



Inventory management: A need for practices

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Most practices have EMR software to track patient appointment and billings, but most practices lack an inventory management software for their supplies and implants.

Despite supplies and implants encompassing more than 10 percent of overhead costs – potentially representing hundreds of thousands of dollars (a significant operating expense) – practices often struggle to manage this part of their operations effectively or efficiently.

Currently, paper or Excel is most the most common method to manage inventory in OMS practices. This antiquated method of inventory management leads to hours of manually counting and tracking supplies (a estimated cost of more than \$3,000 to \$5,000 per year), increased last-minute orders, expired goods sitting on practice shelves and lack of accountability of supply usage and over-ordering of supplies and implants (shelf-ware).

Everyone is aware private practices can be extremely busy with a never-ending list of things to do. Most of the time and energy should be focused on delivering excellent patient care. It was often thought that to get a true handle on inventory management, it would require a dedicated individual's full attention to better control inventory inefficiencies and ever-increasing supply costs.

However, with the advent of online technologies combined with implementing simple office inventory best practices, true solutions help deal with and take control of this difficult and expensive part of private practice.

As with most practices, the most trusted and dedicated staff are often asked to take on the responsibility of inventory management. However, supply management and operating costs tend to be only one of many tasks they must oversee. Despite their dedication and loyalty, it is rare this employee has the training or expertise to effectively manage hundreds of supplies needed to run an OMS practice.

Even if your employee becomes efficient after many years, surgeons are always concerned as to what would happen if that employee moves away or can no longer stay employed in the practice.

How would the next individual be trained to take on this complicated task? Should the key employee leave, rarely do you find a smooth and effective transition unless a software solution already was implemented.

This scenario reminds me of an office I consulted in 2016, when the new staff member responsible for ordering supplies purchased more than \$15,000 of goods without anyone realizing the office no longer used that product in the practice. Some of the product could not be returned, meaning it was impossible to recover the costs for the money spent.

With an effective software solution in your office, the concern for losing your key employee is dramatically reduced and ordering wrong supplies is far less likely.

As a compensatory mechanism to help alleviate the burden for supply and implant management, most practice staff also turn to a distributor representative for help. Having educated hundreds of offices on supply and implant management, I have witnessed dozens of times that relying on a supply company's representative to help the practice is a tricky proposition. This is especially true if

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the salary of the supply representative is tied into his or hers sales commission. This type of compensation structure often incentivizes selling more supplies to a practice rather than fewer.

If automatic ordering also is implemented with a supply company, it becomes extremely difficult for a practice and the staff to monitor price fluctuations of products over time. I have witnessed price increases of more than 50 to 75 percent without any staff member or the doctor becoming aware of such changes. With inflation, we expect prices will rise over time, but without a computerized inventory management system that allows you to monitor the price of your supplies over time, you could be leaving yourself vulnerable to unexpected price increases and needless increased overhead.

Having a computerized inventory management system in your practice also allows you to monitor spending. It is typical an oral surgery practice can order products from more than 10 suppliers. Just think of the numerous implants suppliers, regenerative companies, sundry suppliers, drug suppliers and equipment suppliers your practice may buy from.

With so many different suppliers to work with and so much pricing to keep track of, it becomes a daunting task to keep track of where your money is going and how much you are spending. With available inventory management software, it is possible you can keep track of all your spending regardless of how many suppliers you may work with and the number of products your office may use.

It also should be mentioned that despite the best attempts of staff to monitor what they receive and supply companies to deliver what you ordered, it is common to see mistakes. Because supply companies may ship out products in batches (due to backordered items), it becomes difficult for staff to adequately monitor what was ordered versus what was actually delivered.

In one practice, we discovered more than \$2,000 of mistakes per month on inventory items that were delivered. Sometimes, not enough items were delivered and, in rare cases, too many supplies were delivered. Just imagine how many mistakes are made per year on items ordered.

Without an inventory management system in place, it is impossible to monitor shipments and reconcile what your office ordered is what your office is actually receiving.

Having an inventory management system that also tracks implants is crucial in today's OMS practice. As more surgeons place implants, it becomes imperative the office track how

many implants are placed month by month and year by year, which locations in the jaw(s) implants are being placed, documenting which lot numbers were used on which particular patient, track expiration dates of implants and document which doctor placed which particular implant.

An implant inventory management system will allow an office to track all these important variables. This becomes extremely helpful for your staff to track how many implants to order, what sizes of implants your office most often uses and, if a recall occurs, your office can quickly determine which patients may be affected.

To further illustrate the importance of an inventory management system, I have summarized the top five reasons why your private practice can no longer afford to operate without an online or computer-based Inventory Management System:

1. Cost control improves profitability

The reality is running a profitable practice means running a lean business. With increased competition and operating expenses, one cannot afford to miss the opportunity to save money on supplies. Using a computer-based inventory system immediately helps an office save by avoiding unused expired supplies and pricey last-minute orders.

Cloud-based inventory management software allows for tracking expiration dates and minimum quantity levels. Simply setting these inventory thresholds allows staff to effortlessly keep tabs on supplies while helping the practitioner run a leaner more profitable practice.

2. Time management improves production

One of the most daunting tasks to keeping accurate inventory is keeping count. We have identified that offices spend on average two to four hours a week just counting and organizing their supplies. These efforts consume valuable staff time and take away from revenue-generating activities, such as patient care.

Computerized inventory systems can reduce the amount of time staff spend on managing orders and managing inventory to less than 30 minutes per week. Why? Computerized inventory management systems allow for full inventory control from ordering the supplies to receiving inventory and ultimately tracking usage – all in real time. At anytime and anywhere, a computerized system can tell you how many



products have been used, how many are remaining and where everything is located.

3. Get what you pay for

The average dental practice orders from multiple vendors offering specific products and pricing. An office may order gloves from one sales representative and burs from another.

Having a good inventory management system allows you to understand what you ordered, how often it's ordered and the cost of items ordered. This information places the office firmly in control.

4. No more hidden piles of expired supplies

Keeping tabs on where supplies are stored is critical to a smooth operating practice. Offices are run by a team of professionals, but the reality is – despite best intentions – things go missing, supplies are “temporarily” moved and subsequently forgotten. Practices can end up with more supplies than required, or worse, a pile of expired inventory.

Most offices have one staff member dedicated to ordering

and managing the supplies. If this person goes on vacation or takes a sick day, the task of locating inventory – or just understanding the order cycle – is overwhelming.

The beauty of an online inventory management system is there is minimal confusion when looking for the right products required for a procedure. With a few clicks, all staff can easily search and locate any item, reducing confusion and the chance an office forgets about a stash of inventory.

5. Know your practice

For OMS practices, having a clear understanding of inventory usage provides an accurate picture of spending as it relates to production. This information provides key inventory insights, whether inventory is being used efficiently, whether it is being purchased at competitive prices and whether there is an overstock of supplies.

Nothing is more valuable than having real-time metrics. It enables a practice to understand its inventory status at a quick glance, helping keep inventory usage in line with office production. ■



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