
Case study: Mayo Clinic

National health practice employs top-down strategy for GLN implementation

Successfully engages largest vendor for first supplier rollout

Joseph M. Dudas heads accounting and supply chain informatics for the renowned Mayo Clinic. In addition to leading the corporate GS1 initiative for Mayo Clinic Supply Chain, he also serves on the GS1 Healthcare US® Leadership Team, exposing him to the theory and practice of GS1 implementation.

As an early adopter, Mayo Clinic rolled out GS1 Standards in 2009 with its largest supplier, Cardinal Health, and is on track to meet the U.S. healthcare industry's important sunrise 2010 and 2012 milestones for GLN and GTIN® usage. With close to 10,000 suppliers, over 100,000 items and numerous locations across the country, their project's scope may dwarf that of many in the industry. However, Dudas stresses their implementation process is scalable and urges other providers to dive in and get started, as the GS1 System yields many advantages.

"Implementing standards will make the supply chain work," Dudas states. "Right now, there's an incredible amount of waste: working errors, interpreting orders, managing prices. The order cycle is longer than it needs to be, and everybody has problems with lack of transparency, lack of accuracy, patient care issues, cost issues."

He adds, "For us, the benefits are safety, efficiency, and transparency. These hit both components – quality and cost – of our value equation, so I didn't have to do a lot of convincing as to why we should implement. Our executives just needed someone to show how it could be done, that it could be done."

Smart data strategy needed to yield Supply Chain savings

Mayo Clinic considers GS1 Standards part of their overarching master systems and data management strategy, which is foundational to their supply chain management (SCM). The result is a high-performing SCM that has produced savings of almost \$500 million over the past ten years. Keeping data clean, setting up standards for contracting and sourcing, and regularly synchronizing with suppliers helps maintain price accuracy, streamline EDI communications, and eliminate costs.

"Variety doesn't make for the most efficient operation," Dudas explains. "We believe that standards are foundational, and all the benefits are going to sit on top of that foundation. The application and people, what you do with the standards, is where the value, the ROI, is."

With GS1, Mayo Clinic can eliminate the use of proprietary numbers for tracking, including a separate master item list for each vendor. Contracting, pricing, purchase orders and other transactions will be standardized, and ship-to locations organized in a uniform hierarchy.

Timeline

2008

- Set organizational goals: eliminate custom account numbers and (2) eliminate custom product numbers.
- Educate internal and external stakeholders on the requirements of GS1 Sunrise 2010.
- Identify and enumerate Mayo Clinic's locations in the GLN Registry for Healthcare.

2009

- Test and implement GS1 GLN with first supplier, Cardinal Health.

2010

- Ramp up GS1 GLN with additional suppliers.
- Educate internal and external stakeholders on the requirements of GS1 Sunrise 2012.
- Request that suppliers enumerate and register their products with GTINs.

2011

- Launch ERP Upgrade with standard GS1 functionality.
- Test and implement GS1 GTIN with first supplier, Cardinal Health.
- Establish GS1 GLN as production standard.

2012

- Ramp up on GS1 GTIN with additional suppliers.

2013

- Establish GS1 GTIN as production standard.

"The process is riddled with cross-references and interpretations in order to get the right product at the right price in the right place," he notes, adding their initial GS1 goals include eliminating all custom account and product numbers, and utilizing GLNs for approximately \$2 billion in annual spend.

Big thinking brings GS1 from theory to reality

The organization did not think small. After enumerating their corporate-wide location identifiers in the GLN Registry for Healthcare® in 2008, Mayo Clinic decided to implement GS1 Standards first with their largest supplier, Cardinal Health. Cardinal represents approximately \$100 million in annual volume.

"We wanted to start with someone big so everyone would take notice and stop telling us GS1 couldn't be done," Dudas says. "It was easier than everyone thought. We have a great relationship with Cardinal. We have 99.5% price accuracy with Cardinal; with everyone else, it's 95%."

Thanks to similar philosophies, with both organizations eager to adopt GS1 Standards, the collaboration was swift. Mayo Clinic converted 35 custom account numbers to GLNs and processed 50,000 order lines – approximately \$8 million – with Cardinal in its first month of GS1 Standards usage.

Technology supports efficient supply chain functions

In 2010, Mayo Clinic will onboard another 20 strategic suppliers to meet the December GLN sunrise date, and in 2011 will begin utilizing the standard GS1 functionality of their ERP system.

Dudas points out that technology, especially systems that avoid unnecessary customization, play a critical role in any effort at data cleanup and standardization.

"Five years ago, our EDI error rate was around 40%. Through good data management practices – cleaning up files, cutting the item master in half – we're down to just 5-7% errors. It wasn't the system that was broken, it was the data," he explains, noting GS1 Standards will help drive error rates to less than 1%.

He also stresses the importance of communication and education with internal constituents and external partners.

"Getting involved in the standards, we found early on we were so silo'd," Dudas says. "Supply chain standards have opened up those doors. We've gotten a lot smarter about how data flows all across different components and stakeholders."

Specifically, he recommends regular training and education for end users, procurement, customer service, supply chain staff, and vendors to increase support and reduce pushback. He also suggests utilizing a formal project management methodology, such as Six Sigma or PMI, to provide a framework for running a cross-functional project team.

Related Resources

- Mayo Clinic / Cardinal Health GLN Implementation White Paper
<http://www.gs1us.org/MayoGLNPaper>

Mayo Clinic At-a-Glance:

- Approximately 10,000 suppliers and 100,000 products.
- Annual supply spend just under \$2 billion (including Rx and capital).
- Recognized by AMR Research in the Top 25 Healthcare Supply Chains

About Mayo Clinic

Mayo Clinic is the first and largest integrated, not-for profit group practice in the world. Doctors from every medical specialty work together to care for patients, joined by common systems and a philosophy of "the needs of the patient come first." More than 3,300 physicians, scientists and researchers and 46,000 allied health staff work at Mayo Clinic, which has sites in Rochester, Minn., Jacksonville, Fla., and Scottsdale/Phoenix, Ariz. Collectively, the three locations treat more than half a million people each year.
www.mayoclinic.org