‘Nothing off the table’ for supply chain

There’s no question health care is sharing the nation’s economic woes. Hospitals and other facilities face shrinking revenue, tighter credit, and ever-rising costs.

“The economy is a huge problem, but for supply chain professionals, it could be the opportunity of a lifetime,” says Jamie C. Kowalski, MBA, FACHE, FAAHC, FAHRMM, vice president, business development, Owens & Minor, Inc.

All of a sudden, nothing is off the table in the search to reduce costs and preserve both cash and patient care.

“We are hearing health care executives say, ‘We are going to do things we have never attempted before,’” says Kowalski. He will present a general session and breakout at the OR Business Management Conference May 20 to 22 at The Drake Hotel in Chicago.

This new approach can help open doors on tough issues such as physician preference items that OR directors and business managers may have had difficulty addressing before, he notes.

OR supply spending and inventories will become more visible to the C-suite because, along with other supply-intensive departments like the cath lab and emergency room, surgery accounts for 40% to 60% of a hospital’s supply chain spend.

Yet most of the clinical supply chain isn’t managed by the hospital’s official supply chain team, Kowalski notes. Instead, much of the inventory is ordered and stocked in the clinical departments. There the main focus is on patient care and making sure supplies are available, not necessarily on optimizing inventory management.

This new environment will give executives and managers at all levels the incentive and latitude to improve on the entire process of selecting, purchasing, and stocking clinical inventory.

“The C-suite knows these areas need attention—this isn’t a criticism of the clinical managers. It’s just the way it’s always been,” says Kowalski. “Some CFOs and COOs say they didn’t recognize the size of the supply spend in the OR. Now that they’re becoming more aware of that, there’s a need for more tools and education.”

Though executives realize OR leaders’ main focus needs to be on patient care and service to physicians, “the supply chain piece is big and has a significant effect on hospital margins. Somebody had better be managing that,” Kowalski observes.

The traditional attitude of OR clinicians is, “I want to make sure I never run out.” But that approach can lead to overspending and inventories 2 to 3 times larger than they need to be.

One area that may see renewed emphasis—closer collaboration between clinicians and supply chain managers.

Search for strategies

A few strategies Kowalski says he’ll discuss:

• **Information systems.** Despite their large and costly inventories, lack of good IS solutions continues to be a challenge for many ORs. The 2008 OR Manager Salary/Career Survey found that though 93% of respondents had computers in each operating room, only 29% used them for inventory control. One potential solution: “Bolt-on” supply management systems intended to complement the OR IS.

• **Metrics.** With IS technology support, ORs can begin developing metrics to use to monitor their inventory and keep it on track.

• **Collaboration.** The much-discussed need for closer working relationships between
supply chain and OR teams is starting to happen, though there’s still “a big gap,” Kowalski says. He’ll discuss approaches to building trust and collaboration.

- **Education.** Particularly on physician preference items, “I believe education is key,” he says, and OR managers and business managers have a major role to play. If they can help senior executives to understand the cost and political dynamics of these expensive products, senior execs can lend the support that will be required to get the major players in the same room so they can begin tackling this challenging area in a unified manner.

*Download the conference brochure and register online at www.ormanager.com.*