



SUPPLIER RETURNS MANAGED SERVICE CASE STUDY

COMPANY OVERVIEW

Fairview Health Services, based in Minneapolis, MN, is a large hospital and healthcare system comprising 10 community hospitals, an academic medical center, 34,000 employees, and 2,400 aligned physicians. In 2017, Fairview saw 1.8 million clinic visits, 90,934 inpatient admissions, and \$5.3 billion in revenue. A system of this size and scope requires a complex supply chain and generates massive amounts of data related to suppliers, vendors, returns, and associated credits.



PRIMARY ISSUES AND PROBLEMS

Since the 1990s, Fairview had been conducting regular post-payment audits through third party auditors. Year over year, the findings pointed to unresolved supplier credits as the largest problem area and recovery category. A major factor in unresolved credits was a lack of documentation and accurate processing, leading to returned products that accounts payable could not associate with specific purchase orders, suppliers, or specific people. When credits were resolved, a large portion of the money recovered went to the third party audit providers.

Fairview identified that, while they had a process in place for supplier returns, there wasn't a central group managing the end to end process, many staff members were unaware of it, or not using the existing PeopleSoft infrastructure, and instead relied on suppliers. Suppliers, in turn, made their own decisions about where to apply credits, didn't always communicate with Fairview accounts payable, and sometimes failed to keep up with accurate documentation.

SOLUTION SUMMARY PEOPLE - TECHNOLOGY - GOVERNANCE

RETURN AND
SELL SUPPLIES

SAAS SOLUTION

SUCCESS BASED PRICING

Fairview Health Services had an existing relationship with Belmero, who assisted in the implementation of a PeopleSoft system in 2006 and provided ongoing support. After identifying unresolved supplier return credits as a major issue, Fairview and Belmero worked together to develop a solution.

Working with Fairview IT and accounts payable, as well as leaders from purchasing and operations departments, Belmero created a simplified "one stop" place for staff to document supplier returns, took over communication with suppliers, automated debit memos for accounts payable, and essentially created a fully managed service to increase accuracy, recover more supplier credits, and streamline communication.

After the service development phases, Belmero worked with Fairview's Supply Chain Service Center to create education and notify key suppliers of the new process.

Training was provided both on-site and virtually for hospital and non-hospital staff, including specialized programs for accounts payable and other critical departments. Approximately 300 end-users received training, and many essential functions of processing supplier returns were taken over by the Belmero team.

RESULTS

ANNUAL 2-4X
INCREASE
IN SUPPLIER CREDITS
PROCESSED

325+% INCREASE
IN SUPPLIER
CREDITS

LABOR SAVINGS:
1 PAYABLES FTE &
2+ SITE FTEs