

# 2009—2010 Year-end Report



**Bloorview**  
KIDS REHAB

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## Message from the Chair of the Board — Georgina Steinsky-Schwartz



There is no question that Plexxus and its Member hospitals are operating in challenging times. Significant budget pressures continue to exist within the healthcare system, and changes in the external landscape have put a heightened focus on procurement in the broader public sector.

I believe that Plexxus has reacted well to these challenges, and is positioned to continue to bring value to its customers and members in the future. In particular I think it is worth noting that Plexxus received positive feedback from the

Auditor General around our tracking/reporting of savings and in being a self sustaining organization.

I would also like to thank Kevin Empey and Mary Clare Egberts who left the Board last year for all their efforts and to welcome Bonnie Adamson and Mark Rochon to the Board.

It has been my pleasure to serve as Chair over the past 2 years, and I look forward to continuing as a Board member going forward.

## Message from the President & CEO — David Yundt

Looking back at FY10 reminds me not only of the progress we have made, but also the amount of work we have left to do in order to deliver on our full mandate.

I am pleased that we have been able to generate increased savings for our Members. In particular I am excited that we will be returning almost \$6.9 million of Purchase Price Improvement Savings (PPIS) back to our Member hospitals for FY10. For FY11 we have set aggressive targets to increase the PPIS savings.

During the year we continued to make progress with the ITS project, although I must admit we are not as far along as I would like to be. We have put a very strong project team in place and ITS will be a key priority for us and our Member hospitals over the next 2 years.

And finally, based on feedback from our customers we launched the Sourcing Improvement Project in order to improve our service levels. New metrics are also being implemented within a Balanced Scorecard framework to monitor our performance.

I would like to personally acknowledge and thank all of our hard working and committed employees for their support and efforts. I look forward to another challenging year in Fiscal 2011.



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## Fiscal 2010 Accomplishments

### Implementation of the Broader Public Sector Supply Chain Guideline

In 2009 the Ministry of Finance introduced a Supply Chain Guideline that outlined procurement practices and procedures that must be followed by all Broader Public Sector organizations that receive more than \$10 million in funding from the Ministries of Health and Long Term Care, Education and Training, Colleges and Universities effective March 31, 2010.

Plexxus struck a cross functional team to roll-out the Supply Chain Guideline both at Plexxus and in our hospitals. The team:

- Delivered high level awareness training to over 500 people
- Developed a procurement policy and procedures document that was adopted at Plexxus and used as the foundation for the individual hospitals policies and procedures
- Delivered detailed training to all the procurement staff
- Prepared and presented a roll-out strategy including a gap analysis for all the Plexxus Member hospitals
- Developed a comprehensive procurement tool-kit for use at Plexxus and across the hospitals.
  - The Plexxus toolkit is currently being used by the Healthcare Supply Chain Network, who have been contracted by the MoF, to develop training workshops

Plexxus will continue to monitor any future changes or enhancements to these guidelines.

### Strategic Sourcing

We continued to refine our 6-step strategic sourcing process throughout Fiscal 2010. A key addition to the process was the development of a document (RACI chart) that clearly outlines the responsibilities of stakeholders in the hospitals and at Plexxus. It also includes clear communications points intended to increase the awareness and understanding by all stakeholders on the status of specific initiatives.

In fiscal 2010 the strategic sourcing team completed a number of initiatives including a distribution agreement for national and non national brands, pacemakers, stents, dialyzers, orthopaedic hips, knees and trauma and therapeutic surfaces and bed rentals.

The savings negotiated from these initiatives ranged from 10 per cent to 45 per cent.

### Pandemic Planning

As pandemic planning became a significant concern in 2009, Plexxus worked closely with our hospitals and suppliers to address supply needs.

A pandemic planning committee was struck in the Spring of 2009 and was focused on serving our customers and maintaining business continuity and, protecting our employees, facilities, equipment and products.

The team met regularly and was able to effectively respond to customer and employee concerns. The team:

- Ensured that pandemic stock piles for the hospitals were available and in the required quantity.
- Assessed the inventory of critical day -to-day patient care and Personal Protective Equipment (PPE) supplies and responded to requests for additional supplies.
- Actively worked with suppliers and the Ministry of Health to manage back-order and constrained supply situations.
- Conducted "what-if" scenarios to test business continuity readiness.
- Ensured employees were informed of their responsibilities and that positions critical to business continuity were identified and contingency plans developed.

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## Fiscal 2011 Priorities

### Integrated Technology Solution (ITS)

A critical enabler of Plexxus achieving its mandate is the implementation of an Integrated Technology Solution (ITS).

This technology solution will bring together supply chain and finance processes at Plexxus with those across Member hospitals.

The technology solution, powered by SAP will:

- allow end users to make better informed decisions by making it easier to access information;
- streamline business processes and create operating efficiency through the adoption of common processes across all hospitals;
- allow end users to focus on more value-added activities by minimizing manual processes and
- improve response time.

Plexxus is getting ready to officially launch this project in July and will be working with all hospitals to understand their existing processes and how they will need to be modified.

UHN has been selected as the first hospital to go-live with Plexxus with a target date of July 2011. We are working to have the roll-out schedule for all hospital confirmed by the end of July 2010.

### Sourcing Improvement Project

In response to feedback from our customers we initiated a Sourcing Improvement Project aimed at:

- Ensuring that all sourcing events are completed more quickly, effectively and efficiently
- Improving communications with all stakeholders
- Ensuring compliance with the Broader Public Sector Supply Chain Guideline

A critical success factor for this project will be the involvement of our customers. A steering committee has been struck to provide overall governance and support for the project. The steering committee is jointly chaired by Andrea Englert-Rygus, VP Operations, Plexxus and Michael Young, Executive VP, Chief Administrative Executive, Sunnybrook. Steering Committee members include representatives Plexxus and from Lakeridge, Mount Sinai, Toronto East General, Toronto Rehab and UHN.

This is a critical project for Plexxus and success will be measured by:

- Improved stakeholder communication
- Reduced time to complete all sourcing initiatives
- Contracts are renewed in a timely manner
- In scope spend >\$100k is under contract
- Plexxus is seen as a customer focused organization

Throughout the summer months Plexxus will be focused on making changes to its internal processes and will more actively engage with its customers on this initiative in the fall of 2010

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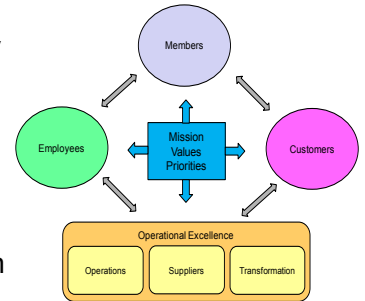
## Fiscal 2011 Priorities

### Metrics

The balanced scorecard is a strategic planning and management system used to align business activities to the vision and strategy of an organization and monitor organizational performance against strategic goals.

In Fiscal 2009 Plexxus implemented a balanced score card framework to enable:

- clarification of its mission and strategy by translating them into action and
- improved organizational performance by measuring what matters.



The focus for Fiscal 2010 was on establishing customer metrics which best reflect the service performance provided by Plexxus to its Hospital Customers.

Plexxus worked with a committee of hospital representatives to identify these customer metrics. The group considered over 30 metrics and recommended that the following be adopted by Plexxus and incorporated into the statements of work with each of the hospitals:

### Purchasing:

- Proportion of Requisitions to PO release meeting cycle time objective
- Proportion of Invoice Mismatches

### Logistics

- Inventory – Line Fill Rates to End Users
- Inventory – Order Pick Accuracy
- Stock-Outs at the Cart Level (replace fill rate post ITS, to be trialed in FY2011)

### Sourcing/Contract Management

- Proportion of Sourcing Projects meeting cycle time objective
- Proportion of Total Managed Spend under Contract

### Accounts Payable

- Proportion of Invoices processed within cycle time objective
- Discounts Taken & Discounts Lost

The focus for Fiscal 2011 will be on

- Ensuring that targets are set and achieved for existing Customer and Member metrics.
- The above new Customer metrics are implemented, baselines established and targets set.
- Conducting transactional customer surveys to get immediate customer feedback on the service provided by Plexxus.
- Ensuring that metrics for Internal Employee and Operational Excellence are developed and implemented.

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President and CEO, Plexxus

## The Plexxus Senior Management Team

**David E. Yundt**  
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**Catherine Booth**  
Chief Information Officer

**Mary Byczok**  
VP, Human Resources

**Don Cummer**  
Account Executive

**Andrea Englert-Rygus**  
VP, Operations

**Ursula Goldenberg**  
Chief Financial Officer

## Corporate Overview

Plexxus was created by its Members to provide leading edge business support solutions. Plexxus Members include; Bloorview Kids Rehab, Lakeridge Health Network, Mount Sinai Hospital, North York General Hospital, St. Joseph's Health Centre Toronto, Rouge Valley Health System, Sunnybrook Health Sciences Centre, The Scarborough Hospital, Toronto East General Hospital, Toronto Rehabilitation Institute, University Health Network and Women's College Hospital.



It is a not-for-profit organization with a mandate to provide supply chain management, transactional finance and human resources, and payroll services. Its focus is on maximizing non-clinical efficiencies and generating savings for member hospitals, for reinvestment in patient care.

Plexxus currently provides a broad range of hospital Supply Chain services including negotiating and managing contracts (strategic sourcing), purchasing and all related warehousing and logistics processes.

**Comments or feedback on this publication can be sent to:**

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