

# Shared Support Services Southeastern Ontario (3SO)

Delivering Value to Improve Quality Patient Care

**Annual Report  
2016-2017**

Shared Support Services Southeastern Ontario (3SO) is a not-for-profit, non-share-capital, shared service organization. Our primary mandate is to provide supply chain services to member healthcare organizations. The objectives of 3SO are to lower members' total costs for products and services, as well as supply chain services. Maximizing savings in these areas allows member organizations to better support patient care.

3SO was formed voluntarily by seven member hospitals: Brockville General Hospital, Hotel Dieu Hospital, Kingston General Hospital, Lennox and Addington County General Hospital, Perth and Smiths Falls District Hospital, Providence Care, and Quinte Health Care. Effective April 1, 2017, Kingston General Hospital and Hotel Dieu Hospital integrated to form the Kingston Health Sciences Centre reducing our member hospitals to six for the next fiscal year.

3SO is governed by a Board of Directors including representation from each founding member and independent directors.

## **Our Mission**

A provider of shared services for healthcare in Southeastern Ontario.

## **Our Vision**

A valued and strategic health system partner, providing shared support services in Southeastern Ontario.

## **Our Values**

Excellence, Customer Advocacy, Integrity, Collaboration and People.



*Bill Hunter  
Interim CEO/GM*

*Allan Katz  
Board Chair*

*Barry Blaskie  
Interim CEO/GM*

This past fiscal year was one of the most successful years for 3SO and our member hospitals. Our focus was a renewed effort to drive value for our members. This was achieved by maximizing procurement savings maintaining quality products or services while driving fiscal efficiencies within our operating budgets and opportunity plans in our hospital Material Management departments. This resulted in significant financial value that ultimately improves patient care services for healthcare in Southeastern Ontario.

Recognizing our overall and individual hospital financial performance is a priority in the current challenging healthcare funding environment, the operating budget was reduced by 5% for the fiscal year. With a focus on fiscal stewardship, the year was completed with close to a \$300,000 surplus. In a progressive step, the Board agreed to defer the surplus to fund the E-requisitioning project that was initiated in March 2017. Overall, 3SO expenses were reduced by \$1.09M from the previous fiscal year.

Collaboratively with our hospital's 3SO representatives, opportunity plans for optimizing staff and services in individual hospital Material Management departments were a priority. A three year opportunity plan from fiscal 2015/16 to fiscal 2017/18 has indicated a possible savings of \$1.01M. 3SO Supply Chain Managers, Supply Chain Supervisors and hospital representatives continue to implement these plans to drive departmental efficiencies. Two years into the plan, we have achieved \$850,000 in savings.

Procurement savings remains a key indicator to success for all shared service organizations. 3SO continued with an innovative and collaborative strategy in contract management to maximize procurement savings for our members. Whether it was collaborating with single

hospitals outside our region, with other provincial shared service organizations, with corporations outside the healthcare sector, or even hospitals outside our province, we continue to lead the way to drive the maximum procurement savings while meeting or exceeding the product need. We completed the year with incremental savings of \$3.6M which represented 158% savings versus the target budget.

3SO was proud to be involved in two major healthcare initiatives in our region. The new Providence Care Hospital was opened in November 2016 with patients moving into the new facility in March 2017. Our 3SO staff in Data Management Services and Operations played a key role in readying the new hospital for supply chain services. As expected, the transition of the former St. Mary's of the Lake and Mental Health sites to the new site were seamless.

Secondly, the establishment of Kingston Health Sciences Centre resulting from the integration of Hotel Dieu Hospital and Kingston General Hospital effective April 1, 2017 required significant planning. All our 3SO departments were required to collaborate with transition teams at the hospitals during the entire fiscal year. This was a complex project that will continue into this fiscal year. We are pleased to report that we successfully completed both these projects within the current staffing levels and budget for the year. This demonstrated the commitment of all 3SO staff and management involved to support major healthcare change in our region while maintaining our current core supply chain services without interruption.

Beginning in March 2017, 3SO began the implementation of an E-requisitioning project. Led by the Kingston Health Sciences Centre Project Management Office, this project will introduce electronic requisitioning across all members in South East Local Health Integration Network with a completion date of May 2018. The majority of funding for this project comes from the operating surplus achieved during this fiscal year.

Toward the latter part of the fiscal year, 3SO governance underwent a board renewal process. Along with the current three independent board members, each of the six member hospitals will now be represented by their Chief Executive Officers. We would like to thank those members that have provided governance leadership over the last number of years. They include Steve Miller, Hotel Dieu Hospital, J'Neene Coghlan, Kingston General Hospital, Cameron McLennan, Brockville General Hospital, Paul McAuley, Quinte Healthcare, and Brian Allen, Perth and Smiths Falls District Hospital. This departing team was instrumental in the success of 3SO with the renewed direction over the last two years.

The Board of Directors and Leadership Team are committed to fulfilling our vision for supporting 3SO staff by providing them with a satisfying work environment. For the third consecutive year, our employee engagement survey recorded an overall score of in excess of 90%. This year scored a 92% positive acceptance rate.

We wish to extend our heartfelt thanks and recognize everyone in the Southeastern Ontario and across the province with whom we collaborate with to provide optimum supply chain services. From the member hospitals to our Board and Board sub-committee members, and of course the 3SO staff, we thank you all for another successful year – one that has delivered significant value to improve quality patient care in our region.

### 3SO Receives GHX Canadian Operational Excellence Award



3SO was once again the recipient of the GHX Canadian Operational Excellence Award for 2016. This was the third time 3SO has achieved this top Canadian award since 2013.

The award recognizes 3SO's efforts to drive down costs by using innovative, leading practices and systems. It is awarded by the international organization, Global Healthcare Exchange (GHX), a healthcare technology and services company that helps find ways to reduce the cost of doing business in healthcare.

Collaboratively with our seven member hospitals in Southeastern Ontario, 3SO has worked relentlessly to improve operational performance and drive down costs. Finding efficiencies and savings was one of the main reasons behind the formation of 3SO in 2008.

3SO continues to be the only Canadian supply chain organization that has received the "GHX Best 50" award in 2012 out of more than 4,000 North American supply chain organizations. 3SO was also the 2014 Finalist for the IPAC Deloitte Public Sector Leadership Awards.

### Another Repeat Year for the United Way Prestigious Platinum Award



For the sixth consecutive year, 3SO received the Kingston, Frontenac, Lennox and Addington United Way highest corporate award – The Platinum Award presented for exemplary contributions during the annual campaign. This is the highest award possible for community achievement from the United Way and is measured by having at least 80% of your staff making donations of a minimum of \$100 each. **We topped the minimum requirement once again by having 100% of our staff pledging donations of a minimum of \$100 each.** We could not achieve this community award without the commitment of our 3SO staff who led corporate events to raise money for the United Way year after year.

Most of all we could not achieve this award without the tireless efforts of Sam Laurin and Ellen Westervelt who for the fourth year in a row acted as Campaign Co-Chairs. Their leadership and dedication to ensuring 3SO is visible in the community with our participation in the United Way is commendable.

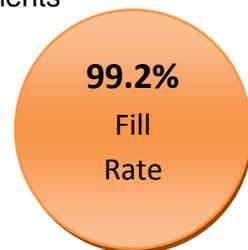


*From left to right  
Samantha Laurin, Contract Associate: Ellen Westervelt,  
Contract Specialist and Bhavana Varma, CEO KFLA  
United Way*

## Hospital Operations

Hospital Operations provides management and direction to regional supply chain services and standardized processes for over 100 hospital staff across 13 different sites in our 7 member hospitals. The Supply Chain Managers and Supervisors manage the member hospitals purchasing departments, shipping and receiving and internal delivery of product receipts, inventory management and replenishment of stock medical/surgical products to the central supply rooms on the nursing units. This year's significant notable volumes and achievements included:

- 0.9% - Stock out ratio for materials on units continues to be below the provincial leading practice target of <1%
- \$2.1 M - Inventory investment in medical and surgical products, it was reduced again this year from \$2.3 million
- 99.2% - Fill rates of product from our regional warehouse, surpassing the provincial leading practice target of 98%
- 1000 - Stock materials decreased at hospital stores through standardization and centralization
- \$144 M - Purchasing departments processed over \$144 million in purchases



## Data Management Services (DMS)

The data team derives intelligence from high volume data to support our internal teams, regional warehouse processes, and member hospitals supply chain decision making and reporting requirements.

Day to day activities include creation and maintenance of SAP for contract management, material masters, vendor masters, reporting etc. This past year there were major support requirements for the PCH move and KHSC integration.

## Strategic Sourcing and Procurement

Our success in achieving procurement savings is only achieved with the cooperation and collaboration with our member organizations. Again this year, we have collectively achieved 158% of our procurement savings target enabling 3SO and member hospitals to drive value to the region. This year's significant notable facts and achievements included:

- \$226 M Regional spend managed through 3SO, approx. 80% of members non-compensation budget value
- 1524 Active contracts for our equity member hospitals
- 75% Contracts that are multi-hospital
- 775 Number of contracts processed/renewed in F16/17
- \$20 M Total cumulative procurement savings
- \$3.6 M Total incremental procurement savings representing 158% of target



A sampling of procurement savings highlights for the contract term from completed contracts include:

- \$983,921 Intraocular Lenses (IOLs)
- \$262,704 Contrast Media
- \$254,745 Peritoneal Dialysis
- \$237,184 Trauma Implants & Instrumentation

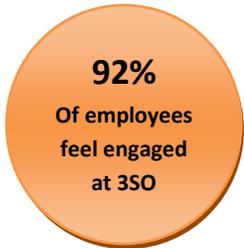
**Employee Engagement Survey**

The fourth 3SO annual employee survey was conducted in March 2016. Thirty-nine (39) surveys were distributed to 3SO permanent, staff. The return rate was 72% compared to an 82% return rate the previous year.

We are extremely pleased that the overall engagement response rate was an overall 92%. The previous two years were each 93%.

Below are employee engagement statements that were returned with a 100% engagement score:

- I am focused on my job duties when I am at work.
- My organization has a safe work environment.
- I have challenging and meaningful work.
- I take the initiative to help other employees when the need arises.
- We constantly look for ways to improve our services to our member hospitals.
- I understand what is expected of me and how my work impacts the organization's business goals.
- I understand our organization's strategy and directions.



**Celebrating Service Awards**

Our employees drive the success of our organization. As our corporate value statement indicates, 3SO continues to strive to ensure our organization is recognized by our employees and future employees as a great place to work. One of our employee recognition programs is length of employee service awards. Recipients for our five-year service recognition during the fiscal year are:



*Andy Clow  
Data Analyst*

*Steve Draastra  
Supply Chain Supervisor*

*Colleen Korkola  
Finance Lead*

*Debbie McElroy  
Contract Specialist*

*Jill Smith  
Clinical Lead*

**Board of Directors**

**Leadership Team**

<p><b>Allan Katz ( Chair)</b> Independent</p> <p><b>Mary Clare Egberts</b> Quinte Health Care</p> <p><b>Dr. David Pichora</b> Kingston Health Sciences Centre</p> <p><b>Cathy Szabo</b> Providence Care</p> <p><b>Wayne Coveyduck</b> Lennox and Addington County General Hospital</p> <p><b>Beverley MacFarlane</b> Perth and Smiths Falls District Hospital</p> <p><b>Kevin Empey</b> Brockville General Hospital</p> <p><b>Earl Hough</b> Independent</p> <p><b>Greg Finlayson</b> Independent</p>	<p><b>Barry Blaskie and William Hunter</b> Interim Chief Executive Officer and General Manager</p> <p><b>Bruce Kirton</b> Director, Financial Services</p> <p><b>Contact Information</b></p> <p>Shared Support Services Southeastern Ontario 1471 John Counter Blvd., Suite 402 Kingston, ON K7M 8S8</p> <p>613-650-2906 <a href="http://www.3so.ca">www.3so.ca</a></p>
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