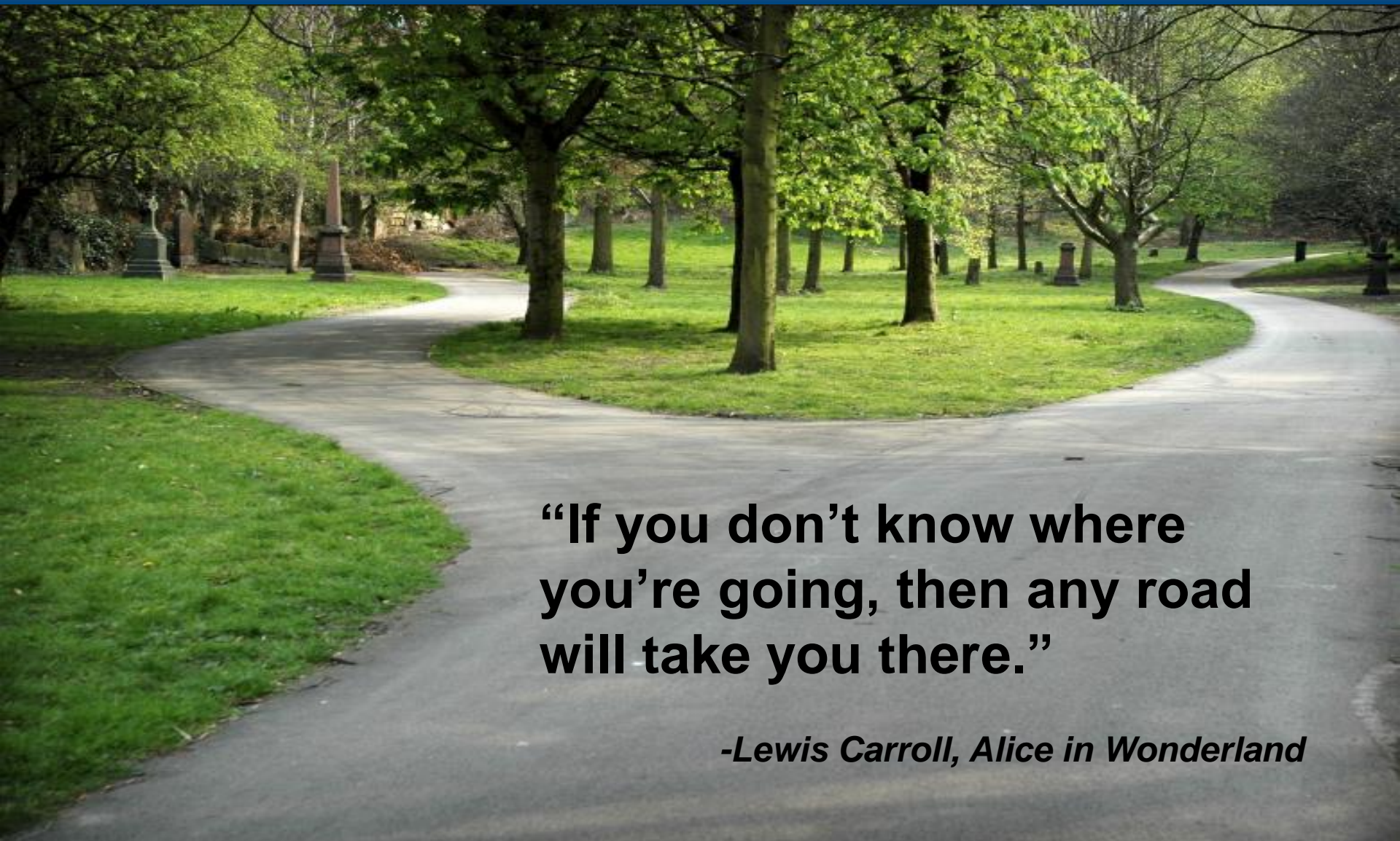


Leading the Accountable Supply Chain Organization

Presented by Karen Conway,
Industry Relations, GHX

CAHPMM Conference
October 2015

Leaders Need to Know Where They are Going

A photograph of a winding asphalt path in a park. The path curves from the bottom left towards the center and then splits into two paths that lead into a dense forest of tall, leafy green trees. The grass is bright green and well-maintained. The scene is peaceful and scenic, with sunlight filtering through the trees.

**“If you don’t know where
you’re going, then any road
will take you there.”**

-Lewis Carroll, Alice in Wonderland

What Got You Here, Won't Get You There



Value-based Purchasing


Accountable Care

Population Health

**Care across the
Continuum**

Bundled Payments

Are you Looking in the Right Direction?

A black rearview mirror is centered in the frame. The mirror's surface is a light blue-grey color and contains the text "Are you leading from the rearview mirror?". Below the mirror, a green indicator light is illuminated, and a button labeled "AUTO" is visible. The background is a dark, textured surface, likely the interior of a car.

**Are you leading from the
rearview mirror?**

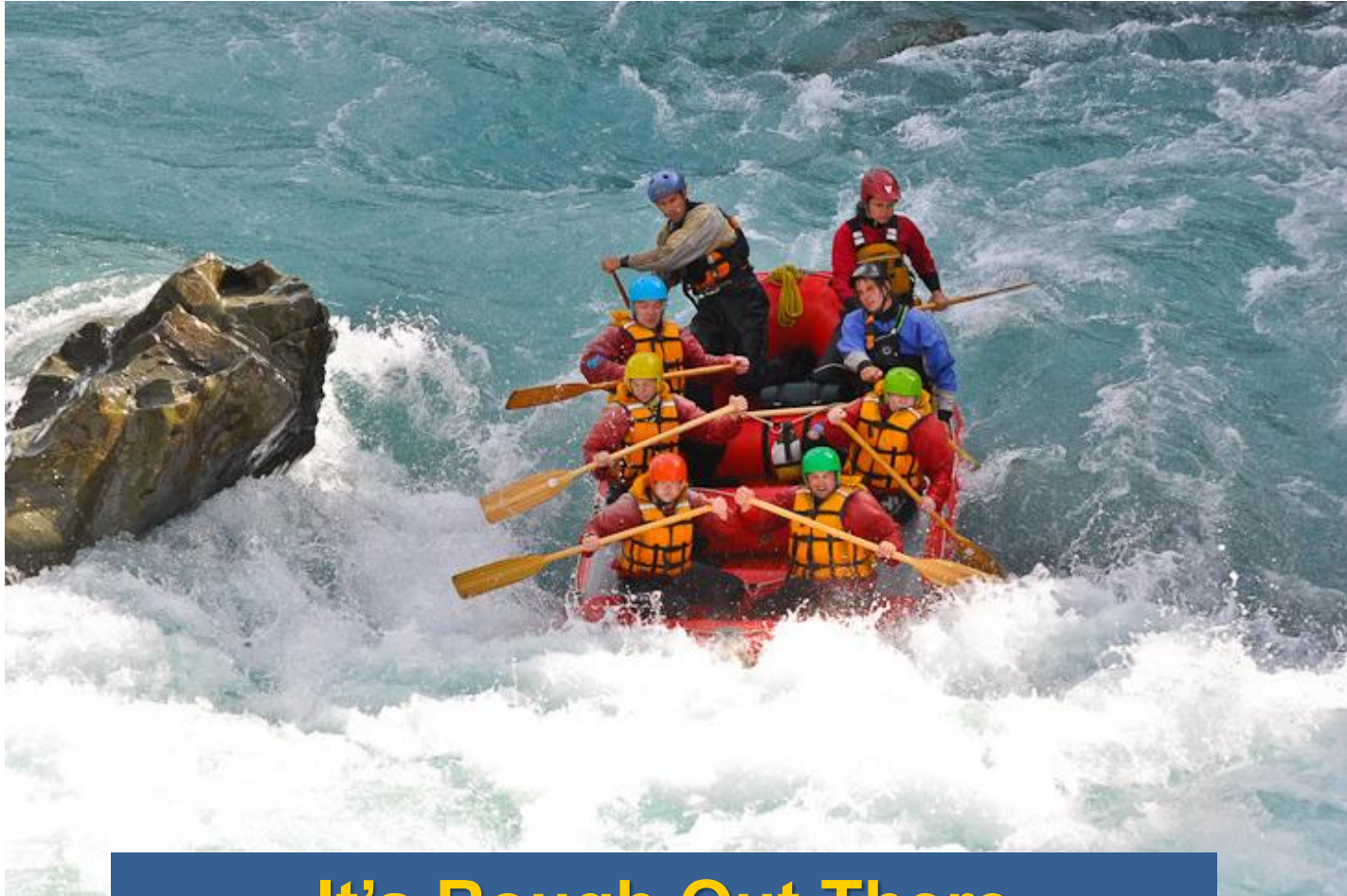
Is Your Team Going in the Same Direction?



Or Stuck in the Water (Siloed Status Quo)?



Being in Sync, Focused on What's Ahead, with a Strong Leader is Critical

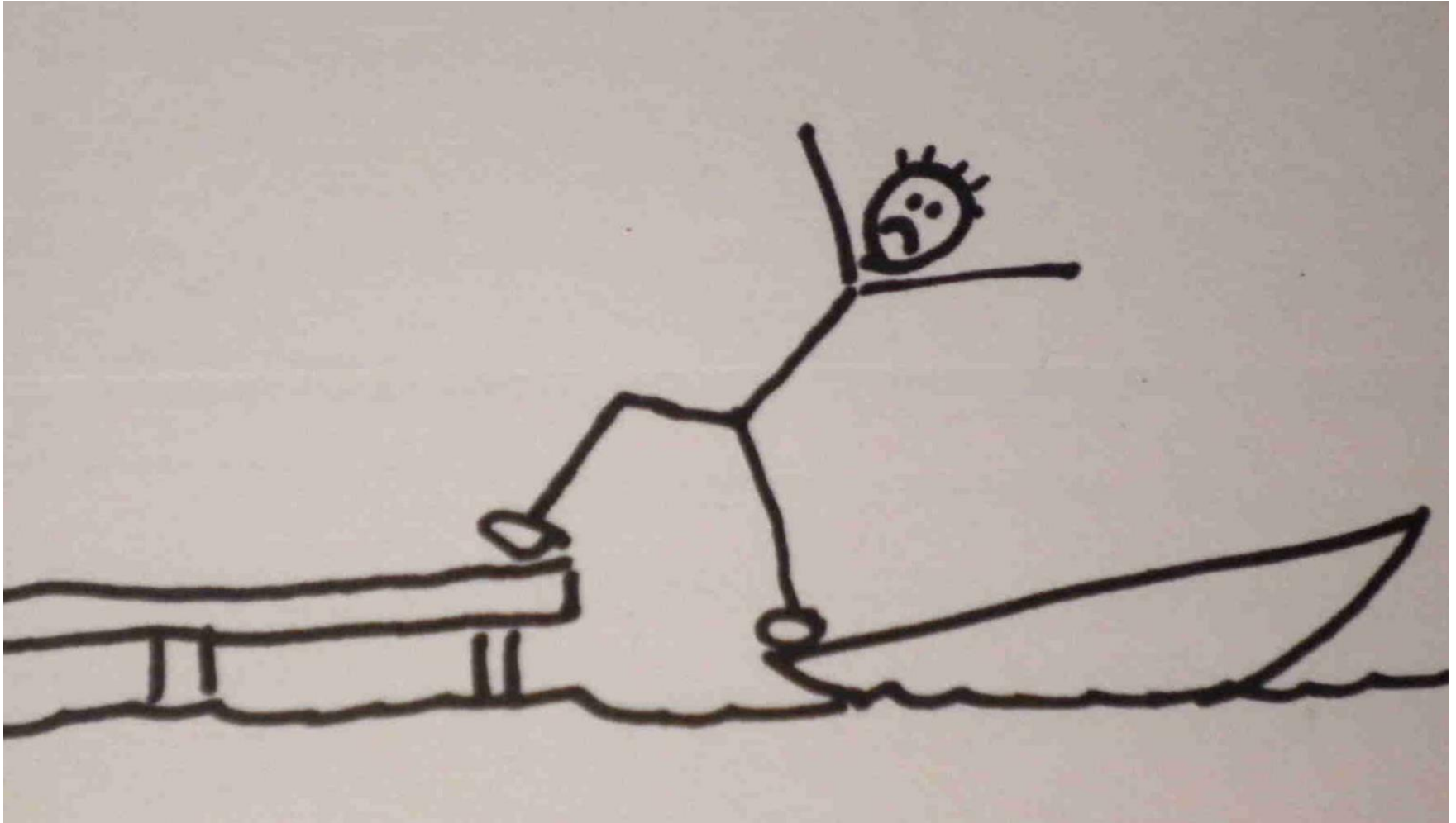


It's Rough Out There

And Catastrophic Failure is Not an Option



Making the Transition is Hard



Making the Transition: Healthcare

FROM	TO
Volume	Value
Sickness	Wellness
Acute	Sub-acute/Home
# of Patients Served	# of Lives Covered
Patients	Consumers
Price-based Costing	Cost-based Pricing
Defined Episode of Care (Limited Providers)	Extended Episode of Care (Multiple Providers)
Clear Boundaries	Blurred Lines

Making the Transition: Supply Chain

FROM	
Price	Value (Cost and Quality)
	Managing to Reimbursement
	Total Cost of Ownership
	Total Cost to Serve
Medical-Surgical	All Non-labor Spend
Acute	Across Continuum of Care
Supplier to Provider	End-to-End
Purchased-based	Consumption-based
Price-based	Risk-based

It's Not Either/Or; It's Both/And

EITHER	BOTH	OR	AND
Cost Reduction			Quality Improvement
Individual Patient Experience			Population Health
Highly Specialized			Broadly Integrated
Compete			Collaborate
Price Negotiation			Operational Collaboration
Standardization			Mass Customization
Improve What Is			Create What Isn't
Describe What Happened			Know What to Do

The Essential Traits*

- Balance between Control and Chaos
- An Experimental Mind
- Courage to Recreate Everything (including yourself)
- Freedom to Fail, Fast
- Constructive Collaboration
- Strong Sense of Self
- Design and System Thinking

*LeadingfromtheEdgebook.com
(Neal and Conway, 2013)



Leaders Need Broader Vision



Leaders Need a Wide Angle Lens



On what is....



and what could be...

....

“ The test of a
first-rate intelligence is
the ability to hold two
opposing ideas in mind
at the same time and still
retain the ability
to function ”

Lead

F. Scott Fitzgerald

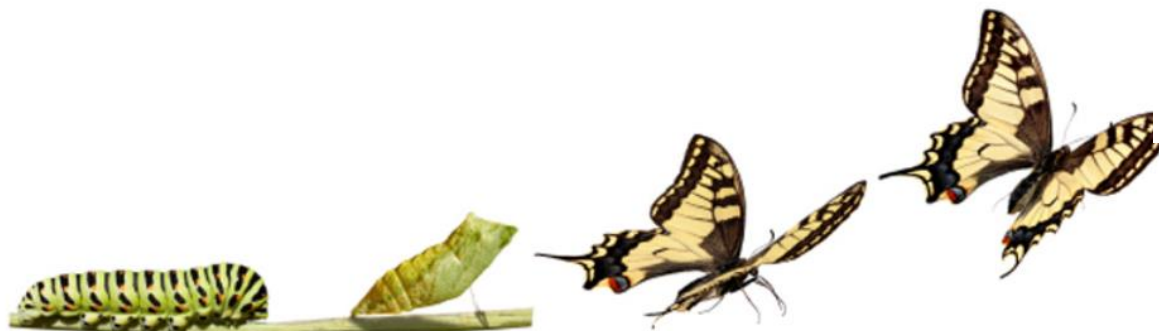
Innovation Happens Across a Continuum

From Process Improvement at the Core
....to Creating Something Entirely New
at the Edge

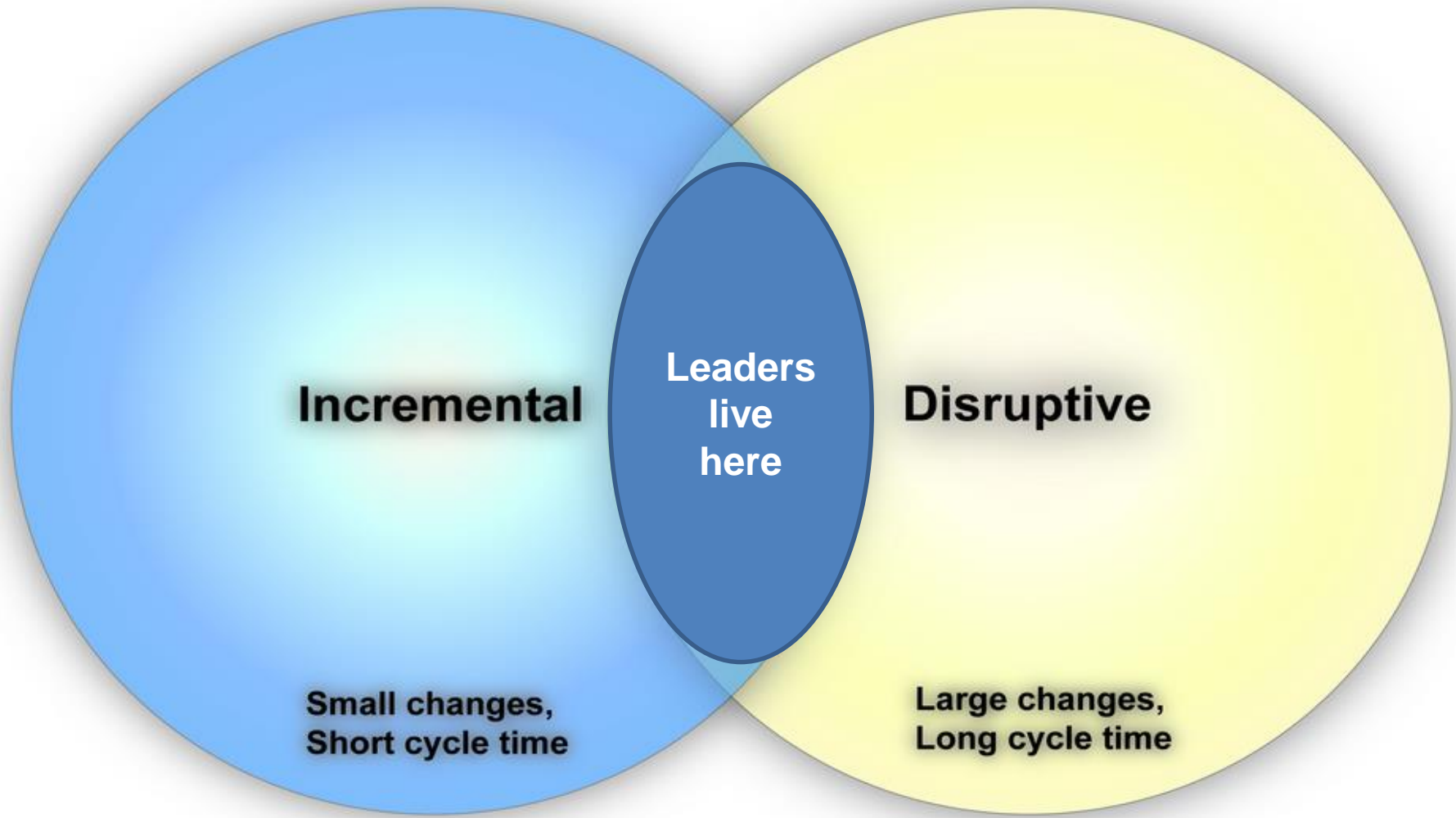


Innovation Happens Across a Continuum

**From Process Improvement at the Core...
to Creating Something Entirely
New at the Edge**



Innovation at the Core and on the Edge



Innovation Happens Simultaneously



The IHI Triple Aim



Value in Healthcare Must Happen Simultaneously

The AHRMM Cost-Quality-Outcomes Movement



An Experimental Mind



Freedom to Fail, Fast

If you want to increase your success rate, double your failure rate.

Thomas J. Watson



A Continual Process



THINK BIG / ACT SMALL / FAIL FAST / LEARN RAPIDLY

Design Thinkers



Adapted from *Plattner H. Institute of Design at Stanford. 2013.*



+



=



Courage to Recreate Everything, Including Yourself



Your Business Model

Your Team

Your Culture

Yourself

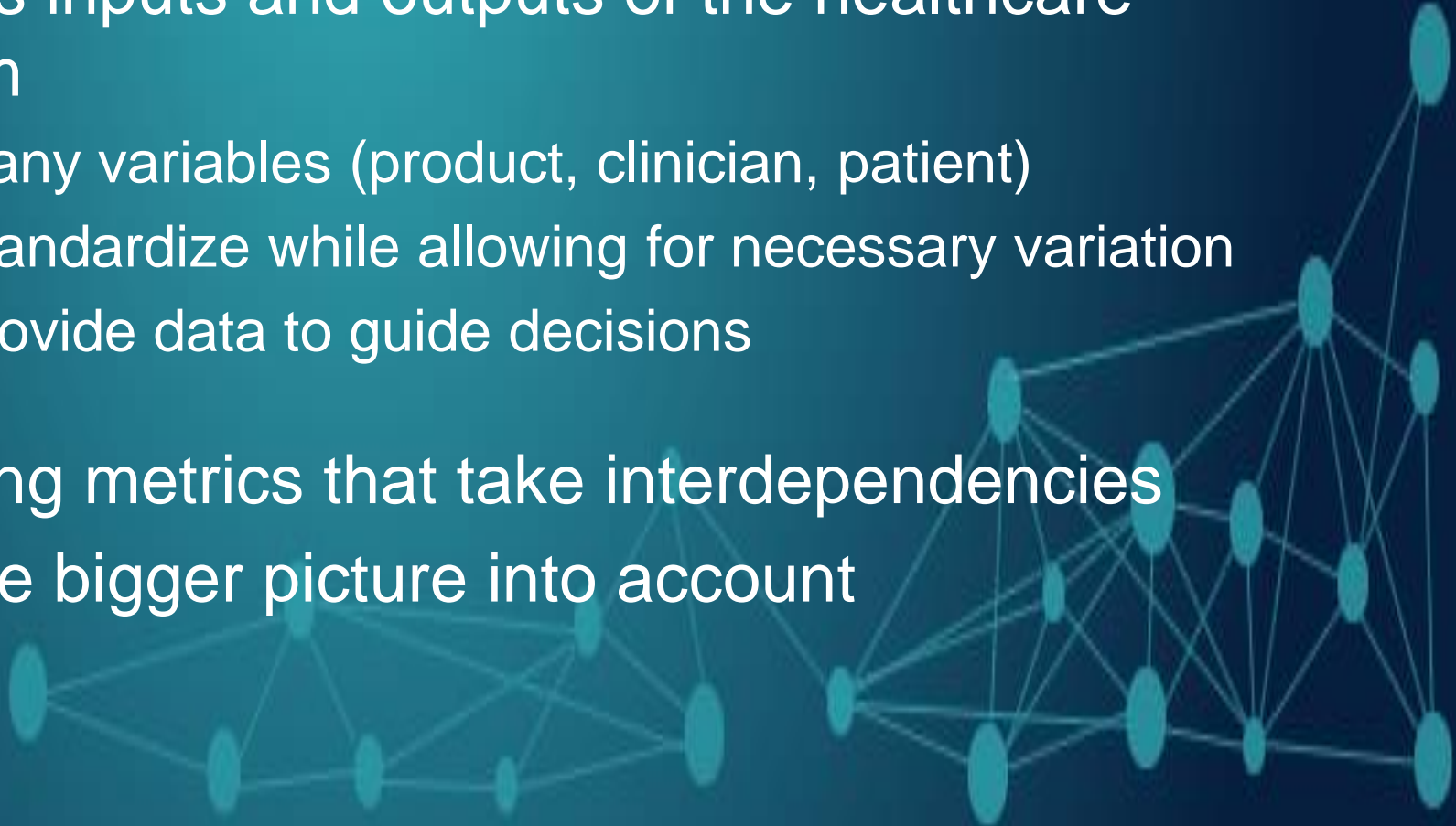
***(And sometimes an
entire industry)***

Systems Thinkers

Understanding the interconnections between the various inputs and outputs of the healthcare system

- Many variables (product, clinician, patient)
- Standardize while allowing for necessary variation
- Provide data to guide decisions

Creating metrics that take interdependencies and the bigger picture into account



Possible Metrics for an Evolving Industry

Early Stage

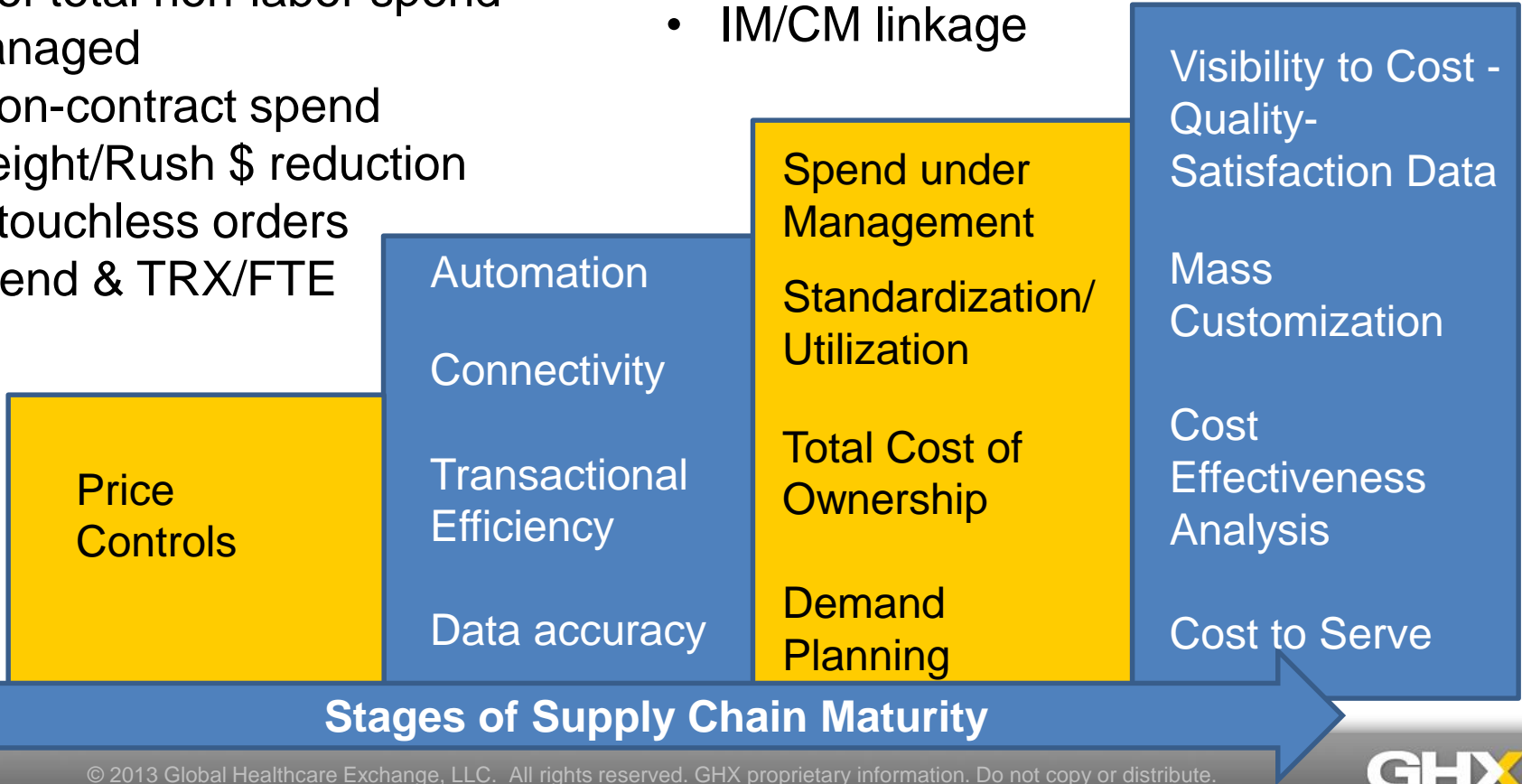
- % Transactions Automated
- # of Connected Trading Partners

Mid-Stage

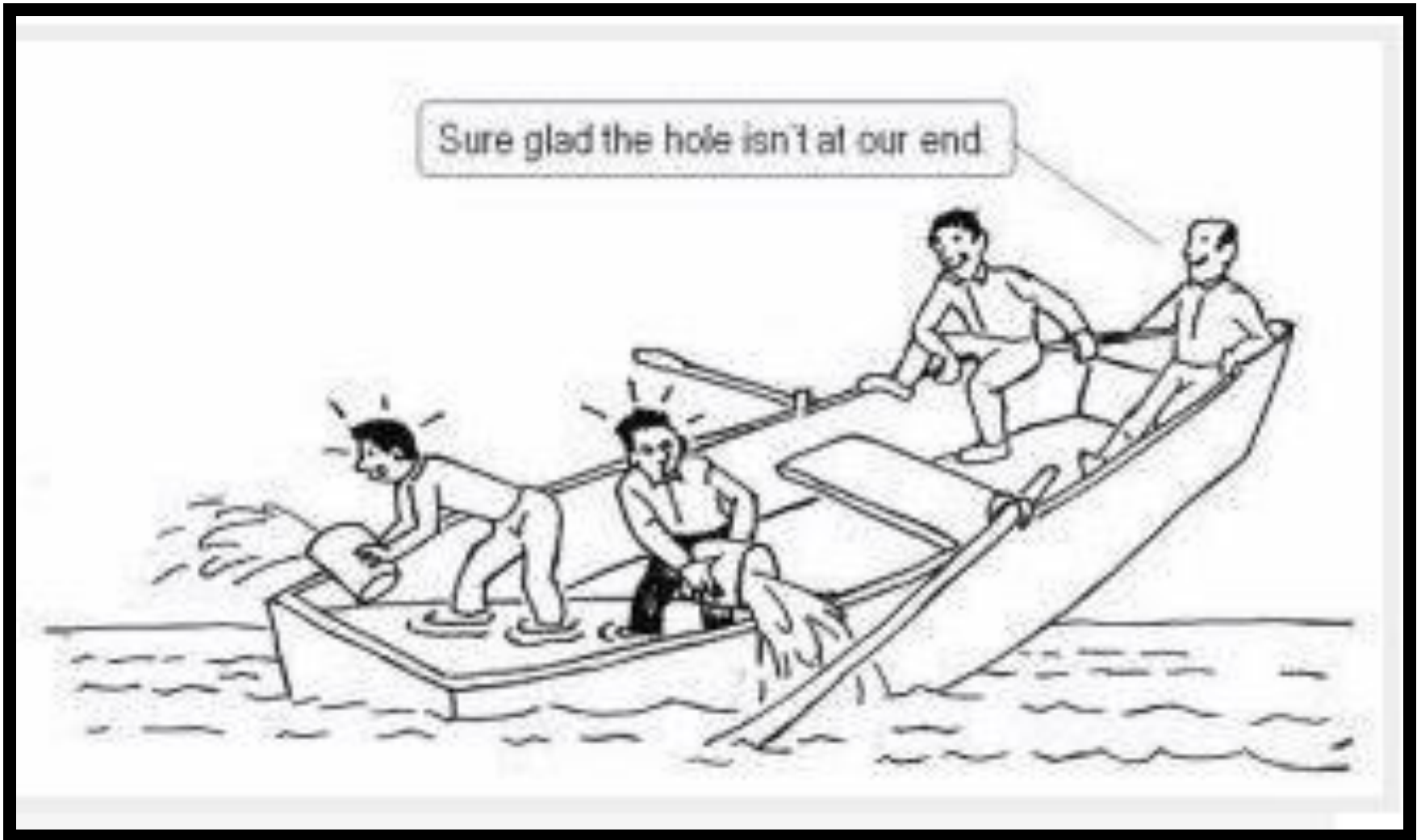
- % of total non-labor spend managed
- % on-contract spend
- Freight/Rush \$ reduction
- % touchless orders
- Spend & TRX/FTE

Future Stage Focus?

- % Data Standards Integration
- % Standardization across Continuum
- Supply Chain Costs/Outcomes
- Revenue Generation
- IM/CM linkage



We are all in the same boat



Constructive Collaboration

Under accountable care, we must be as concerned about the quality of care delivered by our competitors as we are at our own institutions

THE RISING TIDE



A RISING TIDE LIFTS ALL BOATS

A close-up of David Moss from the TV show 'The Office'. He is wearing his signature glasses and a light blue button-down shirt with a dark tie. He has a serious, disapproving expression on his face, looking directly at the camera. The background is a blurred office setting with another person visible in the distance.

FALSE.
SUNKEN BOATS ARE UNAFFECTED BY TIDES.

quickmeme.com

A Strong Sense of Self

HAHA! SO WE MEET AGAIN!!



Surround Yourself with the Right Team Members



Leaders know their strengths and their weaknesses and surround themselves with people who complement them, not replicate them.

From Theory to Reality



The Accountable Supply Chain Talent Check List

- ☐ Data Scientists (e.g., Master Data Management, Enterprise Data Management, Business Analytics)
- ☐ Technologists, e.g., (Both Old and New Tech)
 - Old Tech, e.g., automation, integration, architecture, security, storage
 - New Tech, e.g., collaborative platforms, cloud, mobile, social
- ☐ Category Managers
- ☐ VALUE Analysts
- ☐ Cost Accountants
- ☐ Community (Vendor+) Managers
- ☐ Risk Managers
- ☐ Design Thinkers
- ☐ Systems Thinkers
- ☐ Translators
- ☐ Change Agents
- ☐ Marketers/Persuaders
- ☐ And.....

From Tactical to Strategic

Strategic

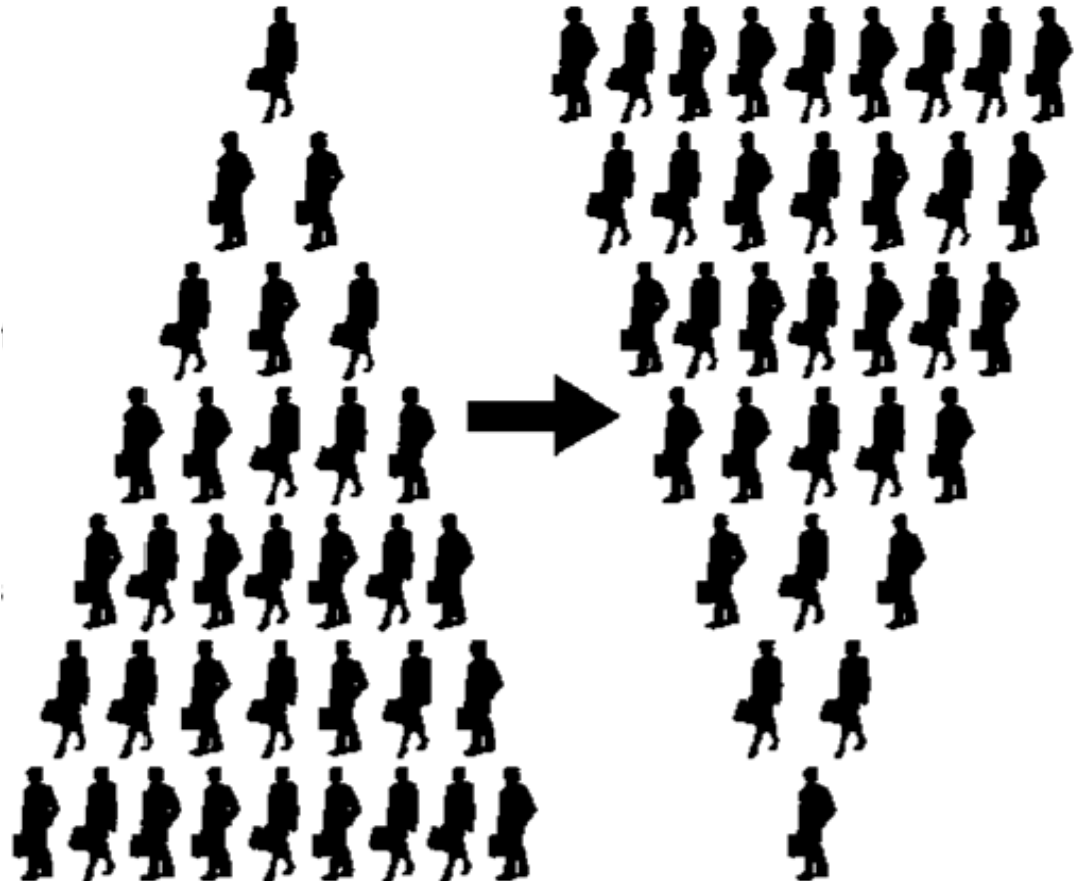
Invest in People Here

Supply Chain Activities

- Sourcing Strategy
- Strategic Negotiation
- Category Strategy
- Market Knowledge
- Supplier Management and Development
- Supplier Performance Evaluation / Reporting
- Root Cause Analysis and Solution
- Performance Metrics Development
- Savings Identification & Capture
- Tactical Negotiation
- Problem Resolution
- Invoice Processing
- Order Processing

From Transaction Processing.....

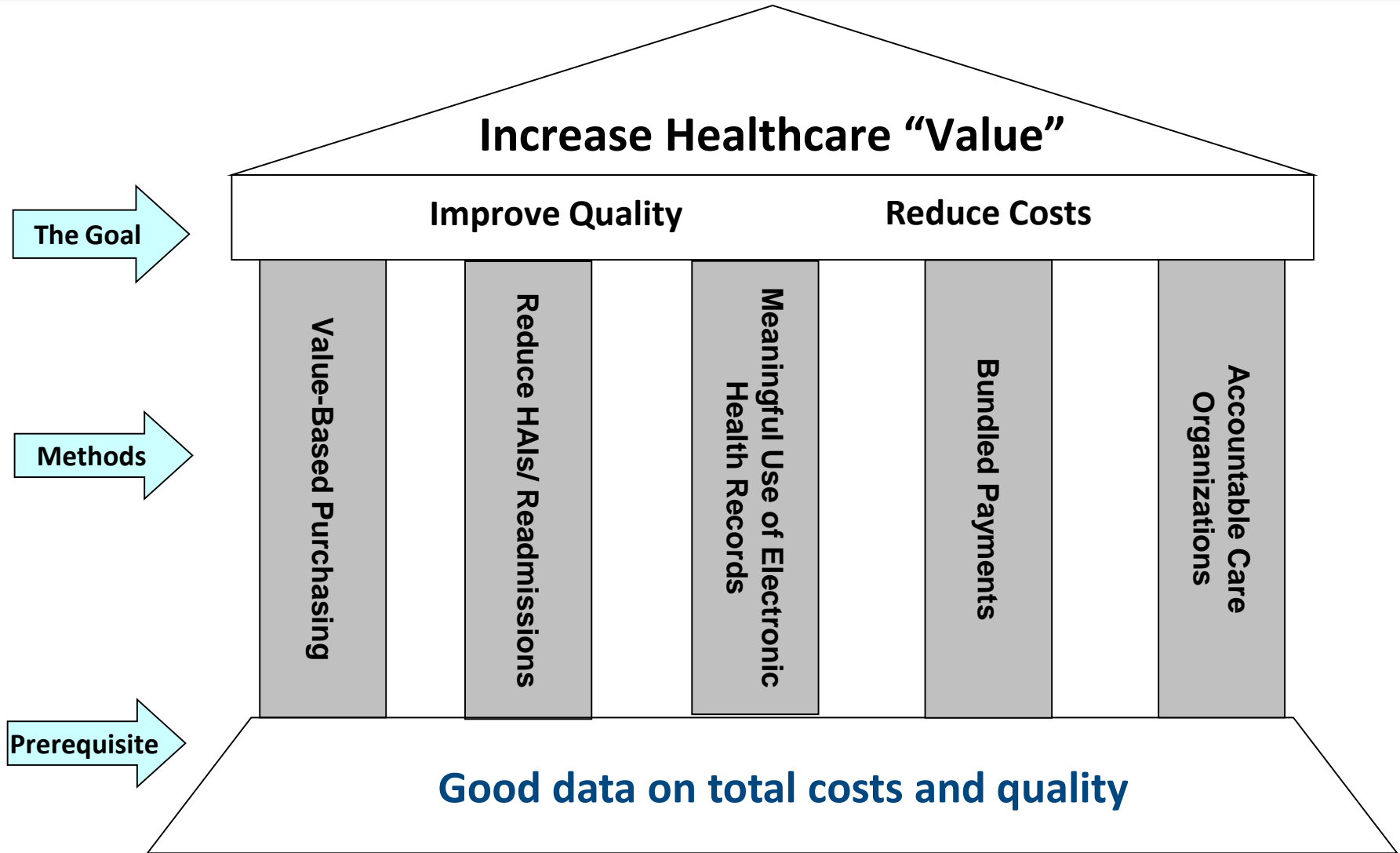
....to Strategic Analysis and Execution



Tactical

Invest in Technology Here

Your Team is Foundational

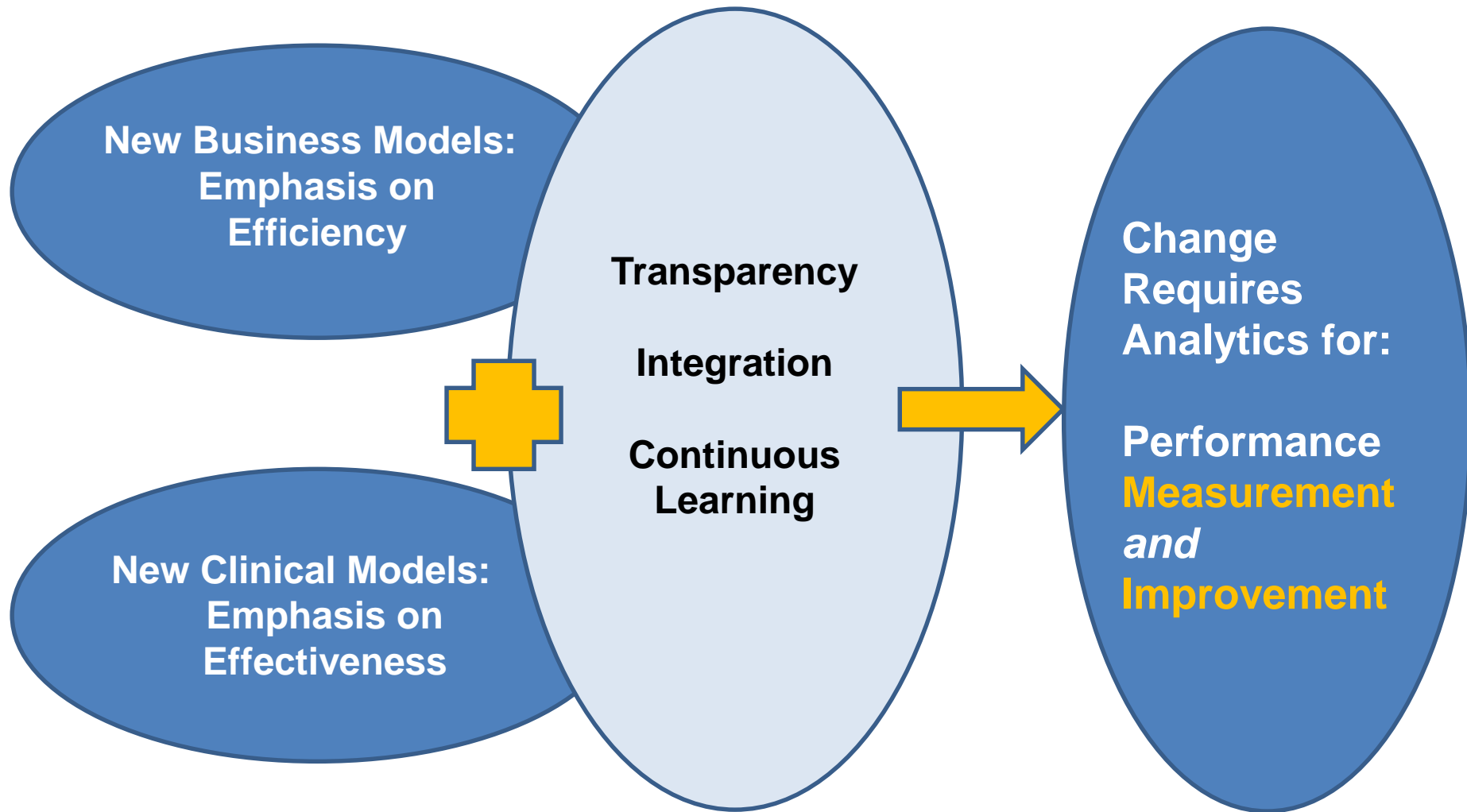


The HFMA Value Project

- ✓ **Populate teams with both business and technical knowledge** to balance focus on clinical and financial results; all participate in process analysis and redesign.
- ✓ **Deploy clinical and cost accounting systems that reflect actual cost of care**, not approximations of inputs based on reimbursement.
- ✓ **Utilize a value analysis committee** to compare the cost/value of medical and surgical supplies and drugs
- ✓ Revise cost accounting systems to incorporate specific POC data where available (e.g., **bar-coded data on drugs and other supplies attached to the patient record**).
- ✓ Explore micro-costing (the **enumeration and costing out of every input** consumed in the treatment of a particular patient)
- ✓ Develop a process for **identifying and quantifying significant variations** in cost and clinical outcomes...by physician/patient

Source: HFMA Value Project

The Accountable Supply Chain Organization



Different Analytics for Different Purposes

Types of Questions and Analytics

	Descriptive	Predictive	Prescriptive
Questions	What happened? What's happening? What actions are needed? What exactly is the problem? What actions are needed?	Why is this happening? What will happen next? Why will it happen?	What should I do? Why should I do it? What's the best that can happen? What if we try this?
Enablers	<ul style="list-style-type: none">• Ad hoc Reports• Dashboards• Data Warehousing• Alerts	<ul style="list-style-type: none">• Data Mining• Text Mining• Web/Media Mining• Forecasting	<ul style="list-style-type: none">• Optimization• Simulation• Decision Modeling• Randomized Testing
Outcomes	Well defined business problems and opportunities	Accurate projections of the future states and conditions	Best possible business decisions and transactions

It is and It Isn't About the Data



- Start with questions, not data
- Apply data governance to ensure the accuracy and comparability of the data
- Don't make decisions on partial data
- You can't mine, analyze, and understand data that's not integrated

How Will You Integrate Your Data?



“Here’s a list of 100,000 warehouses full of data. I’d like you to condense them down to one meaningful warehouse.”

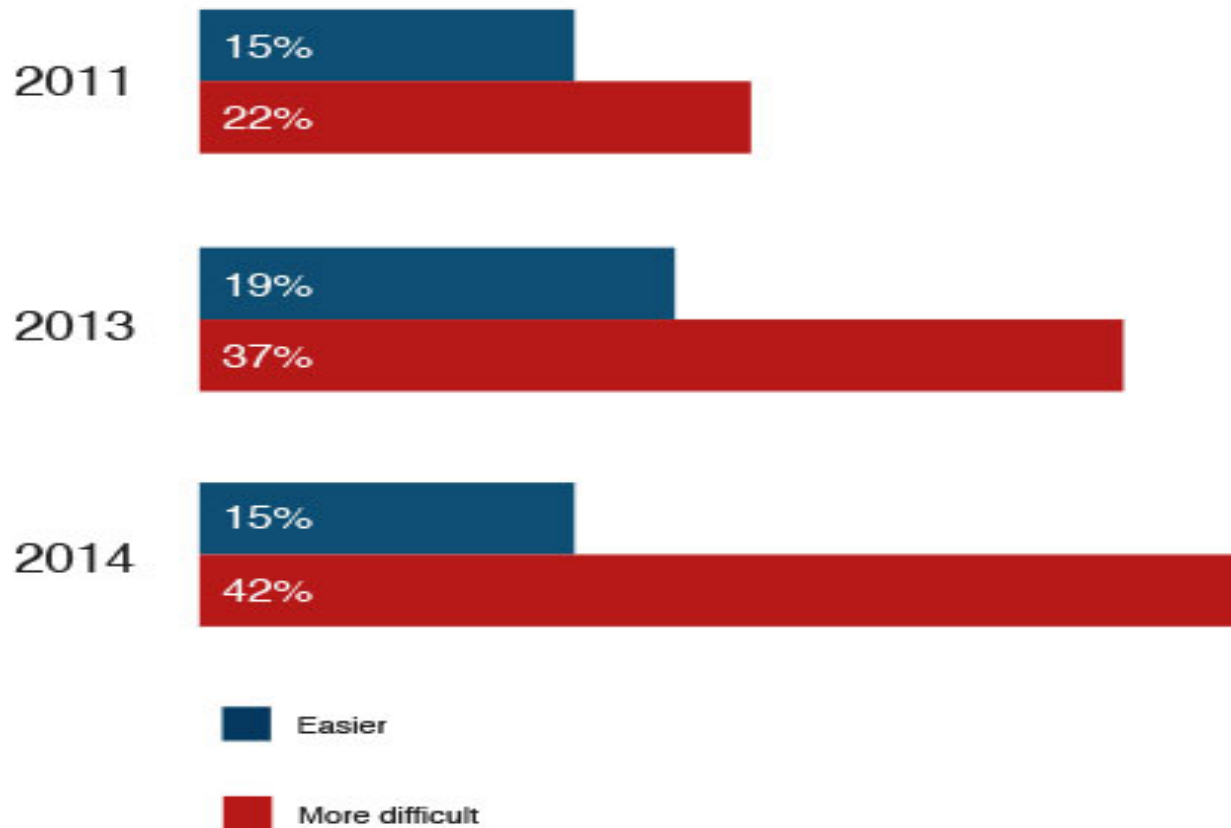
Can You Turn Data into Insights?



"After careful consideration of all 437 charts, graphs, and metrics, I've decided to throw up my hands, hit the liquor store, and get snockered. Who's with me?!"

The Talent Challenge

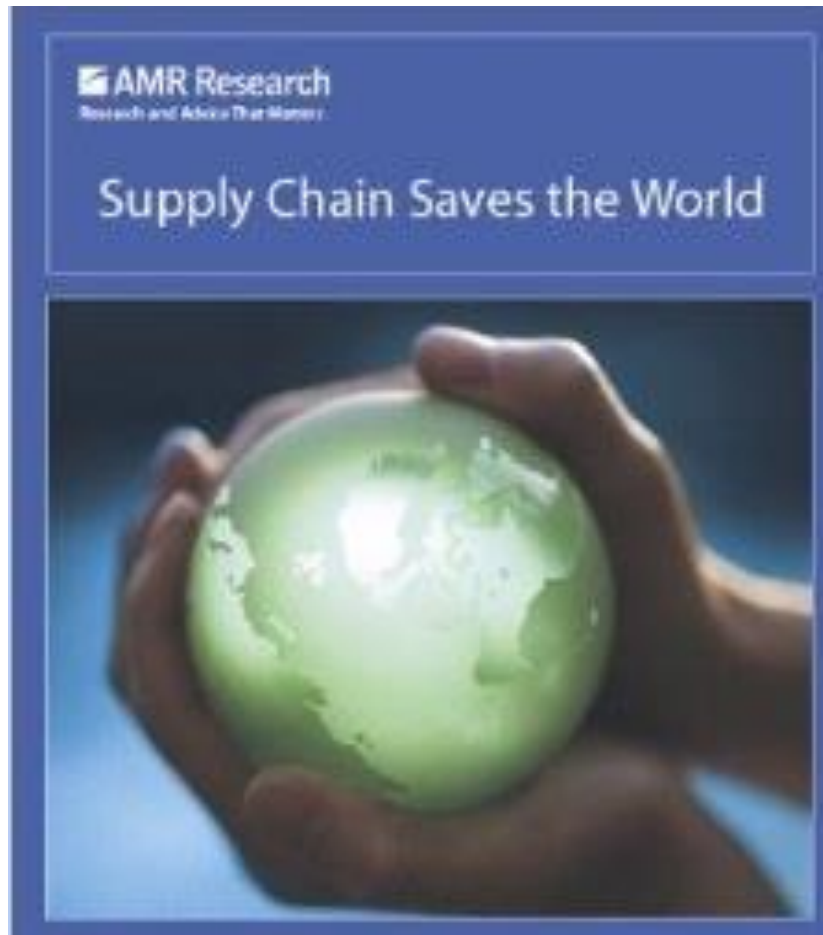
How has the acquisition and development of supply chain talent in your company changed in the past two years? Percent of total respondents



Source: CSCO surveys 2011-2014

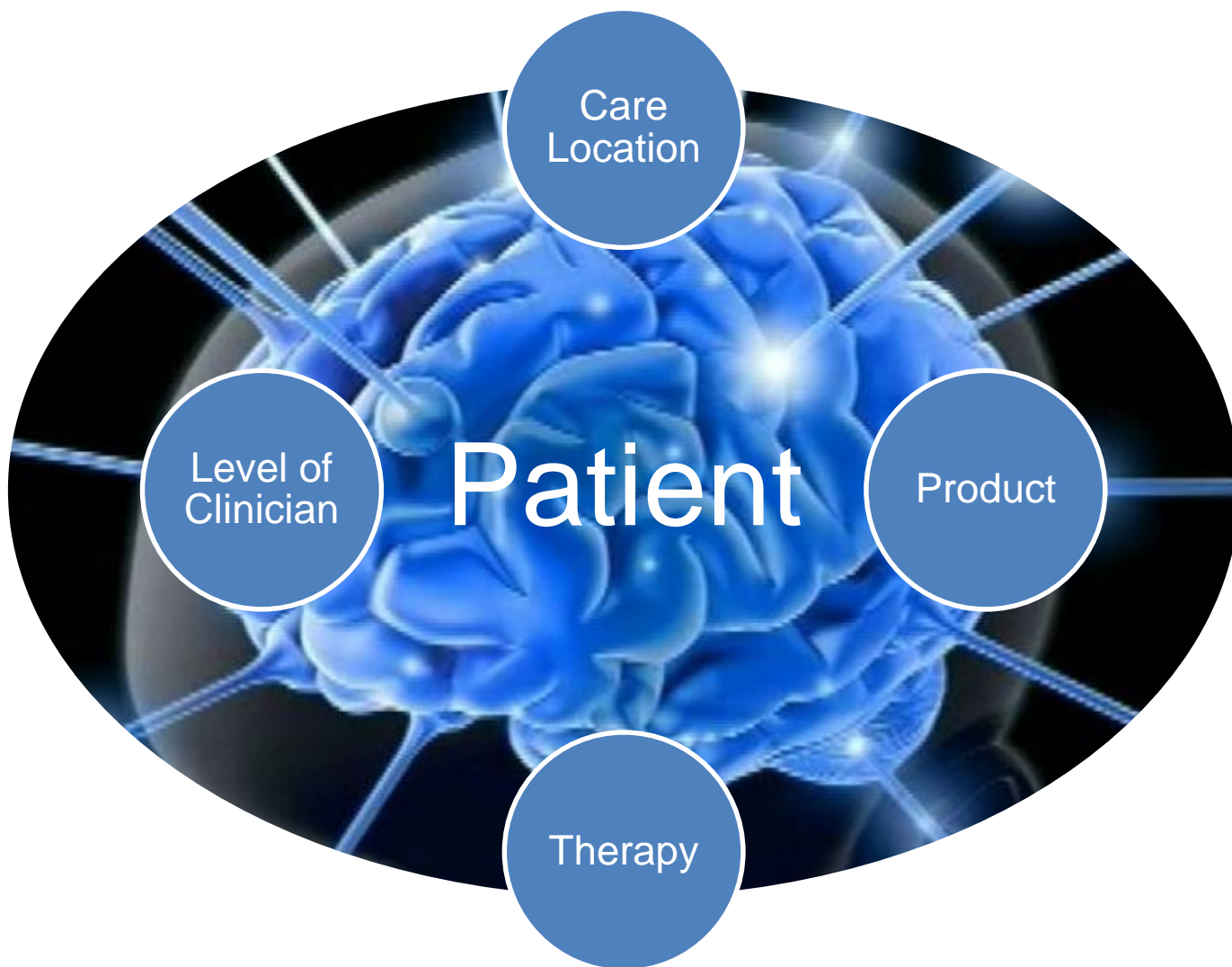
n=999

To Attract Talent, Make Supply Chain Compelling



Millennials want to work for companies with purpose

Healthcare Needs a Supply Chain Brain



It's also not a bad path to the top



Even in Healthcare

Bob Simpson, CEO, LeeSar



**Lynn Britton,
CEO, Mercy**

Good Luck on Your Journey



It's not the strongest species that survive, or the most intelligent, but the ones most responsive to change.

Charles Darwin

And Above All, Don't Forget to Dream!

WHY, SOMETIMES
I'VE BELIEVED AS
MANY AS SIX
IMPOSSIBLE THINGS
BEFORE BREAKFAST

THE QUEEN -
THROUGH THE LOOKING GLASS