

# Special Report

## Your Clinical Supply Expense Numbers Speak for Themselves!

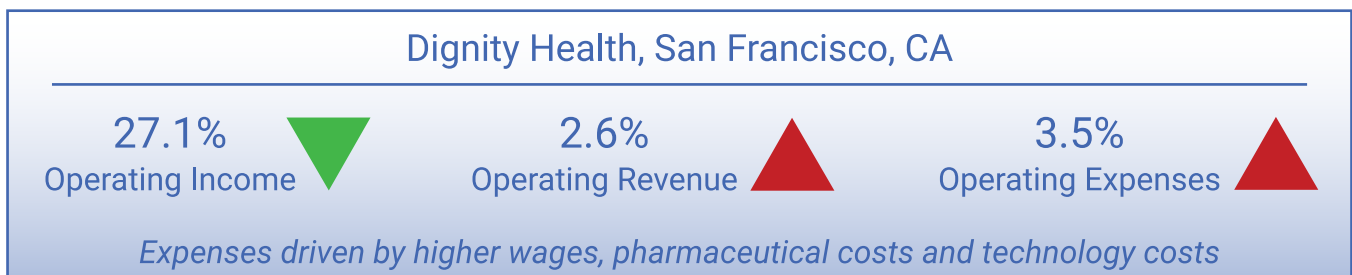


Making Your Clinical Supply Savings  
**as Easy as 1, 2, 3**  
for Your Clinical Staff

# I. Hospitals Supply Cost Raising Faster Than Volume

According to **Modern Healthcare Magazine** the typical hospital has seen its supply cost shoot up 10% to 14.5% in fiscal 2014 because “Providers are seeing more newly insured patients who often require a higher level of service, requiring more equipment and technology and driving up supply and labor costs.”

## Operating Costs Squeeze Margins



Sources: Modern Healthcare Financial Database & 2014 audited financial statements

# This is a scenario that isn't sustainable!

## II. Clinical Supply Expense Represents **83% to 85%** of Your Hospital's Supply Expenses

A big chunk of your supply expenses are represented by your clinical departments. 83% to 85% to be exact. Yet, these departments don't receive in-depth data on their supply expenses to enable them to manage their clinical supplies effectively. *Yes, they do have a supply budget, but these budgets are based on their department's past experience - not scientific data.*



### III. Intuitive Data is the Answer to this Challenge

Right now at your hospital your clinicians are receiving comprehensive data on their labor cost to manage this expense driver effectively, but are receiving little or nothing on their supply expenses, except their budget variances. If you would take a look at your hospital's budget variance reports, they only tell part of the story. A clinician could be within their budget parameters, but still be spending way too much on their supplies.

This can all change for the better if you provide timely and intuitive supply expense utilization trending, tracking and benchmarking reports that are actionable at the ground level.



## IV. Empower Your Clinicians with Visual Data They Can Understand and then Act on

As you know, very few clinical supplies and technologies are changed without the agreement of your clinicians. The reason for this is that any clinical change must be owned by these same people.

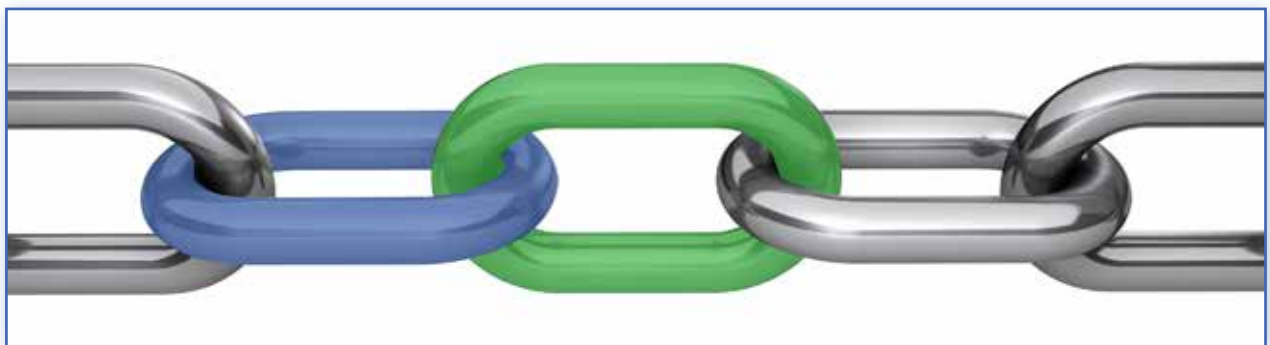
What data visualization does is give the control back into the hands of your clinicians, with the result that they are more accommodating to changing their products and technologies because it was their own decision to do so.

### Effective Data Visualization



## V. Supply Chain Management Can't Carry All of the Workload on Your Supply Chain Savings

Supply chain and value analysis managers have been doing a good job on price and standardization savings, but too often they are hitting the wall on removing waste and inefficiencies from their healthcare organization's supply streams. This is because clinicians' pushback with a vengeance if they are challenged in any way. Yet, it has been our experience if and when clinicians can see for themselves that specific products or technologies' costs are beyond acceptable limits, 97% of the time they take corrective action. Yes, it does take a little longer for the other 3%.



## VI. Typical Hospital Savings with a Clinical Supply Utilization Management System

A typical supply utilization savings on individual products and technologies at the stockkeeping level, not at 32,000 feet, is 14% for kits and trays, 23% for wound care, 8% on pacemakers and 48% for Oxisensors.

That's one reason supply utilization savings initiatives are so successful. No Clinician can deal with global data and metrics effectively because they have very little meaning. The data and metrics need to be at the ground level where your clinicians can understand and then react to the data in an intuitive and meaningful way. That's when you will see the measurable results you are looking for in your supply expenses.



## VII. Clinical Supply Utilization Savings is the Next Big Thing

If you aren't aware of it, most hospitals are scrambling to find more price savings since the well is running dry on price. However, supply utilization misalignments or how your clinical staff misuses, misapplies or selects their products, services or technologies is what supply utilization management is all about. More importantly, this new savings work is best achieved by your clinicians themselves in their own units.





## VIII. Training and Coaching is the Magic Bullet for your Supply Utilization Management Success

Advanced training for your clinicians and supply chain staff in the art and science of supply utilization management is the magic bullet for your supply chain expense reduction success.

Another secret to your supply utilization reduction success is to have one-on-one coaching for your clinical staff once they have received their first monthly or quarterly interactive and graphical utilization reports. This is where the rubber meets the road, so it is mission critical that your clinical staff have experienced hands to guide them for manageable savings results.

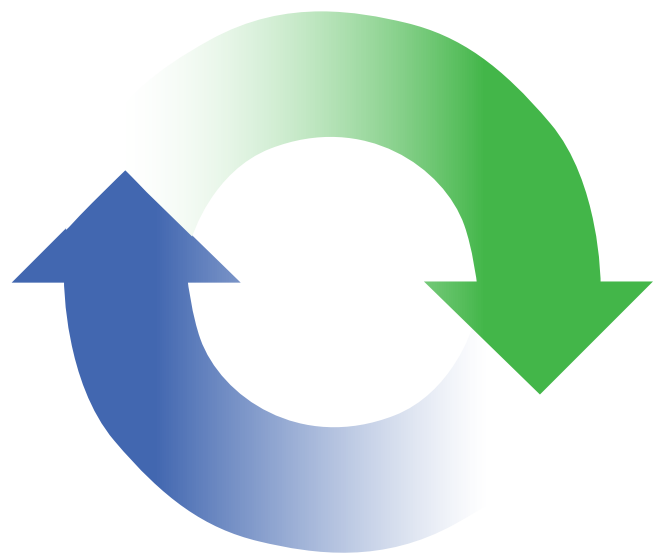
*“If you think training is expensive,  
just think of the cost  
of not training your staff.”*

**-Zig Zigler**

## IX. Supply Utilization Management Helps to Manage Your Commodities' Total Lifecycle Cost

Did you know that price is the smallest element of your commodities' total lifecycle cost? This is fact. Your biggest supply cost is the number of products or technologies that you use over the commodities' productive life (birth to death). That's what you want to keep your eye on, not just your purchase price. For example, if an I.V. set costs you \$3.99 per unit and you are using three per patient day inappropriately, instead of one, then this practice is costing your healthcare organization \$11.97 per day unnecessarily. If this practiced is continued for one year, this could add up to \$4,369 annually in waste on just one patient. So now can you see where your purchase price is the lowest cost element in your lifecycle formula?

That's why supply utilization management should be mission critical for your healthcare organization.



# Free!

## Supply Utilization Savings Analysis (\$12,800 value)

Could Answer All of Your Questions

You have nothing to lose  
and millions to save by doing so!



**Typical saving results (7% to 15% or one million per 100 occupied beds)**

For a limited time only, the author will provide selected healthcare organizations with a **FREE Supply Utilization Savings Analysis** (\$12,800 value) ! The SUSA analysis will only take approximately 30-days to complete once we have your data in-house and will be invisible to your staff. We will then share with you the results of the analysis, after which there is no obligation to move forward with any additional service.

If you are interested in this **FREE Supply Utilization Savings Analysis**, please call 800-220-4274, or fax 610-489-1073 or e-mail the author at [bobpres@strategicva.com](mailto:bobpres@strategicva.com) confirming that you would like more information on this analysis. It could be the best decision you make this year.