

**Shattering the Vendor Monopoly.  
The Strategic Advantage of Competition  
and the Power of Choice**



In today's rapidly changing and increasingly competitive physician staffing landscape, flexibility is the key to success. Increasing options and thus competition among your vendors is a strategic move that can lead to lower costs, increased client control, reduced risk, and expanded options. By diversifying your vendor base, you position your organization to thrive in a dynamic and competitive environment.

Like every area of life and business, it's important for hospitals to realize that competition is good. Competition works. Competition is the only chance hospitals have of breaking free of the locums chains they have been put in over these last few years of consistently rising locums rates, led by the big private equity-owned behemoths constantly trying to squeeze out every drop of profitability. Of the more than 200 locums companies operating today, the largest few control over 1/3 of the market. This concentration at the top has led hospitals to lose control and be constantly at the mercy of rising rates.

Let's explore why competition is the key to freedom

### **Competition lowers costs**

One of the most direct benefits of welcoming competition among vendors is the potential for lower prices. When multiple vendors vie for your business, they are incentivized to offer competitive pricing, better terms, and improved services. This dynamic encourages efficiency and innovation, driving down costs and maximizing the value you receive from your suppliers. By diversifying your vendor base, you're able to tap into a wider pool of options, potentially saving your business a significant amount of money in the long run. Especially by partnering with small and medium-sized companies, not under the same pressures to drive stock prices higher, you can likely see savings in your locum's rates.

### **Competition gives you back control**

Working with a range of vendors gives clients more control over their supply chain and overall business operations. When you have multiple options at your disposal, you can select vendors that align with your specific needs, values, and timelines. This increased control allows for greater customization and adaptability, enabling your business to respond swiftly to changing market conditions or unexpected challenges. Clients who actively manage their vendor relationships are better positioned to optimize their operations for success. When you partner with a large group of vendors, you are in control. When you partner with a few vendors, they are in control.

## **Competition mitigates risk**

Relying on just a couple of vendors can expose your business to significant risk. If one of your key vendors experiences disruptions, such as production delays, quality issues, or financial instability, it can have a cascading effect on your own operations. By diversifying your vendor base, you spread out this risk, mitigating the impact of any potential problems with a single supplier. This approach creates a safety net that bolsters your business's resilience in the face of unforeseen circumstances. Further, if all of your eggs are in a few baskets you eliminate any bargaining power you have to lower your costs. Options equal power, and concentration equals fear.

## **Competition provides a wider range of options**

Every hospital and health system is unique, and different situations may call for different solutions. Having a diverse vendor base gives you access to a broader range of expertise, approaches, and specialty strengths. This diversity can be invaluable when it comes to tackling specific challenges or pursuing new opportunities. It also fosters a spirit of innovation and creativity, as vendors may be motivated to develop specialized solutions to meet your distinct needs.

As you embark on the journey to reclaiming control of your locums, you're going to get pushback from your current vendors primarily driven by self-preservation. Here are some common tactics they might employ:

**Fears of Disruption:** Established vendors may warn clients about potential disruptions in their operations if they were to switch to a new vendor. They might emphasize the exaggerated time and effort required to transition, highlighting the perceived hassle and inconvenience.

**Threatening Consequences:** Some vendors may use a more aggressive approach by suggesting that exploring new options could jeopardize the current relationship. They might imply that they won't be as committed or reliable if the client looks elsewhere for their needs. Does this sound like the kind of partnership you really want to be a part of?

Ultimately, clients should see through these scare tactics and make decisions based on a comprehensive assessment of their own needs, the competitive landscape, and the potential benefits that could be gained from diversifying their vendor base in the long run.

The biggest mistake most hospitals make here is they alert the current vendors of their desire to increase competition vs operating as usual and adding in additional options without their current clients ever knowing.

Many of you may be thinking that this sounds great, but you are too busy to manage the few vendors you have now so how could you possibly manage even more? The solution here, like almost every other area of our lives is technology.

The days of having to spend hours per week communicating with a pool of vendors via phone or email are over. Operating from multiple contracts, receiving presentations in different formats, and communicating your scheduling needs in a constant back-and-forth email shuffle is the way of the dinosaur.

Imagine instead, having dozens of engaged staffing agencies working hard to fill every need you have. Imagine all your agreement terms, rates, name clears, presentations, and work records standardized for simplicity. Imagine logging onto your computer in the morning and seeing everything you could ever want to know about your physician staffing in one place. Orders, activity on those orders, candidate statuses, credentialing visibility, locums usage and spending, vendor performance, and much more. Imagine once again being in the driver's seat of your locums staffing and working to lower your costs. Imagine further, even reducing your long-term dependence on locum tenens by building your own internal float pool.

All of this is possible and available to you now if you know where to look.