

Strategic Lean Project Report



Financial Services Division Warehousing Community of Practice

Agency: Department of Social & Health Services

Partners and Customers: Finance Services Division employees including Consolidated Institutional Business Services (CIBS) employees supporting the Child Study and Treatment Center; Consolidated Support Services; Eastern State Hospital; Echo Glen; Fircrest School; Green Hill School; Lakeland Village; Naselle Youth Camp; Rainier School; Special Commitment Center; Western State Hospital; Yakima Valley School; and the DSHS Technology Services Division (TSD)

Project Impact

This Community of Practice targeted Commissary-type warehouses. The most significant improvement for customers was the deployment of POSsum (an internal online product ordering system) across all Commissary warehouses, which has resulted in increased customer satisfaction and process efficiencies.

The impact of POSsum can be defined as:

- i. The customer previously had two options to order/request something from a warehouse:
 1. Initiate a purchase request in TRACKS. This ideally was a two- to four-week process, but depending on the vendor, could extend well beyond four weeks.
 2. Fill out a Consumable Inventory Order form and scan and send it to the warehouse or hand-deliver it. Based on the customer's own responsibilities, wait time for approvals and getting the item(s) to the warehouse if not already in stock, the process could take a week or more.
- ii. POSsum gives the customer one option: Go to the POSsum catalog, complete an order/request and electronically send it for approval. Once approved, the order is electronically sent to the Commissary. Depending on the time of day and transportation availability, the item(s) could be delivered to the customer on the same day, if not the very next day.

POSsum meets the needs of the CIBS Commissary Warehouse employees and consumers. To ensure the efforts of the Warehousing Community of Practice continue, its participants collaborate monthly to stay focused on the following areas:

- i. Just In Time (JIT) inventory philosophy
- ii. Stock rotation
- iii. Efficient/Lean warehousing operations
- iv. Regular communication with and input from the customer
- v. Reduction of stock (six weeks on the shelf). This is accomplished/maintained by running reports within ePMX. This impacts the reduction of inventory value. The reduction in inventory value directly benefits DSHS programs because the savings can be used in other areas to serve clients. (ePMX is the name of the software DSHS uses for purchase order and inventory management.)
- vi. Warehouses are expected to know:
 1. Methods of controlling Inventory
 2. Vendor turnaround time
 3. The purchasing process timeline from request to issue. Provide communication to purchasing unit if needed.
 4. Customer use based on the tools/reports within ePMX. Daily reports are pulled by the Procurement and Supply Specialist within the warehouse or in some cases, the Warehouse Operator. All line items are reviewed by the end of the year which is in line with the JIT inventory model.

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This improvement indirectly added value to Washingtonians because the reduction in the amount of time it takes for customers to submit an order to the warehouse can be better used on other tasks that better serve clients.

Project Summary

Background/Context

In 2016, Finance Services Division (FSD) Consolidated Institutional Business Services (CIBS) throughout the state. This consolidation and prior consolidations (CIBS/RBCs) highlighted inconsistencies among similar processes and a lack of understanding around why we do what we do. The goal of the Warehousing Community of Practice was to create a streamlined, consistent warehousing process within CIBS statewide. CIBS manages 25 warehouses at 10 different locations. These warehouses directly support each facility by providing items our clients and programs need such as food, clothing, tools and hardware. As stated above, this Community of Practice specifically targeted Commissary-type warehouses. Within warehousing, four processes were defined: order non-inventory; order inventory; receiving; and issue.

Problem Statement

Inconsistencies with the warehousing process made it challenging to meet customers' needs in a timely manner, Knowledge about the processes varies from among each institution and makes it difficult to back up/support warehouse workers when needed. Not fully understanding the workload at each institution made it challenging to staff appropriately.

Improvements Made

I have provided a few of the improvements below:

- Within the Ordering Process, Just In Time (JIT) became the focus and the goal. JIT was discussed prior to the Community of Practice but the Community of Practice solidified it as part of the warehousing process. Significant improvements have been made across the commissary warehouses with regard to reducing inventory value. From July 2017 through December 2017, seven out of the nine total commissary warehouses have been identified as successful in reducing their inventory. Continued focus will be placed on the other two commissaries as they continue to work toward successfully reducing their inventory. For example, the inventory value in the Fircrest School Commissary Warehouse in July 2017 was \$271,066.00 and in December 2017 it was \$204,475.00. Moving to a JIT model and reducing the inventory value saves the programs money which they can use in other areas to serve clients.
- POSsum System (commissary warehouses). POSsum an internal online product ordering system that is similar to a retailer shopping cart tool. The system is an online catalog for individuals within an institution to order items from the warehouse. As of November 2017, this system has been deployed at all nine commissary warehouses that support institutions across the state. Prior to the Community of Practice, the POSsum system was in use only at Fircrest School.

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Project Results



Cost

Decreased inventory value by \$508,740 across all 25 warehouses from July-December 2017.



The focus of the CoP was process improvement and standardization. The next phase was to focus on the JIT inventory model and reduce inventory across all warehouses. Reductions occurred across the 25 warehouses. The inventory value impacts the programs' operating budgets. With the reductions in inventory value, we are saving the programs money because items are not sitting on a shelf in the warehouse for long periods of time without being ordered. Eventually, the inventory value will level out because everyone is moving to a six-week stock level.



Time

Decreased Commissary Warehouse Ordering Process for the customer **from** completing multiple steps using different systems **to** using one system for all process steps. The time to initiate a purchase order decreased from two to four weeks to same day or next day delivery.



Customers are able to go to the POSsum catalog, select items for ordering, and submit requests for approval. It is a one-stop shop and has saved customers time. The old process required inputting a purchase request in TRACKS, then completing a Consumable Inventory Order form with appropriate approvals and then delivering to the warehouse.



Customer Satisfaction

Increased.



CIBS has received nothing but positive input from every location regarding change management, training, deployment and usage of POSsum.

Project Details

Date improvement project was initiated: 10/6/2016

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