Successful vendor/OR partnership yields more than $1 million in savings

A n innovative program at The University of Kansas Hospital (TUKH), Kansas City, for managing vendor partnerships has saved the hospital $1.9 million in just 8 months of operation. “We’ve found that pricing and inventory management requires key partnerships with suppliers,” says Brian Dolan, MHSA, CMRP, RHIA, CHDA, SSGB, director of business operations for perioperative services at TUKH. The Above the Line Campaign has helped forge those partnerships.

Setting expectations

“What does a partnership mean to the supplier and the organization?” is a key question to ask, says Dolan. A vibrant partnership requires established goals, feedback mechanisms that help assess if the relationship is succeeding, and a system of continuous improvement.

To achieve that type of partnership, TUKH started the Above the Line Campaign in January 2013. Dolan and his team brought together key stakeholders (surgeons, anesthesia providers, clinical staff, business operations staff, and service line administrators) who identified these drivers of vendor performance: competition, transparency, clear customer expectations, recognition, business growth and potential market share improvement, and “preferred status” with an organization. Preferred status seemed to be the most important element to vendors.

The Above the Line Campaign’s expectations for vendors have their roots in the findings. Dolan notes that vendors understand the program information is a “living document” that the hospital can modify at any time.

A key component of the campaign is public recognition. “Once they meet our criteria, we put their name and photo in a hallway where people walk daily, and we recognize them at leadership meetings,” Dolan says. “We’ve created a culture where the sales reps ask, ‘Why isn’t my company on there?’ They are then motivated to become part of the campaign.”

Campaign components

The campaign has 4 components:

• Credentialing compliance. Vendors must have completed their profile in TUKH’s third-party vendor management system. This includes acknowledging that they have read relevant policies and manuals. “We remind them that if they don’t follow our policies, they can be suspended for 2 weeks or longer, depending on the infraction,” Dolan says.

• Use of the MedApproved system. “This is a single portal of entry for any new product into the hospital,” Dolan says. The vendor, who has to register for MedApproved, submits the general product information, answers any assessment questions from the hospital, provides supplemental documentation such as product brochures and clinical studies, and uploads contract and product cost data. Once the information is completed, a TUKH business analyst reviews the information and sends an email to the identified project sponsor to verify his or her knowledge of the proposal. The business analyst then meets with the appropriate stakeholders to evaluate the product.
• Price benchmarking. “Suppliers must fall in the top quartile on pricing to be considered Above the Line,” says Dolan. TUKH uses the SpeedLINK manufacturing data, which benchmarks the hospital against other organizations. Currently the hospital is at 0.40 on the price competitive index (PCI), which ranges from 0 (highly competitive) to 1 (least competitive).

• Customer service. This is assessed through customer surveys. “They (vendors) need to provide good front-line service and clinical support, adhere to the handbook, and address any issues with product availability promptly,” says Dolan.

Recognizing the best

Vendors who meet the 4 components are eligible for the Vendor Recognition Program. “We wanted to find a way to make them (vendors) feel we value them,” Dolan says.

Each quarter, a vendor is chosen as the “Perioperative Services Vendor of the Quarter,” and at the end of the calendar year a “Vendor of the Year” award is presented to one of the quarterly winners. Any member of the perioperative services team can nominate a vendor.

A Vendor Recognition Team determines the winners. The team comprises staff from the front desk (eg, volunteer services), contracts and procurement department, clinical area (including surgeons, OR managers, and OR staff), perioperative services supply chain, sterile processing, education, and perioperative services administration.

Vendors are evaluated on the 4 components and from the perspectives of both the clinical and the business operation teams. For example, the clinical staff evaluate the vendor’s accessibility for support, while the business staff evaluate whether the vendor follows new product request procedures.

Chosen vendors are recognized by the perioperative services division leadership team during a luncheon or dinner. The vendor receives a plaque, and a second plaque with the vendor’s name, company, and date is hung in the hallway of the surgery department.

A team effort

“Our suppliers’ efforts and support help us provide the highest quality care and satisfaction to our patients while helping us meet our financial goals,” Dolan says. The Above the Line and Vendor Recognition Programs recognize the efforts of vendors in that vital vendor/hospital partnership.

—Cynthia Saver, MS, RN

Cynthia Saver, a freelance writer, is president, CLS Development, Inc, Columbia, Maryland.

Editor’s note: For more information about this program, access a webinar, “Supplier Partnerships: Enabling Cost and Quality Improvements,” at http://store.ormanager.com/by-subject-area.html.