

## OFFICE SUPPLIES JUST IN TIME ORDERING

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### Executive summary of the initiative

The Office of Administrative Services sponsored a "stockless purchasing" program at Human Services Building and Parkway Building. Stockless purchasing means ordering items "just in time", or when needed, rather than maintaining an inventory. This saves both the resources to manage the inventory and the space required for the items.

Initial results are positive, as identified through three areas of savings:

1) reinvested storage space, 2) reinvested staff time and 3) office supply purchases at the program level. The current cost savings from this implementation is projected total of \$109,973.31 annually.

### Improvement summary

A change in the business model of ordering supplies for centralized supply rooms to adopting a stockless purchasing program was implemented at the Human Services Building in October 2008 and Parkway Building in January 2009.

Analysis of this implementation has yielded the potential cost benefits of this action:

1. Reinvested storage space used for conference rooms.  
*The result is an annual cost benefit of \$13,782.51.*
2. Staff time savings to maintain the ordering and stocking of the supply rooms.  
*The result is an average monthly reinvestment of 25 staff hours for an annual benefit of \$5,867.09.*
3. Decreased office supply costs by monitored use at the program level.  
*The result is an annual savings of \$90,323.71.*

Most high-performing organizations have adopted this method of purchasing because of the rising cost of office space and a growing number of suppliers offer just-in-time ordering. DHS gained much-needed conference room space and improved the accountability in our office supply use.

### Benefit/outcome description

Since October of 2008, the following qualitative benefits have occurred from just in time ordering implementation:

## Cost Savings<sup>1</sup>

1. Reinvested storage space - 6.4% additional conference room space at HSB  
Lease value of \$1.31 a square foot at 876.75 feet = \$1,148.54 \* 12 months = \$13,782.51
  
2. Reinvested staff time – monthly average hours 12.90 at each HSB and Parkway  
Hourly time savings at fully loaded rate (12.90 \* \$19.66) \* 3 months = \$760.84  
Hourly time savings at fully loaded rate (25.80 \* \$21.99) \* 9 months = \$5,106.25 = \$5,867.09
  
3. Decrease in office supply costs – 22% decrease in spend  
Average monthly savings projected \$6,151.05 \* 3 mo = \$18,453.15  
Average monthly savings projected \$7,985.62 \* 4 mo = \$31,942.48 = \$50,395.63  
Monthly savings realized to date = \$39,928.08 = \$90,323.71  
\$109,973.31

## Productivity

- Reinvested staff time savings.
- Reduction in cost through monitoring the supply use at the program level.

## Quality

- Improved inventory control.

## Service

- Decentralizing the process provides more transparency and accountability to the process.

## People

- Improved satisfaction in availability of conference room space.
- Better stewardship of the public trust.

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## ***Attachments:***

Data Spreadsheet

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<sup>1</sup> Average monthly savings based on two-month average of April and May 2009 spend compared to baseline of 2008 calendar-year data.