Keynote: Supply chain’s ‘burning platform’

When the oil platform Piper Alpha in the North Sea caught fire, a worker was trapped by the fire on the edge of the platform. Rather than certain death, he chose probable death by jumping 100 feet into the freezing sea.

The term “burning platform” is now used to describe a situation where people are forced to act because the alternative is worse.

Managing the health care supply chain may not be that dramatic. But with supplies and related purchases hospitals’ second largest cost, managers may be feeling the heat.

They don’t need to jump, but they do need to be aware of the forces that could affect their strategy—cost, safety, and the drive for improved outcomes.

“I think we could see OR managers become even more involved in managing both costs and outcomes,” says Eugene S. Schneller, PhD, professor of business at Arizona State University, Tempe, who will keynote the OR Business Management Conference May 9 to 11 in Savannah, Ga.

“If you think of almost every industry outside of health care, such as Amazon.com and Dell, the major way they’ve achieved efficiencies is by changing the supply chain,” he says.

“I see that supply chain managers—and I see OR managers very much in that role—really are change managers. Much of what they do is to orchestrate change around products and processes. And that is a real challenge.”

Schneller has studied how high-performing health care organizations are adapting their supply chains to the changing environment. He will base his keynote on the book he coauthored with Larry R. Smeltzer, *Strategic Management of the Health Care Supply Chain* (Jossey-Bass, 2006).

In his talk, Schneller will describe some characteristics of progressive hospitals and health systems, including:

• the role of clinical and nonclinical leaders
• enablers of progressive supply chain management
• guidelines that lead to progressive practices
• what health care organizations can learn from leading companies.

He’ll describe how OR leaders can evaluate what level their organizations are at in supply chain management and how they can help move the organization to the next level.

For instance, do supply chain leaders focus mainly on ordering supplies and getting them delivered? That focus on transactions, of course, is necessary. But do they also take a broader view, analyzing the lifecycle cost of products, building bridges with physicians, and developing a sound value-analysis and technology assessment program?

Aligning with physicians

In a breakout session following the keynote, Schneller will talk about how high-performing organizations are achieving better alignment with physicians on supply chain management.

Among questions he’ll explore: What influence will gainsharing have on physician-hospital relationships? How can data, especially through new information systems that link cost, quality, and outcomes, be used effectively to forge these relationships? What makes value-analysis teams more effective?

Schneller and his colleagues have been studying the hospitals that first adopted gainsharing to see how they have achieved cost savings. They are preparing to pub-
lish their results. They’re also researching the success factors for value-analysis teams.

Once an organization gains the support of key physicians, he says, “I think it helps you to effectively engage suppliers,” because the physicians are more likely to support a needed change.

“I think what a lot of the discussion is about—and it’s a big phrase in the health care industry today—is ‘evidence-based management,’” he says. ✤

A brochure for the OR Business Management Conference will be available on the OR Manager website, www.ormanager.com in late January and mailed to subscribers in February.