



## WORKING TO IMPROVE THE SUPPLIER-CUSTOMER RELATIONSHIP THROUGH EFFECTIVE CONTRACTING

**Hamish Macdonald** is a corporate account executive with Cook Medical's Healthcare Business Solutions (HBS) team. Here, he writes about how suppliers and customers can build a better relationship using Lord Carter's Review recommendations.

Last year, I wrote a piece called 'Why you should get to know your supplier' for NHE. I highlighted one of the key areas where suppliers and customers were coming up short: their knowledge of each other's goals, challenges, and capabilities.

This year, we've been holding forums with procurement professionals throughout the UK. The aim of these forums is to create an informal environment through which procurement and supply chain staff have the freedom to explore and discuss the current challenges they face in the NHS. In particular, how the efficiency challenge laid down in the recently-published Carter Review can be delivered through more effective contracting.

As a supplier to the NHS, we have been exploring the creation of more meaningful specifications and effective contract management tools to ensure the delivery of desired outcomes such as standardisation, reduced order-to-delivery times, clean shared product catalogues, and better customer satisfaction. From my experience, customers want suppliers to improve engagement with their procurement teams to help those teams understand what suppliers can offer beyond unit price.

In a recent Tweetchat hosted by Martin Matkin, director of Healthcare Business Solutions (HBS) for Cook Medical in EMEA, relationship management was mentioned as a skill often overlooked within procurement training. One area where suppliers can add value to procurement is helping procurement teams build better relationships with clinical teams. This may seem controversial, but suppliers are uniquely positioned to understand the product needs of clinicians. Suppliers are experts in the clinical environment and have

people on the ground working to understand and meet clinician and clinical needs. Through this constant stream of feedback, suppliers can identify opportunities to engage clinicians. By leveraging the existing clinical relationship, suppliers can help procurement teams identify influential clinical people within their trusts. However, making relationship building a soft goal for procurement departments is key to beginning this process.

Lord Carter's report has provided a clear framework on how departments in trusts and suppliers need to engage with each other. The challenge is to create joint solutions to meet these new needs. Part of this process helps define clear differentiation between 'clinical effectiveness' and 'clinical preference' of their products.

Benchmarking and transparency will challenge suppliers to create uniform and consistently applied national or collaborative pricing structures; trusts will need to maximise their savings opportunities through effective clinical engagement and delivery of committed volumes.

Underpinning the success of this change is the ability of suppliers to agree and implement with trusts the robust contract management procedures that will measure outcomes and encourage continuous improvement.

GIRFT (Getting It Right First Time) principles will encourage suppliers to review not just their individual products, but how they can contribute to delivering efficiency across the whole care pathway. By expanding the scope of specifications beyond the traditional 'line by line', trusts may be more effective in engaging suppliers in delivering value beyond individual products

to other areas such as service review and delivery improvement. If suppliers are able to quantify value delivered (with a defined currency) to the trust, the trust must create the bandwidth within their evaluation criteria to have this value recognised as a driver of efficiency.

Similar challenges are being faced through the introduction and implementation of GS1. Suppliers and trusts with available technology and capability should be given the opportunity to demonstrate the effectiveness of this standard and should create agreed and consistent 'currency' or value, through which suppliers can achieve recognition and a tangible contribution towards meeting the trust's criteria.

"We cannot solve our problems with the same thinking we used when we created them," Albert Einstein once said. When we look at the current challenges facing the NHS in terms of finance deficit – 67% of providers ended last year in a deficit – or in patient access, where recent reports put 3.7 million patients waiting for treatment, it is apparent that there needs to be a different approach to running the NHS.

There is a real opportunity to use the findings of Lord Carter's report and implement its recommendations to have a positive, lasting impact on the NHS. In turn, this will ultimately improve people's quality of life and their belief in their healthcare system. By working together, we can make the NHS more effective, reduce patient waiting times, and reduce its deficit. What are we waiting for?

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