




# PUSHING THE LIMITS OF EXCELLENCE WITHIN YOUR “ONE SUPPLY CHAIN”

ANGELIQUE VUILLEUMIER: LEGACY HEALTH  
WHSMMA CONFERENCE  
8/8/2024



# AGENDA

- Step Into Reality
- System vs. Process
- Building your Supply Chain Foundational “System”
  - What is “One Supply Chain”
  - Supply Chain Transformation 101
  - The 4 Key Elements of the Foundational “System”
- Closing Summary
- Let's stay connected



## LET'S STEP INTO REALITY

- Inside “Excellence” we must all be thinking about “what is next” and “what can we improve”. High reliability organizations (HRO) live in continuous improvement 100% of the time.
- REMEMBER: The belief that challenges are opportunities, setbacks are temporary, and success is within your grasp are all key to Excellence.
- Excellence is 80% mindset and 20% action
- NEVER SETTLE
- "Whatever you are not changing, you are choosing."  
author Laurie Buchanan.



“PERFECTION IS NOT ATTAINABLE, BUT IF  
WE CHASE PERFECTION, WE CAN CATCH  
EXCELLENCE.”

VINCE LOMBARDI

## Dictionary

Definitions from [Oxford Languages](#) · [Learn more](#)



# sys·tem

/ˈsɪstəm/

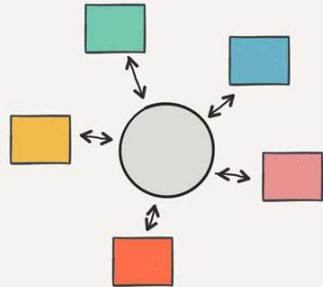
*noun*

1. a set of things working together as parts of a mechanism or an interconnecting network.  
"the state railroad system"

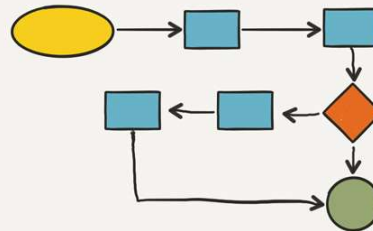
Similar: [structure](#) [organization](#) [order](#) [arrangement](#) [complex](#) [apparatus](#) [▼](#)

2. a set of principles or procedures according to which something is done; an organized framework or method.  
"the public school system"

Similar: [method](#) [methodology](#) [technique](#) [process](#) [procedure](#) [approach](#) [▼](#)



SYSTEMS



PROCESS

EVERYTHING  
MUST HAVE A  
“SYSTEM”



# NOT ONE WORKS WITHOUT THE OTHER



# SUPPLY CHAIN TRANSFORMATION 101

Clinically integrated supply chain does not work if your supply chain division is not “ONE”

- Having ALL supply chain employees understand the model and how they drive it
- Define initiative and ownership from A-Z (RACI) “system-office to hospital staff”
- Talk the talk: “I can contract the best pricing and terms in the industry, it is only as good as I implement it at the bedside”
- Service line team concept with system-office team (procurement, CVA, strategic sourcing/contracting, informatics) aligned with AP & hospital supply chain & category management model for product categories

Centralized purchasing, contracting, inventory management, sourcing/CVA functions

- Assess and inventory where these activities are happening outside of supply chain



## WHAT THE DEPARTMENTS MUST CONTROL TOGETHER FOR SUCCESS:

### Procure to Pay (P2P)

- 3-way (PO, receipt, invoice) or 4-way (contract, PO, receipt, invoice) match, spend management, everything on PO, everything EDI

### Initiatives implemented 100% at the bedside

- New product introduction education, training, and initiative implementation

### Vendor access & performance management

- Contract & initiative scope creep, vendor education & collaboration

### Recalls, product concerns, safety/harm events, non-conforming products

- Quality/Safety processes aligned, vendor strategy, collection process, reporting/trending process




“

NO MATTER HOW BRILLIANT YOUR  
MIND OR STRATEGY, IF YOU'RE  
PLAYING A SOLO GAME, YOU'LL  
ALWAYS LOSE OUT TO A TEAM.

Reid Hoffman

”



# WHY ARE THEY **EACH** IMPORTANT TO YOUR SUPPLY CHAIN FOUNDATION

PROCURE TO PAY (P2P)

INITIATIVES IMPLEMENTED 100% TO THE BEDSIDE

VENDOR ACCESS & PERFORMANCE MANAGEMENT

RECALLS, PRODUCT CONCERNS, SAFETY/HARM EVENTS, NON-CONFORMING PRODUCTS



# PROCURE TO PAY (P2P)

## PROCURE TO PAY (P2P)

- Think of the truly “touchless order”
  - The average lifecycle of a purchase order costs \$50-\$150.
  - With each step, there is an opportunity for optimization that can make your procurement more efficient and more seamless.
  - Process mining offers a way to analyze each step in the procure-to-pay process at scale and in real time so that you can edit or optimize your workflow to get from request to fulfilment as efficiently as possible.

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## PROCURE TO PAY (P2P) CONTINUED...

- It is important to have a 3-way or 4-way match commitment.
- Do you use EDI? Is it optimized (850, 855, 856, 810, are you using others?)
- How do you work with AP?
- How do you measure your supplier performance with P2P & vice versa are suppliers doing reporting that back to you or your EDI vendor?
- Are you concentrating on moving all spend to PO, do vendors report?
- Do you have visibility to your spend and how?
- How do you manage supply vs. capital vs. purchased services POs?

A background image showing a group of business professionals in a meeting. One person is holding a smartphone, and another is holding a white coffee cup. The image is partially obscured by a dark purple overlay containing text.

## PROCURE TO PAY (P2P)

- WHY Process Mine Your Orders?
  - It can maximize touchless orders
  - It can optimize supplier performance
  - It can reduce "maverick or rogue buying"



INITIATIVES IMPLEMENTED 100% AT THE BEDSIDE



## = INITIATIVES COMPLETED 100% AT THE BEDSIDE

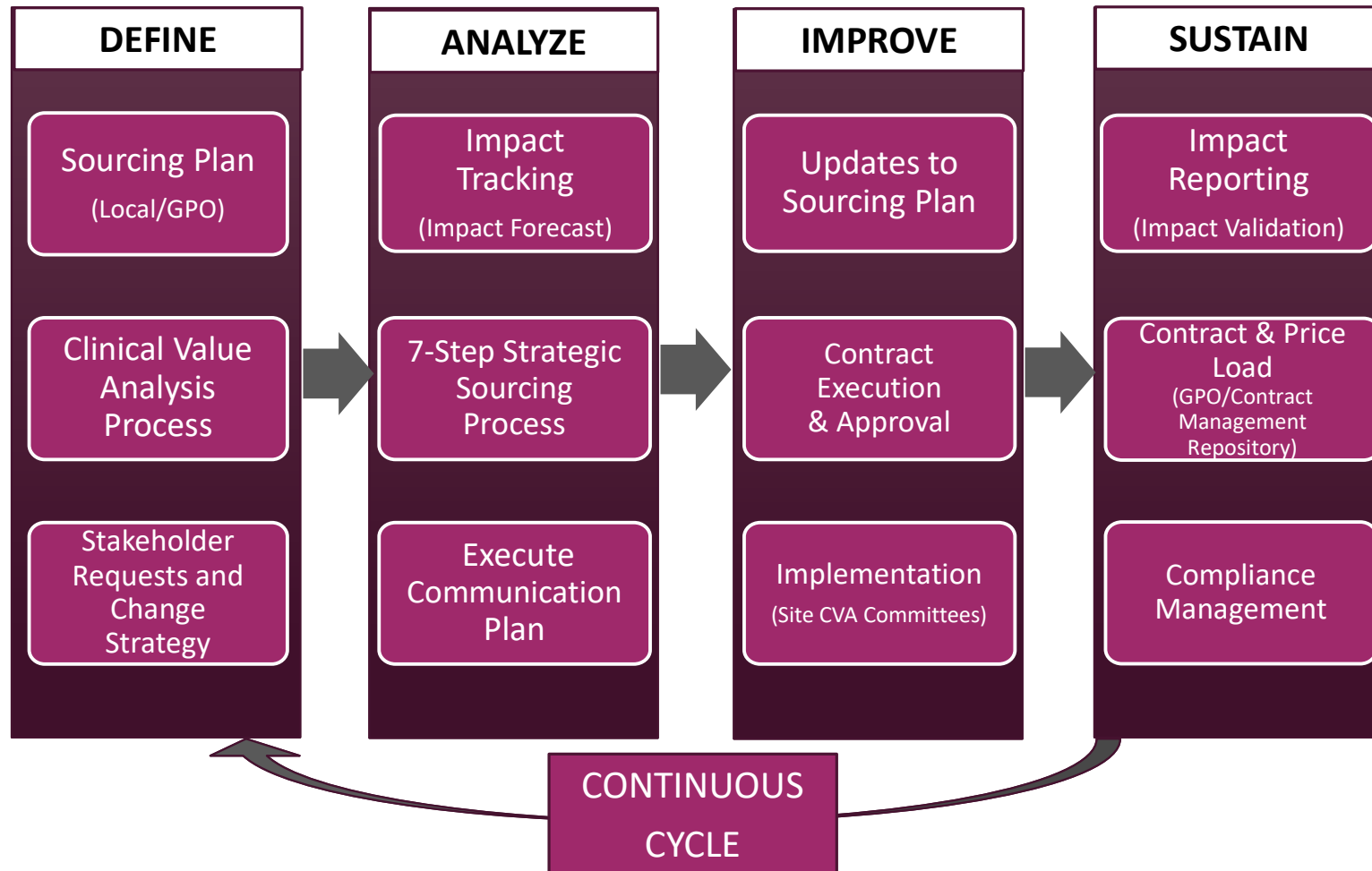
### SUPPLY CHAIN

- Make sure contract is in place
- Pricing is loaded & upkeep is happening
- What items to load in item master
- Where to source items from
- 3 or 4-way match (everything we can through EDI)
- Bill only strategy matched with procedural card process
- Have we converted all physical areas
- Communication & education to stakeholders
- Process for reporting & correction of rogue spend within category

### SUPPLIER/ DISTRIBUTOR/ GPO

- Run reports & review spend together
- Bring forward areas of out-of-scope utilization
- Consolidate and optimize our item master (get rid of unnecessary items to standardize formulary)
- Regular performance reviews
- What can stock at distributor (goal)
- Are we getting GPO pricing & admin fees
- Promote healthy item master, sales, pricing, EDI, and other practices

## INITIATIVE PROCESS CYCLE: OVERALL PROCESS GOVERNANCE



## **KNOW YOUR SUPPLIES/ SERVICES PIPELINE OF “INITIATIVES”**

New product requests (clinician requested)

Forced discontinuations (mfr. ,distr.)

Expired/expiring current agreements based on category management model

Opportunities & standardization efforts driving roadmap



# VENDOR ACCESS & PERFORMANCE MANAGEMENT

- 
- Building, fostering, and growing relationship with your strategic supplier/vendor partners is fundamental to your business success.
  - One of the most effective ways to do this is via clear communication and outlining the ways your services are met or exceeded for your needs.
  - A detailed Business Review (BR) offers solid support for continuing our relationship by demonstrating the value of the vendor/supplier's services, attention to detail, and prioritization of customer care.
  - BRs should be strategic—rather than tactical—in nature.
  - This is not the time or place to talk about support questions or make plans for additional products/services (sales). Rather, this is a chance for vendors/suppliers to gain a deeper understanding of YOUR business, plans and to strategize as to how THEY can deliver more value based on those factors with full transparency.
  - In doing so, they step out of a “vendor” role and into more of a “business advisor” one. This helps build trust, which in turn solidifies our relationship.

**BUILDING A SOLID  
VENDOR RELATIONSHIP**

**FOSTERING**

# VENDOR ACCESS & PERFORMANCE MANAGEMENT

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TALK to your vendors/suppliers & don't ghost them

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Form the appropriate relationship with them depending on the business with them & categorize them

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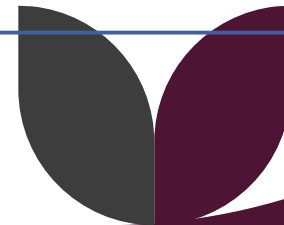
Tell them what you need from them including helping with processes – build a 2-way relationship asking also what they need from you

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Have a vendor access, credentialing and control process – define expectations, control access to your sites, be clear about sales calls

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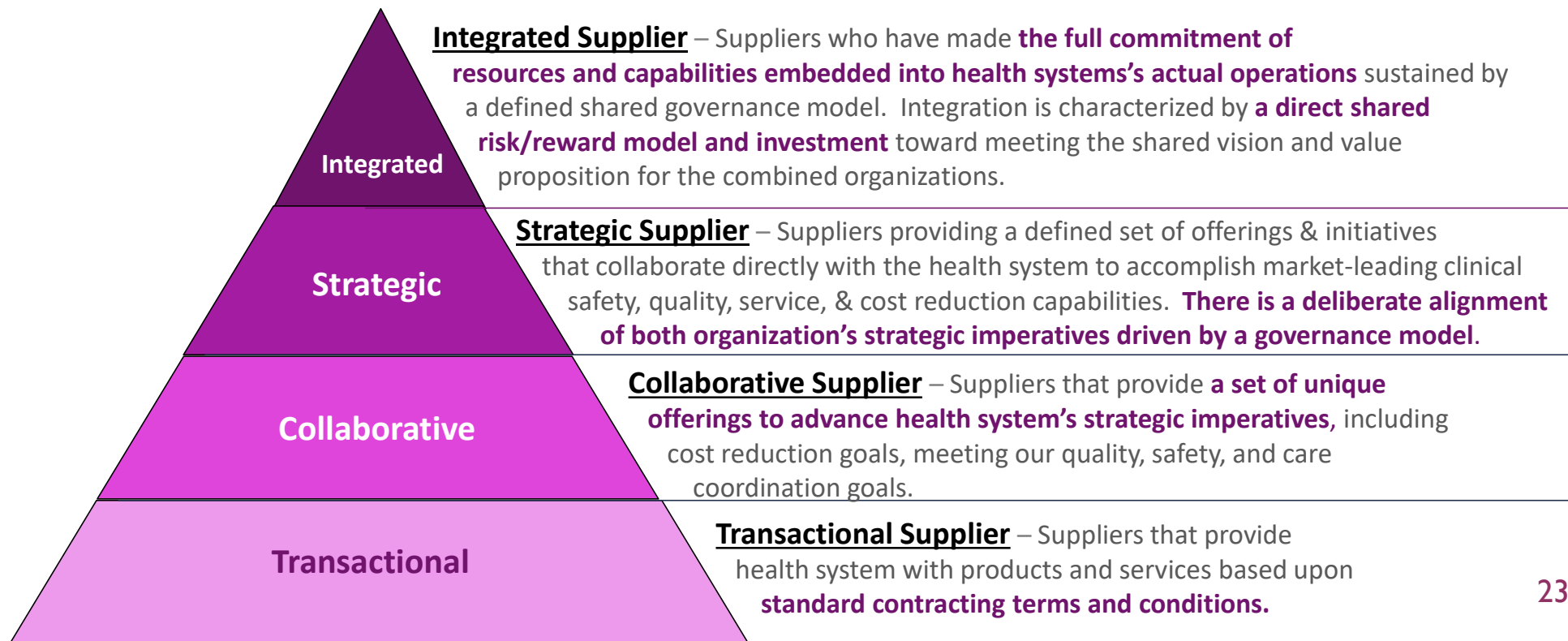
They have tons of tools, ask to use them



# Vendor Partnership & Review:

## Supplier Segmentation Categories

## Operational Definitions



Transactional	Collaborative	Strategic	Integrated
<ul style="list-style-type: none"> <li>□ Terms and conditions</li> <li>□ Operating model</li> <li>□ Compliance to operating standards</li> </ul>	<ul style="list-style-type: none"> <li>□ Focused projects offering unique solutions to targeted outcomes</li> <li>□ Terms and conditions</li> <li>□ Operating model</li> <li>□ Compliance to operating standards</li> </ul>	<ul style="list-style-type: none"> <li>□ Portfolio of multiple projects</li> <li>□ Strategic imperatives alignment</li> <li>□ Innovation</li> <li>□ Dedicated project management resources</li> <li>□ Strategic shared vision</li> <li>□ Centralized account leadership</li> <li>□ Terms and conditions</li> <li>□ Operating model</li> <li>□ Compliance to operating standards</li> </ul>	<ul style="list-style-type: none"> <li>□ Long term contract</li> <li>□ Investment</li> <li>□ Risk/reward business model</li> <li>□ Ensconced competencies and thought leadership</li> <li>□ Shared strategic roadmap</li> <li>□ Community benefit contribution</li> <li>□ Portfolio of multiple projects</li> <li>□ Strategic imperatives alignment</li> <li>□ Innovation</li> <li>□ Dedicated project management resources</li> <li>□ Strategic shared vision</li> <li>□ Centralized account leadership</li> <li>□ Terms and conditions</li> <li>□ Operating model</li> <li>□ Compliance to operating standards</li> </ul>

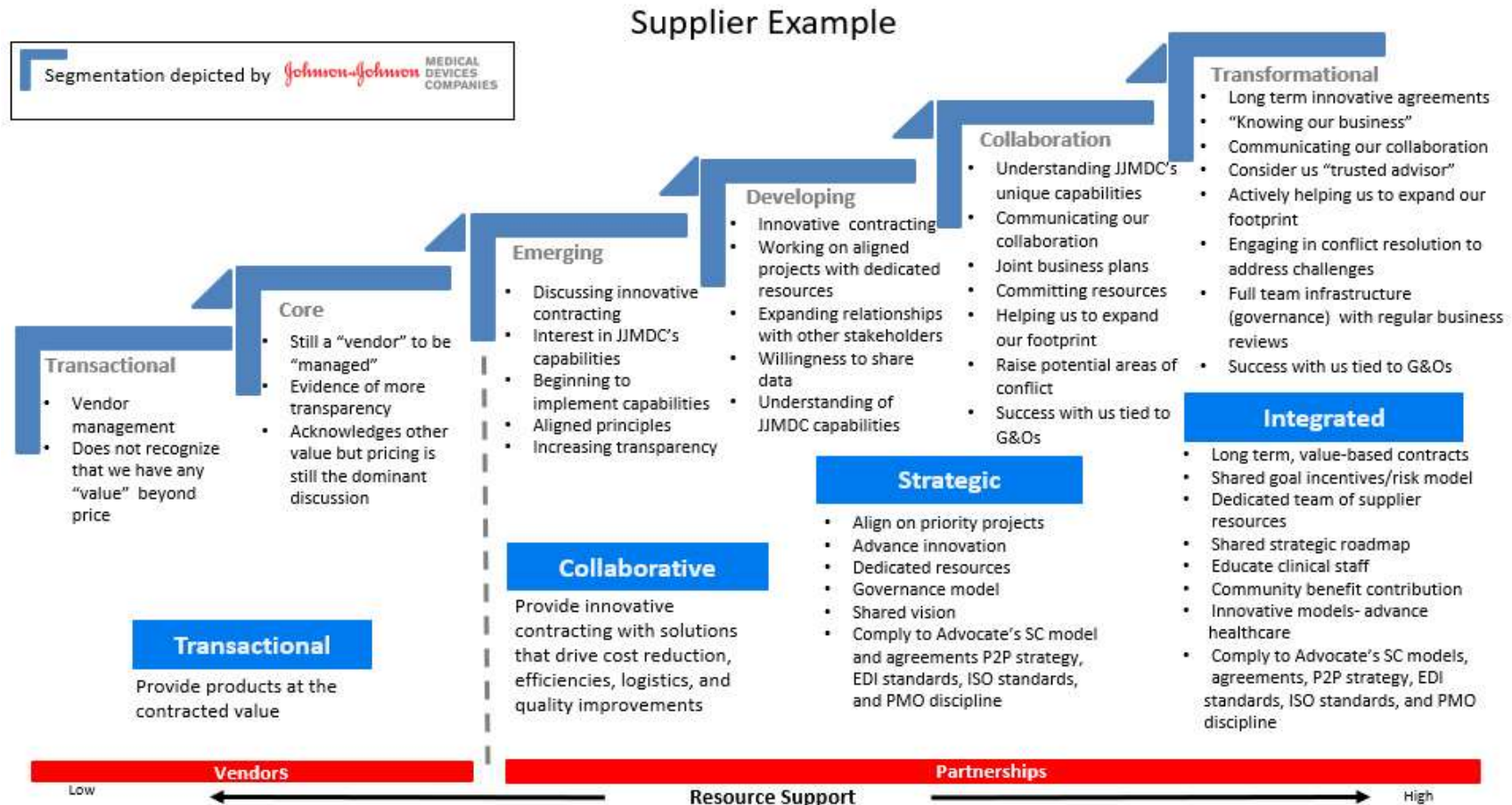
Supplier Segmentation Continuum



DEFINE HOW  
TO GROW  
THROUGH  
THE STAGES



# VENDOR PARTNERSHIP & REVIEW:





# RECALLS, PRODUCT CONCERNS, SAFETY/HARM EVENTS, NON-CONFORMING PRODUCTS


## RECALLS, PRODUCT CONCERNS, SAFETY/HARM EVENTS, NON-CONFORMING PRODUCTS

- Does your health system use a quality/safety reporting tool like RL Solutions for reporting? How do you trend that by product category, vendor, supply?
- How do you respond to those?
- What is your process for collecting affected product or non-conforming products?
- How do you manage those with the vendor? What if it is included in a lawsuit?
- How do you work with your quality department? Do you have a RACI with them?
- How do you handle recalls? Who owns that process?
- How do you document the supply chain steps taken during a harm event?
- How do you quarantine items during investigations?
- How do you use those quality/safety issues during your contract negotiation & CVA process?

# CLOSING SUMMARY

## Summary of Expectations

- Understand and teach the foundational building blocks to your teams
- Review your supply chain transformation IOI annually
- Ensure projects are appropriately staffed and sponsored
- Take time to identify and engage stakeholders & vendors/suppliers/distribution partners
- Partner fiercely with your GPO
- Review reports, trends, and watch for challenges that affect the entire workflow from contracting to consumption
- Ask for help when you need it, and teach your peers what you've learned along the way



“ THE WAY A TEAM PLAYS AS A  
WHOLE, DETERMINES ITS SUCCESS.  
YOU MAY HAVE THE GREATEST  
BUNCH OF INDIVIDUAL STARS IN  
THE WORLD, BUT IF THEY DON'T  
PLAY TOGETHER, THE CLUB WON'T  
BE WORTH A DIME. ”

Babe Ruth



NOW GO LIVE EXCELLENCE!  
LET'S CONNECT TOGETHER

ANGELIQUEVUILLEUMIER

AVUILLEU@LHS.ORG

[WWW.LINKEDIN.COM/IN/ANGELIQUEWEILEYVUILLEUMIER](http://WWW.LINKEDIN.COM/IN/ANGELIQUEWEILEYVUILLEUMIER)