

## OPERATIONAL EFFECTIVENESS FOR HEALTHCARE



VOLUME 8, SEPTEMBER 2011

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

#### *Determining Value in a RFP Process*

##### **The Situation**

An organization looking to find the best supplier wanted to maximize value for money through a competitive process. The incumbent supplier was very strong on price and tended to undercut the competition to win the business. The organization needed to develop a competitive process to ensure the selection of a supplier that could meet their growing needs and maximize long-term value.

##### **The Intervention**

Andrew worked with the organization to develop a process that encouraged bidders to submit the best solution for the best price, not just the lowest price. This included developing evaluation criteria heavily focused on value-based items such as previous experience, customer references, support levels, presentations and alternative solutions.

Andrew carefully considered the needs of the organization and those departments that would be most impacted by the decision. He involved key stakeholders in the development of the evaluation criteria, the scoring of the supplier proposals, the review of the presentations and the final contract negotiations.

##### **The Results**

The process was a huge success because it allowed the organization to select a supplier that was the right fit, both financially and functionally. Through the more effective selection process, the two companies were able to forge a strong relationship focused on common goals and outcomes.

#### **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?*

Many organizations talk about maximizing value for money when hosting a competitive process, but end up just choosing the cheapest bid. These companies don't know what maximizing value really means.

Here are three things to consider when developing a competitive process that will yield real value for your organization:

#### **Give suppliers an opportunity to provide alternative solutions**

Too many competitive processes don't let suppliers fully demonstrate their expertise. It doesn't matter where their offices are located or how many employees they have. What matters is whether or not they have solved similar issues for other customers. They are the experts and any competitive process should let them demonstrate that.

#### **Involve key stakeholders throughout the process**

Regardless of who is running the procurement process, it is imperative to have the key stakeholders involved in deciding on the required business outcomes, developing the evaluation criteria and the selection process. The users most impacted by the decision can best assess each supplier's ability to meet the needs of the organization.

#### **Reward value not just price**

Don't turn the process into a commodity war by only looking at features, benefits, specifications and requirements. You need to recognize the value of building a trusting relationship. If you don't trust your business partners, how can you work with them? Include evaluation criteria that deal with trust - How well have they worked with other customers? What additional value can they bring? Do they have your best interests in mind?

Purchasing decisions have a major impact on how any organization drives forward to meet their objectives. Selecting the wrong partner can be costly or even downright disastrous for the organization. But if you focus on business outcomes and maximizing value for your organization, you will be well on your way to making the right decisions.

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### VIEWPOINT

The way the public sector works now, it can be difficult to find the right adviser. Guidelines, directives, legislation - you name it, all have made it more difficult to surround yourself with people you trust. But have no fear, it's not an impossible task. First, let's look at what it means to be a 'trusted adviser.'

There is a clear difference between a consultant and an adviser. A consultant will help improve the performance of your business (at least a good one will). An adviser does that too. But they also do other things:

- Provide you with candid advice, regardless of what everyone else is telling you or what you want to hear
- Introduce you to key people who can help you and your business in other ways
- Always have your best interests in mind, not their own
- Communicate with you regularly, even when you aren't working on anything together
- Provide value to you regularly, even when you aren't pursuing a particular initiative
- Develop explicit trust with you and share valuable information
- Bring customers together to share information and best practices
- Develop thought leadership material and provide it for free

Do you have anyone around you who does that? If not, you should look for someone who will. A trusted adviser will help your business and personal development in ways that you didn't know were possible.

Once you have found a trusted adviser, how do you make sure you continue to work with them? Simple. Start a Vendor of Record (VOR) program. This was talked about in more detail in my [May Business Checkup newsletter](#). A VOR program is the most effective way to surround yourself with the right advisers. Run a VOR process and focus the selection criteria on the areas that are most important to you. Lock your advisers in for three to five years and you will have reached your objective.

Selecting your advisers through an open, competitive process will ensure that you find the best people for your organization and that you remain compliant with any guidelines or directives that apply. A little planning up front will lead to tremendous ongoing value and allow you to continue to work with the people you trust to help you achieve your goals.

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### ON ANDREW MILLER

#### Recent Articles

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

#### Upcoming Events

Andrew's friends at the Privacy Information Agency will be holding their second annual privacy workshop on September 28 in Ottawa. For more details, [click here](#). Privacy experts will be on hand to help you better manage personal information. This is a don't miss event!

Andrew will be attending the upcoming Healthcare Efficiency Conference on September 19 and 20 in Toronto. [Click here](#) for more details. If you will be attending and want to set up some time for a conversation, please [contact me](#).

Andrew will also be participating in the MEDEC/CCHL Navigating Procurement Workshop on September 22 and 23 in Toronto. [Click here](#) for more details. If you will be attending and want to set up some time for a conversation, please [contact me](#).

#### Recent Speaking Events

[Click here](#) to listen to Andrew's speech on the importance of having a competitive mindset in healthcare. This speech was delivered at the Healthcare Efficiency Conference in December.