

What's New at SMI?

June 2011



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BOARD BRIEFS

Building and Maintaining TRUST in an Uncertain Future by James Francis, Chair, Supply Chain Management, Mayo Clinic francis.james@mayo.edu; www.mayoclinic.org



It was good to see many of you at the recent SMI Forum held at the Omni Mandalay in Las Colinas on May 11-12, 2011. Once again, SMI delivered an informative meeting with timely topics for discussion among trading partners. Based on the Forum evaluations, ninety-three percent (93%) indicated they continue to find “value” in attending and participating in the Forums (*none indicated that they did not*). Health policy analyst Emily Friedman shared her insight on healthcare reform by examining the changes and challenges it will present to the healthcare sector. Dr. Mark Shields and Tom Lubotsky from Advocate Health Care showcased their efforts in transitioning a healthcare provider into an accountable care organization (ACO). Both presentations were informative and stimulated discussion throughout the meeting extending to other breakout sessions and presentations. Despite the progress being made by providers to become more accountable for the quality and cost of healthcare, many unanswered questions remain about the future. In particular, there is a striking lack of specificity on how the healthcare supply chain should transform and the implications of such change for trading partners.

What insight we have about the future includes: 1) operating in an environment of reduced reimbursement due to both regulatory and market dynamics energized by calls for deficit reduction needs and declines in Medicare and commercial reimbursements; 2) healthcare providers will be increasingly held accountable for the quality and cost of health care; and, 3) increasing demand for healthcare will necessitate an integrated system of care, information technology, and providers.

The overall outcome of these dynamics is that the “healthcare pie” is shrinking and will require all of us to transform our organizations and conduct business differently. These realities and the on-going uncertainty punctuate why you provided many comments on the Forum evaluations regarding the importance of building and maintaining trust between trading partners in the future.

The challenge with building trust in an industry undergoing tremendous change is multi-faceted. First, you are talking about an industry where trading partners rarely have true collaboration let alone trust one another. Clearly there are exceptions; however we can probably all cite examples where actions or behaviors cause us to question the trustworthiness of a trading partner. Second, trust is comprised of both an emotional and intellectual component. You feel trust. Does a trading partner make you comfortable in your discussions with them? So comfortable that you are willing to openly share your organizational challenges and vulnerabilities? Through observation or experience we gain an understanding of a trading partner's values and integrity. We have assessed the situation intellectually and can predict how a trading partner will respond. Third, uncertainty and change creates an environment of anxiety. Deep down we know this uncertainty could lead to further distrust. Finally, while it may take years to develop mutual trust with a trading partner, unfortunately it can take just one quick incident to destroy it.

If we are to transform our operations in order to survive in the new environment, while simultaneously building and maintaining trust with trading partners, it is going to require tremendous effort. Over my twenty-seven years in healthcare I have tried to practice a few simple principles related to building a trusting relationship.

1. Be open, candid, and transparent. We are all busy and will likely get busier. In order to progress, be open to sharing and receiving information. Above all be honest, direct and transparent about your interests, issues and needs.
2. Take time to develop long term trading partner relationships, not one focused on short term transactions. Collaborate with your trading partners on solutions and move beyond basic terms and conditions to establish what is really important in the relationship.
3. Be predictable and consistent. We each have bad days, but always do the right thing. Practice the values that are important to you and show integrity in all your dealings. Demonstrate mutual respect even during difficult times, as there will be many difficult messages to deliver in the future.
4. Be accountable for your actions, including those of your company. Don't hide behind someone else or use a difficult situation as an opportunity to blame someone. Take responsibility and offer an explanation as well as set clear, agreed-upon expectations.
5. You need to be concerned with your trading partner's success as much as your own organization's; once a contract is awarded its important you deliver on your commitments. Winning at someone else's expense, or at any cost, likely will not result in the type of relationship necessary for you to effectively carry out your organization's Mission long term.

Sustaining trust among trading partners will undoubtedly be challenged as the industry advances in an environment of reform. While these principles are not a magic bullet, applying them may assist in developing and maintaining a respectful and trusting relationship even under difficult circumstances.

Your membership in SMI assists in building and maintaining trust among trading partners. SMI is uniquely positioned to facilitate an open exchange among trading partners united through the Forums and focused on transforming the healthcare supply chain. Make the most of it!

Jim Francis is a member of the SMI Board of Directors. For Jim's bio and to meet the rest of the Board [click here](#).

FORUM FOCUS

The sports themed SMI Spring Forum was a big hit (4.6 out of 5.0). Attendees said that once again, we hit it out of the ballpark! SMI members indicate that they truly benefit from the mix of sessions and variety of networking opportunities that our Forums provide. Attendees listed the top values of SMI membership as networking, education, collaboration, relationship/trust building, initiatives creating industry solutions, and leading edge thought leaders. The Forums bring all of these elements together. One attendee wrote, ***"I learned new concepts that will have immediate positive influence at my organization."*** Another wrote that the Forums provide ***"ideas to increase relevance and strategic value."*** Forum presentations have been posted on the SMI website in the [YOUR SMI](#) (member only section) under Forums, [spring 2011](#). Recently added were recaps from the luncheon deeper dive discussion breakout groups.



Be sure to mark your calendars for the fall Forum which will be held **November 8 - 10 in Orlando**. Agenda topics will include Healthcare Supply Chain Transformation through Physician Integration, Changes in Healthcare Supply Chain and GPOs: a Look to the Future, Expansion into Alternate Care Markets, Mergers & Acquisitions, Hierarchy of Metrics, Disaster Preparedness in Action, Balancing Business Ethics and the Procurement Process, and How to Manage an Effective Hospital-based Retail Pharmacy Department.

INITIATIVE TEAM UPDATES

Comparative Effectiveness Research Initiative Sharpens Focus

The Comparative Effectiveness Research Initiative Team is exploring CER's impact on the healthcare supply chain, as the Team has identified the fact that the supply chain role in the new era of CER is not yet clear. Team Leaders John Cunningham of Universal Health Services and Dennis Black of BD, along with industry experts Natalia Wilson, MD, Co-Director of the Health Sector Supply Chain Research Consortium at Arizona State University; and Tom Skorup, Vice President of Applied Sciences for the ECRI Institute, facilitated a lively breakout session at the SMI Forum where Team members discussed, debated, and selected the areas where CER's impact is deemed to be most felt. Although CER is not a new concept, the American Recovery and Reinvestment Act has brought CER to the forefront with extensive funding. Commonly defined as "a rigorous evaluation of the impact of different treatment options that are available for treating a given medical condition for a particular set of patients," CER is expected by the Initiative Team to alter traditional management approaches. Among the areas of impact that the Team is focused upon are:

- Supply chain management skill sets needed to maximize CER value
- Information system integration to support the data analytics
- Value analysis processes and systems use of CER data
- Suppliers role with customers surrounding CER related to the use of products.
- Impact of CER on innovation & priorities for manufacturer clinical studies and R&D

Following the SMI Spring 2011 Forum, the Team continues their work to create an SMI advisory document and tool intended to help all supply chain professionals prepare for a future where comparative effectiveness data is commonly used and available. A list of various CER resources has been posted on the SMI web site under the [Healthcare Reform](#) section so that all SMI members can easily access CER information. To access this information [click here](#).

Accountable Care Organizations/Integrated Care Models Initiative Continues Efforts

The Accountable Care Organization Initiative Team utilized their breakout session at the SMI Spring 2011 Forum to continue their all-out effort to keep up with the rapid developments in the ACO space. Led by Team Leaders Deb Templeton of Geisinger Health and Dr. Robert Haralson, Medical Director of DeRoyal Industries, the Team has worked to educate themselves on ACOs and the ever changing landscape of definitions and requirements. As the concept of Accountable Care Organization continues its rapid evolution and gains greater regulatory clarity, the Initiative Team members have worked with subject matter experts from FTI Consulting, including Mr. Gerry Meklaus, FTI's ACO Practice Leader, and Paul Hamilton, FTI's Supply Chain Practice Leader.

The Forum's breakout session helped the Team begin their work on determining the critical implications of ACO's for supply chain leaders. Discussions focused on the need for suppliers and providers to work together for the health benefit of the ACO's particular population. Recognizing that many hurdles remain for the ACO concept to gain a strong foothold nationally, and also recognizing that integrated care delivery models are a major ACO component, the Team also decided to update the Initiative name to ACO and Integrated Care Delivery Models Initiative. The Team plans to summarize their work in a document that provides value to all supply chain professionals about what to do and how to prepare for this healthcare reform generated change to the industry. A list of various ACO informational resources has been posted on the SMI web site under the [Healthcare Reform](#) section so that all SMI members can easily access the information. To access this information [click here](#).

Industry Uniqueness/Differences Initiative Heads To The Finish Line

The Industry Uniqueness/Differences Initiative, led by Rosalind Parkinson of Ohio State University Medical Center and Keith Johnson of Coloplast, used the SMI Forum Breakout Session to review the many key points that surfaced through a series of structured interviews with supply chain professionals from other industries. Over a dozen interviews have been conducted with supply chain professionals from other industries, including a world-wide soft-drink industry leader, men's fashion designer/manufacturer, automotive industry suppliers, household goods companies, and equipment manufacturers. The Team also continues to collaborate with the Center for Innovation in Healthcare Logistics from the University of Arkansas (an SMI collaborator), where a project comparing the healthcare supply chain to retail's supply chain is underway. Similarities and differences are being documented and the Team followed the Forum with the formation of a draft report outline designed to educate all supply chain professionals. The Team Leaders and SMI staff have been selected to present at the 2011 AHRMM Annual Conference, where a sneak peak at their final product will be the centerpiece of the session.

Data Standards Value Model Initiative Launched at Forum

SMI members launched the Data Standards Value Model Initiative at the Spring 2011 SMI Forum. This initiative is a continuation of SMI's collaborative relationship with the Center for Innovation in Healthcare Logistics (CIHL) at the University of Arkansas.

Over the last four years, researchers at CIHL have worked with a number of healthcare providers to implement the GS1 family of supply chain data standards. Using information gathered from those real-life implementation experiences, the CIHL Team has created a decision support software program designed to assist a provider with forecasting the expected operational impact from implanting the GS1 data standards. This Microsoft Excel[®]-based tool is titled LRIM – Levels, Readiness, and Impacts Model. The software program continues to evolve and with the help of SMI Provider members involved in this Initiative, a final product is expected by the Fall of 2011.

Four SMI Provider Members are piloting in the Initiative:

- Beth Israel Deaconess Medical Center
- Denver Health and Hospitals
- FMOL Health System, and
- USC Health Sciences

Over the next five months, these participants will be involved in orientation webinars, site visits focused on training, collection and input of data into the LRIM software, and various feedback sessions that will help CIHL to “validate and calibrate” the LRIM Tool. Webinars and site visit arrangements are already being coordinated with Dr. Ron Rardin, Director of CIHL, and his team.

DRIVING DATA STANDARDS



GLN Implementation Workshops – More, More, More...

Following the great success working with collaborators AHRMM and GS1 Healthcare US to co-sponsor the GLN Implementation Workshop in March, plans are underway to conduct a second Workshop for industry professional on September 12 in Chicago. Designed specifically for data managers, EDI professionals, and other healthcare supply chain professionals with front-line responsibility for implementing the GLN in their organization, the GLN Implementation Workshop concept began as a hands-on workshop organized for SMI members in the Fall of 2010. SMI members will receive additional information on this, and other GLN Implementation Workshops, in the near future.

The success of this ground-breaking collaboration between the three organizations has attracted the attention of other industry organizations that support supply data standards adoption in healthcare. SMI staff have begun work with other stakeholders to help them create their own workshops in an attempt to accelerate the adoption and value of adopting the GLN.

COLLABORATORS' CORNER

AHRMM - What to look for at the [2011 Annual AHRMM Conference](#)

SMI members have a prominent role in the upcoming AHRMM conference. Member presentations include:

- The Perfect Department Index: How to Measure a Department's Progress Beyond The Perfect Order presented by Stewart Layhe and Phil Pettigrew of Denver Health
- Leadership Transformation of the Supply Chain Executive co-presented by Jay Kirkpatrick of HCA's Nashville Supply Chain Services
- What Is So Unique About the Healthcare Supply Chain presented by Rosalind Parkinson of Ohio State University Medical Center, Keith Johnson of Coloplast Corporation, and Dennis Orthman of SMI
- Optimization of Distribution and Receiving in Healthcare co-presented by David Hargraves of UPMC
- A Levels, Requirements, and Impact Evaluation Model for GS1 Adoption in Healthcare co-presented by Ron Rardin of CIHL (The Center for Innovation in Healthcare Logistics – an SMI collaborator)
- A New Approach to Technology Management in Supply Chain co-presented by Bill Stitt of Robert Wood Johnson University Hospital (a pending SMI member)
- GS1 Implementation Simplified Using Vertical Value Streams: Important Lessons for Hospitals as They Move Forward presented by Stewart Layhe and Phil Pettigrew of Denver Health



Several more SMI member organizations are represented on the conference agenda including Cleveland Clinic, Iowa Health System, Johns Hopkins Health System, Johnson & Johnson, Mayo Clinic, Owens & Minor, and Sentara Healthcare.

If you will be attending, be sure to visit the booths for the following SMI members who are exhibitors at the conference: American Contract Systems (ACS), Ascent, C.R. Bard, Cardinal, Care Line, Cook Medical, Covidien, DeRoyal, Georgia-Pacific, GHX, Johnson & Johnson, Lawson, Kimberly-Clark, McKesson, Medical Action Industries, MediClick, Medline Industries, Omnicell, Owens & Minor, PAR Excellence Systems, Sage Products, Seneca Medical, SterilMed, Suture Express, TECSYS, and Thermo Fisher Scientific.

Gartner AMR Supply Chain Group

Purchased Services Market Immature but Gaining Momentum at IDNs by *Eric O'Daffer and Hussain Mooraj*

Many of the initial conversations Gartner has with IDN supply chain leaders go something like this: "Our system is very efficient, with supply chain costs running at 15% to 20% of total operating expense."

Overall, we think this view of supply chain that leaves out purchased services is indicative of the historical blinders the healthcare industry has put on supply chain and the lack of value that IDNs place on this critical area. To transform an organization, the industry and IDNs alike must change how they define the scope of SCM, expanding the span of control to include purchased services and all nonlabor. This could double the amount of total spending under supply chain control. As evidenced by a discussion on this topic at the SMI spring Forum, it's clear that many leaders have trodden parts of this trail and are interested in sharing their best practices.

If your IDN has control over most areas of clinical spending, it's time to follow the pioneers toward this new frontier. Think of it as the early migrators to the western part of the United States: The area they inhabit is expansive, with purchased services ranging from 80% to 110% of traditional clinical spending, depending on the system. A great opportunity for 5-15% savings per category exists on this frontier, and leading systems are already capturing those dollars, yet a mass migration has yet to occur.

Data — specifically financial data — is the key to finding the trail of spending in purchased services. Typically, noncentralized expense categories have incomplete and disconnected data all over the P&L. Partnering with finance to capture and interpret this information is critical to nailing down the categories of expense. This is typically a time-intensive exploration to determine what the financial data in miscellaneous categories of spending mean and on what expense category those dollars have been spent. However, one can shorten the process considerably by utilizing a spending analysis product.

Most procurement organizations utilize Microsoft Excel and Microsoft Access as well as their data warehouses to capture, organize and review their total spending. This is costly, however. According to our recent interviews with 70 supply management executives, we find that those who don't utilize a spending analytics solution have, on average, 55% of untapped spending, miss 10% to 15% in savings in categories that have never been examined, and miss at least 6% in savings per category currently managed. In these times of cost-cutting pressures, IDNs must invest spending visibility and analytics tools to find more cost-saving opportunities.

Along a parallel purchased services path, all contracts signed by decentralized, non-supply-chain staff should be examined for every department. Any agreement or contract entered into by a department for nonlabor spending should be analyzed and ultimately negotiated across the system by supply chain professionals. Managing all these agreements is not driven by ego or a need to control. Instead, it allows specific supply chain talent to be applied in analyzing total spending and negotiating contracts. Sourcing should be led by SCM, with key stakeholders involved to ensure that service criteria is factored into the process.

Throughout our conversations with IDNs, we have compiled an extensive list of possible areas of nonlabor spending for potential sourcing. Our findings are that some areas will elicit a response like this: "Of course! We already do that!" But some may point you in a new direction or let you see where other systems are focusing (see Table 1).

The purchased services trail is not well worn by healthcare providers. Making this happen, though, takes more diligence in accurately capturing the information and determining the true service requirements for all the end-user groups. In many cases, you will see a significant variability in how easy or challenging a specific area is to impact.

Historically, service vendors have generally dealt with end users, and the introduction of a formal supply chain organization may take them aback. There may be multiple decision makers sourcing a service, such as transcription, from the same company, with different terms, conditions, and pricing across the system. This is an easy opportunity to leverage a price match to the lowest or lower contract price. In this case, ensuring that all the end-user requirements are met through a traditional, value-analysis-like process follows best-in-class sourcing.

In most cases, you will be surprised by the number of vendors and the amounts you're spending in categories that were never before on your map. "How can we be spending \$2 million in interpretive services?" noted one supply chain leader. Yet, they were indeed spending \$2 million, with prices and services all over the board from multiple vendors all within the same IDN. Capturing this information, putting a replicable process in place to manage the vendors and users, and documenting the savings plan and capture are the next steps.

Overall, we hope that purchased services gain more attention from IDNs across the spectrum. SMI members are all leaders of supply chain and we hope that through additional education and such leadership that the industry can get stronger in this area and spread the word regarding this land of savings opportunity.

Action items to consider:

- Plot your supply chain span of control to include purchased services. Align management of this category with business needs to lower costs and drive value.
- Use this Category of Purchased Services to focus on service levels as well as input from stakeholders in addition to cost. Delivered service value is the key.
- Ensure the appropriate skill sets are added to your team for sourcing purchased services. Do not expect existing clinical category sourcing staff to automatically be able to manage services effectively. Some IDNs have seen 8-10X return on investment from skilled contracting personnel in the purchased services area.

Table 1 List of Purchased Services to Consider — 50 Plus Key Areas

Professional Services	Support Services	Rents and Leases	Utilities	Clinical Services
Legal	Temp/contract labor	Equipment	Electricity	Physicians
Audit	Environmental	• Beds	Water	Anesthesiology
Tax	Biomedical	• Vehicles	Sewage	Dialysis
Consulting	Printing	• Helicopter	Telephony	Imaging
Architecture	Dietary	• Pumps		Lithotripsy
Marketing/advertising	Laundry	• Lithotripsy		Cell saver
Banking	Transcription	• Surgical		
Collection	Facilities	• Mobile imaging		
Insurance	Transportation	• Copiers and printers		
HR benefits	Media/advertising	• Office		
	Instrument repair	• Grounds		
	Waste management	Real Estate		
	Shredding	• Retail space		
	Document storage	• Ambulatory centers		
	Catering	• Clinics		
	Grounds maintenance	• Off-site locations		
	Pest control	• Property management		
	Travel			
	Vehicle maintenance			
	General contractors			
	Marketing materials			
	Equipment maintenance			
	Records storage			
	Vending			
	Parking/valet			
	Information technology			

Source: Gartner (June 2011)

By the way, congratulations to Johnson & Johnson and 3M for making Gartner's Supply Chain Top 25 for 2011. The 2011 Top 25 in Healthcare will be announced in November.

MEMBER TO MEMBER – SMI members were recently posed the following question...

What are the top 2 things you'd like your trading partners to know about the challenges you face?	
Provider Partner Responses	Industry Partner Responses
<p>Costs must be balanced with clinical efficacy. That is, the era of automatic annual price increase is gone forever. Next to pass into memory is the price increase associated with "new" technology. Any request for increase in unit price going forward must have a demonstrable positive effect on the patient and this improvement has to be tightly correlated to the actual cost to produce/develop.</p> <p>Prices must be shared with new and different "affiliates". Healthcare reform and the resulting decrease in revenue will cause more, new and different "affiliations" to be forged between providers, as smaller and less profitable providers struggle to survive. Trading partners need to understand this and work with us to create new commercial models to address the new paradigm in which the "customer" will look very different than it does today.</p> <p>We're in too deep with an incumbent, incompetent GPO that seems to have brainwashed the front office – how do we escape and to where?</p> <p>We need to turn the noise about healthcare reform into action -- how do we start and sustain?</p> <p>Regulatory preparedness.</p> <p>Technological trends.</p> <p>The health care provider industry - both hospitals and physicians - are being re-priced and the financial pressures are greater than ever before.</p> <p>New products and technologies must make a demonstrative improvement in patient outcomes. We can't continue with a "more is better" philosophy of treatment.</p> <p>We must shift the paradigm of suppliers working with physicians to leverage the hospital, the hospital must work with the physician to align their goals and then work with the supplier representative.</p> <p>The hospital must lower the overall cost profile and collaborate with the supplier - look beyond the price and drive efficiency. Often times the supplier makes operational changes that negatively impact the hospital while improving the suppliers bottom line.</p> <p>I would like them to understand the complexity of our organization both geographically and operationally.</p> <p>I would like them to really understand the intense pressure of the forthcoming cuts we need to make to respond to healthcare reform. Both of these are very difficult for most trading partners to comprehend.</p>	<p>Decreasing revenue across the board, docs, hospitals, manufacturers.</p> <p>Ethical behavior does not refer only to vendors.</p> <p>Vendors need to make a profit to stay in business.</p> <p>The challenge in lowering Supplier SG&A costs is inversely proportionate to the level of cohesion and consistency in decision making on the Provider side.</p> <p>An unrelenting demand for lower pricing "or else". We offer a service that we have documented can deliver 35-50x the savings via utilization versus price (compared to a 3% price decrease over three years) but we still get hammered on pricing. At this time customers are, more often than not, unwilling to get serious about improved utilization and just want a quick hit on pricing as it is easier. In conference after conference we hear presentations about "moving beyond price" or "value based purchasing," but most supply chain managers do not exemplify what is being advocated. We have no more price to give!</p> <p>Poorly managed health systems. It is difficult to make real strategic organizational changes without strong leadership, aligned incentives and good communication. Although there are exceptions and some systems are well organized, most have clinicians and physicians that are "at odds" with management and their goals are not aligned. We have some large chains where the folks in the field literally laugh at "corporate" and continue to do what they want at the local level. This makes implementing strategic utilization and savings improvements more difficult than they should be. I feel that these systems are going to have to get tough on certain employees and physicians and make examples of them if they are going to make real improvements.</p> <p>People want change, they openly say we "must change" – yet it feels like the old days and "change is tough." Yet Change is not that hard.</p> <p>Priorities – keeping all parties on the same page on the importance or lack of importance is essential.</p> <p>Being forthright and timely is a great attribute.</p> <p>MM wants suppliers to reduce unit cost of product, but at the same time they say they are willing to pay as much or more for a product that has better outcomes. But if you come in with a product that has documented better outcomes, they will not consider it because the study was not done in their institution, and they cannot take the hit against their budget. Many providers are still operating in silos and materials still gets incentivized to reduce their supply budget so they really DON't want to hear about products that improve outcomes</p> <p>Vendor credentialing requirement differ from hospital to hospital (or IDN to IDN) – the information required is not the same, the vendors they use are different and the suppliers bear the cost of this variation. Yet the providers are complaining about the manufacturers SG&A – this is just one example of a cost that we have in healthcare that is not in other industries the drives up the SG&A.</p>

More cost saving pressure is upon us. Without targeting “pricing” only, we need suppliers that can demonstrate partner-type behavior with “total cost of ownership” and/or patient outcome solutions. We don’t need more selling. We need more solution providers. Increased sales will come after demonstrated alliance-type behavior.

We don’t have the quantity or quality of talent to evaluate all solutions that suppliers want to present to us.

Babysitting sales reps who intentionally go around the institution’s rules.

Willingness to negotiate contract pricing in good faith.

How to transition from vendor relationships focused on contract price and supplier performance to more collaborative partnerships with few suppliers focused on total cost and outcomes.

Team work load and access to information (technology) to effectively manage business performance and costs.

While the future of healthcare is uncertain, we can be sure that we will need to provide more healthcare at higher quality levels and lower cost.

As time becomes more and more valuable, a meeting with an unprepared sales representative becomes more and more irritating. At least spend 15 minutes and look up the system on the internet so that you don’t waste 30 minutes asking questions.

We must adjust our cost structure by approximately 15% in the next few years.

We will be adopting a new model of care in the future that is much more focused on monitoring and preventive care – this new care model will include partnerships with other providers and leading trading partners.

Budgetary pressures continue.

Willing to create a long term win-win strategy.

The slow and inconsistent adoption of GS1 standards makes it hard for us to come up with a single process to create and maintain items, as well as managing EDI outbound transactions.

Failure to confirm purchase orders with accurate delivery dates leads hospitals to make incorrect decisions based on faulty information (plus it makes it really hard to run a vendor management program as it’s sometimes impossible to measure if something is delivered on time).

From a pharmacy view - top two challenges: drug shortages and lack of support for standardization in a healthcare system.

Resin and fuel costs have a major impact to our bottom line; we are a low margin company so these fluctuations really challenge us.

We are reviewing every single product we make to determine their relevance in the era of reform. We’re also looking at alternate materials that might not be as susceptible to raw goods fluctuations.

Manufacturing is being challenged to produce for less....things like paper packaging vs. tyvek, etc.

Solving our challenges on our own, will only lead to an imperfect result. The same is true for our trading partners.

What will happen if outcomes improvement innovation is not valued in buy decisions, only price?

How to best quantify non-product value in an RFI/RFP? For example, our company provides significant non-product value in the form of training, in-services and support and we are routinely told that this is a value that our competitors do not provide. How does a supplier ensure that this value is factored into the financial analysis?

With almost every agreement we sign, we have requirements for dollars, share or both and everyone is excited when the agreement is signed, yet the excitement quickly fades when the agreement then moves to the implementation/conversion phase. Can they share any best practices from really well done implementations?

Trust – vendors and providers – truly breaking down the walls.

Supply chain ability to affect PPI products!

Medical Device Tax: this adds unnecessary cost to the healthcare supply chain.

Increased FDA Regulation: adds cost without benefit.

As an industry we face significant FDA hurdles that increase our overall cost of doing business and slow down innovation potentially impacting products that could reduce Provider costs.

We face significant costs associated with the Sunshine Act and pending medical device tax.

We are all challenged to keep our current costs in line given the continued price pressures that are anticipated with healthcare reform and cuts. Each trading partner in the supply chain has opportunities and limitations when it comes to holding the line on costs and effecting change. As trading partners we need to educate each other and understand how we can use our collective abilities to mitigate increases by partnering to either negotiate or transition to lower cost alternatives.

The pricing and rebate structure that exists today adds unnecessary cost and re-work. Once again, given the cost pressures, the industry should use this as a burning platform to unite and completely re-design the structure that exists. It can only be done if all trading partner stakeholders agree to take on this initiative, much like we have done in areas such as GLN, bar codes, etc.

Cost pressures as they relate to re-imburement. & Quality of Care.

STAFF SOUNDS OFF

What words of wisdom would you offer for today's graduates? [Full Staff Biographies](#)



Tom Hughes

If you can afford it, continue your education at the master's level. It will open doors for you the rest of your life. Consider going into business for yourself. Not only can you make a good living, but also you can build equity. This may not be possible at first, but if you have ownership as your goal you will tend to make the right choices throughout your career. Begin to network now! Not just a social network, but a business network. Networking is not just having a name on your contact list, but business friends that you call two to three times a year to catch up. Finally, remember that whatever your business niche, it's a very small world so don't burn any bridges on your way to success.



Dennis Orthman

Congratulations on your 2011 graduation. I want to encourage you all to be proud of your accomplishments and to value your education. I want to encourage you to continue your professional learning after graduation. As you enter your chosen professions, the learning will continue, but it will be in a different way. As a professional, you will likely learn how to create opportunities, how to get votes, how to create revenue, how to lead, how to sell, how to buy, how to inspire, and how to progress from an idea to an actual output that delivers some value to someone. And you will probably learn these things from other people. So I want to encourage you to find a mentor that you can listen to, learn from, and model yourself after. The generation ahead of you has much knowledge and experience to share and we all still have much to learn.



Teri Gallagher

First off, be true to yourself. Dare to dream. And don't be limited by your goals. It is important to understand that opportunity is rarely handed to you; you have to find it, make it. It doesn't matter if you graduated Cum Laude or were involved in many community endeavors; you have to proactively and continuously sell yourself. Just don't sell yourself short. You have to be willing to start at the bottom and work really, really hard. In time, you will earn the opportunity to advance. So work hard and plan wisely, but live for today. Be serious about life, but don't take life too seriously. Enjoy the journey. Don't let work overwhelm or consume you. Continue to learn. Make time to play and have fun - it's important. Build a life you can be proud of that is fulfilling and enjoyable. And take good care of your body - it has to serve you the rest of your life.

POSITION POSTINGS – a free member service

Organization: Mayo Clinic

Location: Rochester, MN

Position Title: Director – Supply Chain Operations

Brief Job Description: Mayo Clinic in Rochester, MN, seeks an experienced professional to join us as Director of Supply Chain Operations. The director will ensure maximum efficiency of the staff and guarantee appropriate resources are available to meet customer service requirements. You will serve as a spokesperson for Materials Management for the institution.

Qualifications include a bachelor's degree in business or a related field and at least 10 years' management experience, including five years' experience in Supply Chain Operations. You must have extensive product, medical equipment and services knowledge, in addition to experience in and knowledge of logistics and distribution, business process standardization and continuous process and performance improvement strategies. Knowledge of Lawson, ParExcellence, Manhattan and other supply chain systems and technologies desired.

One of *Fortune* magazine's "100 Best Companies to Work For," Mayo Clinic offers an excellent salary and benefits package.

Salary Range: commensurate with experience

Contact: To learn more about this opportunity, and to apply, please visit us at: <http://bit.ly/iJkrFc>

Kristina Welhaven, 800-562-7984

Mayo Clinic is an affirmative action and equal opportunity employer. Post-offer/pre-employment screening is required.

Organization: BravoSolution

Location: Chicago, IL; Malvern, PA, Vestal, NY

Position Title: Consultant

Reports to (name, title): Jodi O'Neill, Consulting Manager

Brief Job Description: Reporting to our team of account directors, BravoSolution eSourcing consultants demonstrate an excellent understanding of the procurement and strategic sourcing process. We offer the opportunity to work across multiple industries and functional areas in a number of capacities, including assessing business issues, analyzing data, creating technical solutions and building client relationships. The primary focus of the eSourcing consultant is delivering customer facing eSourcing projects whilst maximizing savings and meeting client objectives.

Salary Range: \$52,000 and up

Contact: Bridgette G. Barry, 312-279-6762, b.barry@bravosolution.com

Organization: UPMC (University of Pittsburgh Medical Center)

Location: Pittsburgh, PA

Position Title: Manager, Inventory Control

Reports to (name, title): David Hargraves, Sr. Director Clinical Supply Chain

Brief Job Description:

UPMC Corporate Services has a full-time opportunity for a Manager of Inventory Control to help support the Supply Chain Administrative Department located at our South Side Distribution Center. UPMC Supply Chain Management exemplifies UPMC's overall commitment to world-class performance and has taken the lead in providing progressive supply solutions within the exceptionally challenging health care environment.

As the manager, you will be responsible for orchestrating and directing the daily activities of the inventory control personnel as well as overseeing inventory optimization activities including, but not limited to, asset inventory locations, par stock inventory locations, staff supervision, and coordinating workflow. You will also assure the quality of service while maintaining the uninterrupted flow of materials including monitoring of all inventory orders, EDI inventory transactions, product substitution, product availability and price verification. The ideal candidate will demonstrate competence in inventory control and demand planning, and possess excellent communications skills and organizational skills.

Basic Qualifications:

- Degree from a four-year college or university required
- Minimum of five years supply chain experience is required

Salary Range: \$50,000 - \$75,0000

Contact: <http://www.upmc.com/careersatUPMC> Job ID: 1082634

Organization: Smith & Nephew Inc.

Location: Northeast Region

Position Title: Corporate Account Director (Northeast Regions)

Reports to (name, title): Randolph Williams, Vice President Corporate Sales

Brief Job Description:

Reporting to the Vice President of Corporate Accounts, the Corporate Account Director is responsible to develop and implement a systematic approach to enhance business relationships with key accounts including IDNs, multiple hospital systems, high profile individual hospitals and GPO shareholders that delivers above plan growth. Working across all Smith & Nephew Global Business Units including Orthopedics, Endoscopy, Advanced Wound Management and Biologics/Clinical Therapies, this role will lead the engagement with targeted customers across broad cross functional teams to drive above plan sales and profit growth within their respective geographic area of responsibility.

- Deliver value to GBUs
- Develop and enhance Smith & Nephew-wide customer relationships
- Foster Smith & Nephew-wide collaborative behavior
- Leadership
- Communicate and implement strategy

Salary Range: \$130K-183K / *Bonus: Up to 60% of salary*

Contact: Randolph Williams Please see the link below, [CORPORATE ACCOUNT DIRECTOR \(Northeast Regions\) \(2011496\), randolph.williams@smith-nephew.com](mailto:randolph.williams@smith-nephew.com)

Organization: Franciscan Missionaries of Our Lady Health System

Location: 14111 Airline Hwy, Baton Rouge, LA 70817

Position Title: System Director of Logistics and Inventory

Reports to (name, title): William "Bill" Mosser, Vice President of Supply Chain Services

Brief Job Description: The System Director of Logistics and Inventory is responsible for planning, directing, controlling and evaluating all activities, resources and processes related to inventory management, supply storage and distribution, and logistics operations for all entities within the health system. Leads the resources to assure high quality services and effectiveness. Assures inventory controls utilized by entity staff. Follows all regulatory, accounting, and legal requirements. This position requires extensive experience and judgment and is accountable to ensure performance and controls are achieved with a high level of decision making.

Salary Range: Negotiable

Experience - 8 years related leadership experience

Education - Masters degree required. Bachelor's degree with professional certification (to be achieved within 2 years) or 8 years of progressive leadership experience may be substituted for Masters degree.

Contact: Cindy Robbins at cindy.robbins@fmolhs.org

Position Title: Director of Supply Chain Systems and Quality

Reports to (name, title): William "Bill" Mosser, Vice President of Supply Chain Services

Brief Job Description: The Director of Supply Chain Systems and Quality directs the design, implementation, and sustainability of Supply Chain processes and systems. Ensures highest level of quality assurance in data content, application usage and reporting. Researches and recommends new system applications and addresses budget development. Serves as project manager in implementation of approved applications. The position relies on extensive experience and judgment to lead Supply Chain and clinical professionals and be accountable for insuring appropriate controls, quality and performance are achieved.

Salary Range: Negotiable

Experience- 8 years leadership experience required. 5 years managerial experience preferred; 3 years experience in Materials Management or similar business experience managing information systems preferred.

Education- Masters degree preferred. Bachelor's Degree, with emphasis in business or computer science required; educational requirements may be met by substitution of two years related experience for each year of college required.

Contact: Cindy Robbins at cindy.robbins@fmolhs.org

Organization: Catholic Health East

Location: Newtown Square, Pennsylvania

Position Title: Informatics Analyst

Reports to: Manager, Data and Analytics

Brief Job Description: The Analyst for Supply Chain informatics has responsibility for extrapolating data from multiple sources, organizing, analyzing and presenting it to requestors based on the business need identified. The incumbent must be able to listen to customer needs and then have the ability to develop and design the solution that will bring the customer value. This position will also manage processes (e.g. letters of commitment, contract development participation, rebates and patronage) that support supply chain functions. Demonstrated data and analytics skills along with accuracy and timeliness are essential elements for this position.

Salary Range: Competitive

Contact: Tammy Sosnowski (tsosnowski@che.org or 610-550-3578)

Position Title: Manager, Shared Service Procurement

Reports to: Director, Shared Service Procurement

Brief Job Description: The Manager, Shared Service Procurement is responsible for the daily operations of Procurement which encompasses system wide procurement of supplies, services and equipment. The position manages and provides leadership to Product Line Specialists, Buyers and Assistant Buyers, and collaborates regularly with Customer Service team. The Manager leads Procurement staff that is responsible for determining specifications, identifying sources, integrating the contracting process, ensuring institutional policy (e.g. signatory authority), optimizing group purchasing, contract compliance, order placement, pricing accuracy, expediting, addressing invoice discrepancies, and resolving customer issues. The Manager works collaboratively with Accounts Payable to assure prompt and accurate payments and General Ledger reporting. This individual insures that established service levels to the RHCs (Regional Health Corporation) are consistently achieved. This position has the goal of providing high quality, efficient and cost effective service to the organization with an emphasis on customer service.

Salary Range: Competitive

Contact: Tammy Sosnowski (tsosnowski@che.org or 610-550-3578)