

## OPERATIONAL EFFECTIVENESS FOR HEALTHCARE



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This monthly newsletter is designed specifically to help healthcare executives and business owners raise the bar within their organizations by providing insights on how to improve performance and **maximize operational effectiveness**.

### CASE STUDY

*This case study is a compilation of different scenarios my clients have encountered over the years.*

#### The Situation

Healthcare institutions are always interested in new technologies that will make surgeries less invasive, meaning shorter recovery times for patients. However, these institutions do not always know what technology is available at a given time, so they have difficulty compiling lists of exact requirements and specifications.

#### The Intervention

Andrew helped a number of organizations implement a more flexible procurement process that allowed for more collaboration between buyers and suppliers. This was a multi-step process that allowed the two sides to meet a number of times before any final purchasing decisions were made. The process was clearly explained in the initial procurement documentation so that any supplier that wanted to participate understood the rules.

#### The Results

After numerous consultations with suppliers, the healthcare organizations had a much better understanding of what technology suited their needs, allowing them to make the best possible decision. The technology they purchased made procedures less invasive and safer, reducing wait times for other patients, freeing up hospital beds quicker and reducing the number of patients being readmitted due to complications.

#### ABOUT ANDREW MILLER

Andrew Miller is a well-known consultant, writer and speaker who has successfully helped world-class organizations dramatically accelerate results and improve the speed, performance and efficiency of their organizations. His healthcare clients include renowned hospitals, shared service organizations, group purchasing organizations, private clinics and government institutions.

As a thought leader in the healthcare industry, Andrew provides tremendous value to his clients by using his experience from both the private and public sectors to help maximize their strategic and operational effectiveness.

#### CONTINUE THE CONVERSATION



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### INSIGHTS

*What insights can be drawn from the case study above and how might they be applied elsewhere?*

When implementing a procurement process for goods or services that aren't commodities, organizations should develop a procurement process that is flexible and allows for collaboration between the buyer and supplier. Here are three things to consider when developing that process.

#### **Know your options**

Many organizations think that there is only one way to go about procurement - through a typical RFP process. The buyer posts some documentation, the suppliers submit bids and a winner is selected. In fact, there are many other options that allow for more flexibility and ultimately better purchasing decisions. A Best and Final Offer (BAFO), a two-step RFP or hosting a Request For Information are just three alternatives. Please feel free to [contact me](#) if you would like further explanation of any of these terms.

#### **Know the rules**

The buying organization sets the rules of the procurement process. And as long as those rules are legal and ethical, there are few limitations. But those rules need to be clear and suppliers need to fully understand them. You would never risk your money playing a game where you didn't understand the rules, so why waste time and resources doing the same with procurement?

#### **Be prepared to turn down business**

As a buyer, not all procurement processes are going to go as smoothly as you would like. You need to be prepared to walk away and reassess your process. This is always preferable to choosing the wrong business partner. The same is true for suppliers. Not every business opportunity is going to fit with your growth strategy. You need to be prepared to say no to the opportunities that are not the right fit.

There are many different procurement options that Canadian healthcare organizations are not utilizing effectively, if at all. But rather than trying to overhaul the entire system, we should be looking for opportunities to improve the way that organizations make decisions and leveraging whatever options we have in order to do that. I have discussed just a few of the options available above. What changes will you make?

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### VIEWPOINT

#### *The Collaboration Gap*

The current public procurement landscape in Canada is murky. There are different purchasing regulations being developed in different provinces, buying organizations are becoming increasingly risk averse and in many cases, the procurement processes in place are deeply flawed. In such a climate, the typical Request for Proposal (RFP) competitive process can seem to make a lot of sense for many organizations. Buying organizations send out a request and suppliers try to win their business - it's a neat and simple solution.

But making multi-million dollar decisions based on what's written on a piece of paper is not always the most effective way to do purchasing. What gets lost in the typical RFP process is good, old-fashioned discussion.

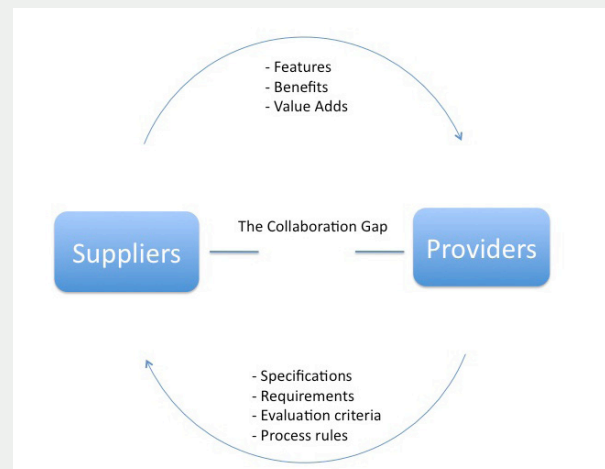
In most cases, buying organizations, or providers, send out requests filled with specifications for what they want to buy, requirements for what they need, evaluation criteria and process rules. Meanwhile, suppliers talk about the features and benefits of the products and services they sell, as well as whatever other value they can add. But what happens when the features and benefits don't match the specifications and requirements of the buyer?

I call this the Collaboration Gap. The buyer is asking for one thing and the suppliers are trying to sell them something else.

The visual below depicts the three paths organizations can follow when developing business relationships. We typically take the upper and the lower paths while ignoring the middle one. But that middle path is the quickest and most effective way to operate. And all it takes is a little collaboration. By closing the Collaboration Gap, we can improve relationships between providers and suppliers, which would have a major impact on the healthcare system as a whole.

Here are three ways to bridge the Collaboration Gap:

1. Find business partners with similar views and values to your own that want to change the current process
2. Develop joint case studies that show tangible results - What was the issue? What was the intervention? What were the results?
3. Find purchasing processes that support increased collaboration. This might include options such as Best and Final Offer (BAFO), encouraging more Vendor of Record (VOR) programs or more pre-market collaboration.



The Collaboration Gap can be closed, but it will require strong partnerships and progressive thinking to build the connections needed to make these relationships work.

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### ON ANDREW MILLER

#### Recent Articles

Read my latest article on Selling to a Changing Healthcare Customer. [Download it here.](#)

You might also be interested in my recent article on how the typical RFP process is flawed when purchasing technology. [Click here to read the article.](#)

#### Upcoming Events

I will be hosting a teleconference series in 2012 that will cover some important supplier issues relating to how organizations can improve profitability and performance. Topics will include how to be the top dog in your industry, how to segment customers and target more profitable opportunities and how to build stronger relationships with customers. More details to follow in the coming weeks.

Have a happy and healthy holiday season!