create reports with SCM to flag red-level stock—low levels on certain items—so we can start replenishment efforts before running out," he says.

Bright Future

Farrall has added Workday Assistant, a digital chatbot, which he uses to interact with SCM conversationally and retrieve information. "Whether it's needles, wipes, bottled water, batteries, or whatever, Workday Assistant can tell me the delivery ticket, the buyer, the PO—if there is one—and whether what's delivered is paid or not."

For DCH, Farrall trusts that the continuous improvements in SCM features, such as Workday Assistant, will provide even more capabilities to improve costs, service delivery, and care quality. He notes that DCH will soon implement Workday Adaptive Planning and Workday Prism Analytics along with an accelerator for Demand Planning in partnership with the Huron Consulting Group. This solution will deliver more timely and accurate visibility into demand based on scheduled procedures, allowing the hospital to better manage supply costs and boost supply chain resilience.

SCM has made working at DCH much more gratifying for Farrall and his team. "We deliver anything the kids need to make their stays more comfortable, even teddy bears and toy ponies," he says. "We can be there for their best days—in the background—delivering the medical supplies they need to ensure successful outcomes from their care."

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