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Success Story:

INTERMOUNTAIN HEALTHCARE (IHC)

Industry sector: Healthcare/Hospital

Shipping system: Closed loop

Practice: Distribution center using reusable transport packaging



Intermountain Healthcare (IHC) operates their own closed loop distribution center, the Intermountain Kem Gardner Supply Chain Center, to deliver medical supplies to its many facilities. Bulk orders are re-packaged into customized, mixed shipments and delivered using reusable transport packaging materials, including pallets, crates and totes. IHC has cut overall waste by an estimated 20% and enabled individual sites to reduce storage space as well as labor to handle products and packaging materials.

Organization background:

IHC is a non-profit system of over 400 clinics, labs and medical centers, based in Salt Lake City, Utah, serving patients in Utah and southeastern Idaho. A fully integrated healthcare system, IHC has its own health insurance and medical group, and over 32,000 employees. IHC receives supplies from well over 10,000 vendors.

Challenges:

IHC operated using a largely decentralized system, where a majority of vendors delivered orders of medical supplies directly to IHC's many facilities. Forced to order available "unit measures" of products—rather than the smaller quantities needed at a given time—individual sites had to provide their own storage space and operate a receiving dock. Larger facilities frequently had a full-time employee, just to handle incoming shipments and packaging materials. Given the large number of vendors, transport packaging materials varied widely, complicating efforts to streamline the shipping system with reusables.

Solution:

IHC built its own distribution center to manage shipments of medical supplies and deliver them to individual facilities via an in-house trucking company and courier service. To maximize efficiencies, the center also houses all of IHC's Supply Chain



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departments as well as Accounts Payable. Most of IHC's clinics, labs and medical centers are located within a 45-50 mile radius of the center. Using a centralized ordering system, IHC buys in bulk and re-packages the large loads into customized, mixed shipments for distribution within the healthcare network. With orders better tailored to their needs, individual facilities have greatly reduced storage as well as labor costs to handle products and packaging.

All deliveries within the closed loop system are made with reusable pallets, crates and totes, drastically reducing waste from transport packaging materials. Reusables also help IHC use trailer space more efficiently and improve shipping efficiency, due to the uniform container sizes. For example, IHC's reusable totes have attached lids and nest when empty. They come in two different sizes, however, each with the same footprint to facilitate efficient and secure stacking onto pallets.

(Projected) results:

- 20% reduction of cardboard and packaging waste.
- Significant reduction in labor costs associated with shipping/receiving at individual facilities.
- Reduced disposal costs and less reliance on market fluctuations for the sale of recyclable materials, e.g. cardboard, stretch film, etc.
- Better product protection (e.g. cooling, protection from light) with customized reusable transport packaging.
- Reduced carbon footprint due to eliminated packaging materials and increased shipping efficiency.
- Improved image as a sustainable organization and community partner.

Keys to success:

- Most IHC facilities are in close geographic proximity.
- Similar needs among facilities enable centralized bulk purchases and use of uniform transport packaging materials.
- Dedicated distribution team has strong support from top management.
- Sustainability Council brings together members from all departments, fostering organization-wide buy-in.
- Practice Greenhealth membership gives IHC access to educational resources and industry-specific expert advice to reduce its environmental footprint.



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