

HEALTHCARE PROVIDERS CAN ACHIEVE EFFICIENCY BY WORKING WITH SUPPLIERS



Martin Matkin, director of Cook Medical's Healthcare Business Solutions division in the EMEA region, shares his thoughts on how healthcare providers can work differently with suppliers to become more efficient.

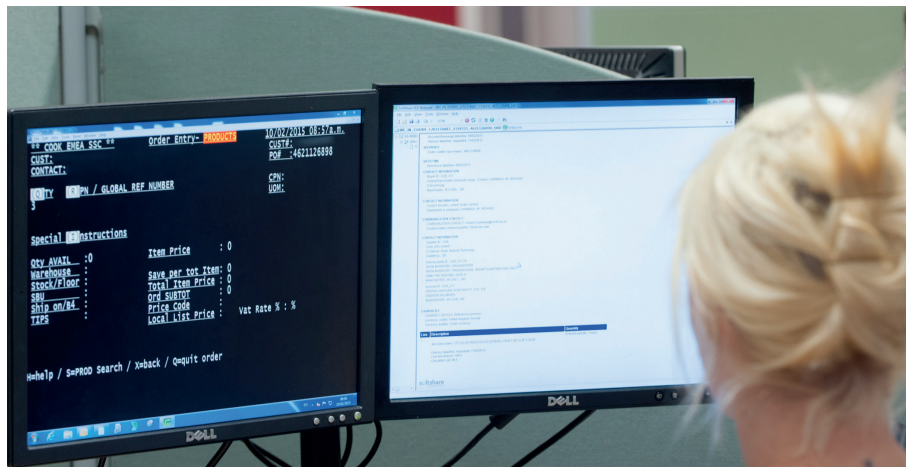
The beginning of the new year is a good time to take stock and consider the business world around us. Looking at global healthcare, we can see a common theme: financially challenged healthcare systems are under pressure to drive efficiency while directly benefitting the increasing number of patients who are demanding improved outcomes.

Looking at other benchmark industries around the world, we see that suppliers and customers work together strategically to align operations, solve problems, develop products and streamline supply chains to minimise costs and become more efficient. Despite the inevitable challenges and tough discussions, each side relies on the other for progress and tangible results.

It is encouraging to witness the emergence of healthcare procurement as a key strategy point within the NHS, as it begins to adopt similar business practices to its supply chain and implements cost-saving initiatives.

With this different thinking taking hold in the NHS, procurement can move forward with an increasingly strategic efficiency agenda. Already at some trusts, the discussion with suppliers is (wisely) moving away from pricing and contracting, and toward strategic change and delivering value through committed collaboration with key healthcare stakeholders.

Back in 2010, Cook Medical set up the Healthcare Business Solutions (HBS) division to help current and potential customers do more with less. HBS's goal is to have an open and collaborative discussion about joint efficiency opportunities. This is



not as easy as you may think, and several challenges are inherent in the roll-out of efficient procurement strategies.

First, I am sure that not everyone – whether on the supplier or provider side – is open to this approach or has the infrastructure to support it.

Second, not all efficiency programmes in procurement are strategic. Often we find that there is an adversarial approach to suppliers when price is the only topic customers are willing to discuss. This approach is short term and does nothing to improve working relationships. It's generally agreed that the NHS efficiency agenda is so big that we need far more than product price bargaining to meet the efficiency gap.

Finally, if a capable and strategic healthcare provider finds a strategic supplier, then what do they talk about if they don't discuss price per product? The post-price conversation works best when both sides accept that they can move forward and explore opportunities together.

We have many ongoing supply chain projects, and these projects help drive efficiency for healthcare providers such as the NHS. As these efforts come to fruition, and as we work more closely with strategic procurement professionals, we are learning how to adapt and prepare for the future.

We have identified several workstreams that form part of our 'do more with less' approach:

- Our medical technology can provide new treatments, or simplify or enhance

established procedures, which can provide improved outcomes for patients

- We can look at commercial solutions to drive efficiency
- We have supply chain solutions to improve operations on both sides

However, as we look forward into 2016 and beyond, there are new considerations: how do we communicate and work better together; how do we work together to help obtain clinical buy-in for procurement projects, and how will the new EU purchasing legislation affect the way we work?

As any supplier would wish, we would like as many patients as possible to benefit from our devices. For that to happen, costly inefficiencies need to be removed from the supply chain. We need to find solutions to the new challenges and work in collaboration with like-minded procurement professionals to see what can be achieved.

If you consider procurement to be a strategic role within your organisation, see if you can spot a supplier that wants to talk about efficient procurement. A few of us are looking to have the bigger-picture conversations that are more interesting and helpful than talking about price alone.

FOR MORE INFORMATION

How would you like suppliers to work with you? Tweet your comments @CookHealthBiz
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