

Smart and Efficient Distribution – Partnering with Suppliers on Joint Goals

Environmental and Human Health Impact: Recycling of over 218 tons of cardboard, or 75 percent of total waste and reduction in fuel usage of over 351,000 gallons

Business Impact: Not applicable

Challenge

The Procurement & Supply medical procurement team established a Strategic Supplier Relations program (SSD) in 2007 with the goal to develop relationships with key suppliers to generate mutual benefit to Kaiser Permanente and the supplier. Owens & Minor (O&M), our largest distribution partner, is one of those suppliers. In 2008, through the SSD program, we began to brainstorm how they could assist us in reducing the greenhouse gas emissions and waste associated with our direct supply chain. In 2009 we began to set goals, and in 2010, we are seeing tremendous results.

Aim/Goal

- To require our largest distribution partner to reduce waste and greenhouse gas emissions and establish an environment of continuous improvement.

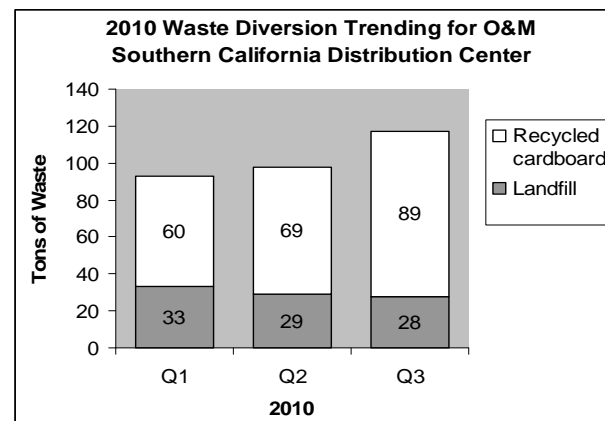
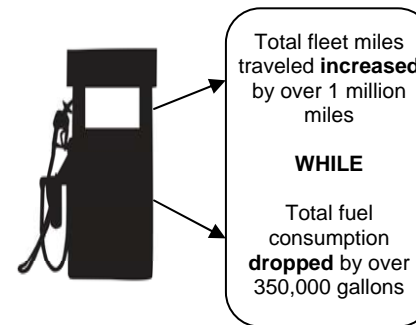
Team

Pat Schow, SSD Program Manager, Procurement & Supply
Owens & Minor

Actions Taken

- ✓ In a goal-setting session between Kaiser Permanente and O&M in the beginning of 2009, O&M agreed to ensure that its entire fleet (450 trucks) would become EPA Smartway Certified.
- ✓ After the first year of improvements suggested through the EPA Smartway program, O&M was able to win the highest possible Smartway fleet score of 1.25.
- ✓ Additionally, O&M committed to increase the recycling rate at its Southern California distribution center, as a pilot location for a robust recycling program.
- ✓ Through ongoing supplier management and quarterly meetings, success against these goals was managed and reported.

Results



Lessons Learned

- ✓ To reduce Kaiser Permanente's supply chain associated greenhouse gas emissions, we must partner with our suppliers, set actionable and measurable efficiency goals, and ensure supplier performance against those goals.

Next Steps

- ✓ O&M agreed to set a 2011 goal to increase recycling rates to 75 percent at all distribution centers servicing Kaiser Permanente.
- ✓ Continue to utilize the expertise of the EPA Smartway program to increase fleet efficiency and reduce related air emissions.