

The easiest way to save more in less time!

Where Is Your Supply Chain Business on The Analytics Maturity Curve?

Everyone is talking about analytics (“the extensive use of data, statistical and quantitative analysis, explanatory and predictive models, and fact-based management to drive decision and actions”¹), but how well are you doing it -- if you are doing anything at all? To give you a measurement tool to gage how well you are doing on the Supply Chain Analytics Maturity Curve, we have exhibited below a graphic showing the levels of supply chain analytics sophistication, so you can plan for where you want to be on the sophistication scale in 2020.

Healthcare Supply Chain Analytics Maturity Sophistication

1. Ad-Hoc

Non-routine ad-hoc, often unconsolidated transactional reporting.

Disparate data repositories at individual function level of detail.

2. Descriptive

Integrated, more cross functional datasets and reporting capabilities.

No standard measures across the value chain.

3. Diagnostic

Enterprise-wide dataset integration & visibility for basic analytics.

Standard KPIs across the enterprise to drive performance.

4. Predictive

Advanced simulation and modeling capabilities to predict future performance.

Analytics should be the driving force for all your supply chain decisions. No longer can you manage by the seat-of-your-pants, by “gut feel” or making calculations on the back of an envelope. That’s why measuring where you are now related to analytics on this sophistication scale is mission critical to your supply chain operations. More importantly, where should you be on the sophistication scale in calendar year 2020?

Where Should My Healthcare Organization Fall on Sophistication Scale

From our extensive empirical experience in healthcare supply chain expense analytics, we estimate that most healthcare organizations today are in the “Ad-Hoc” and “Descriptive” levels of Supply Chain Analytics Maturity, which gives them only limited visibility into their supply chain value streams. If a healthcare organization truly wants to “wring the towel dry” on their supply expenses, from our viewpoint, they will need to be in the “Diagnostic” level of maturity to do so. As far as we are concerned, the “Predictive” level of Supply Chain Analytic Maturity is still a goal, not a reality. However, SVAH as well as other analytic software solutions providers, are experimenting with predictive models that can predict supply chain expense future performance based on multiple cross functional integrated datasets. Once we figure this model out ourselves with positive outcomes, we will share our research on predictive models with you.

¹ Thomas H. Davenport, *Competing on Analytics*, Harvard Business School Press

**Coming
SOON!**

Healthcare Value Analysis Academy App

Helping You to Achieve the Next Level of Healthcare
Supply Value Analysis and Utilization Management Results!

How to Evaluate Your Supply Utilization Management Strategy For 2020 and Beyond



A truth we learned some time ago is that “A well-presented, approved and implemented (utilization management) strategy builds credibility, respect and advancement in your (healthcare organization²)”. It also eliminates the temptation to take supply utilization management (SUM) savings for granted or consider it a part-time job for your value analysis people, since big wind-fall savings can be the result of a well thought out SUM strategy. Here’s how to evaluate the maturity of your SUM program in 2020 and beyond.

Three Steps to Help You Evaluate Your SUM Strategy for 2020

To determine where your supply chain organization is now related to supply utilization management, we have listed below three steps to help you to understand breadth and depth of your current SUM program.

Steps	Measurement	Best Practice
Step One	Calculate your supply utilization savings percentage for calendar year 2019	5% to 17% savings of your Supply Chain Expense Budget
Step Two	Characterize your utilization analytics sophistication (poor, good, excellent)	Full-time analyst along with utilization analytics software or outsourced analytics function
Step Three	List the person, team or committee responsible today for SUM at your healthcare organization	Supply Utilization value analysis team

Once you have answered these questions, you’ll have a good understanding of the current state of your SUM program. Now, you will need to develop a strategic SUM plan for the future state.

How a One Page Strategic SUM Plan Can Get the Job Done

We in supply chain management often feel like the length of our plan determines the value of the plan. We at SVAH feel just the opposite; the shorter the plan, the better it can be. Therefore, we would recommend, a one page Strategic SUM Plan that list the purpose (to eliminate all utilization misalignment continuously), goals and objectives (reduction of 8% in utilization spend within 18-months), budget (\$3,750 monthly for utilization analytics service) and responsibilities (new utilization value analysis team) for the success of the plan. Can you think of anything easier than this to get your Strategic SUM Plan completed this calendar year?

² Evaluate Your Procurement Strategy, Bill Michels, Supply & Demand Chain Executive Magazine

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Message from the Trenches Stop Looking for The Easy Button, Silver Bullet or Quick Fix



Robert W. Yokl and Robert T. Yokl
SVAH Senior Management Team

We have all seen the Staple's commercial touting the "Easy Button" to get almost anything done quickly. When listening to this commercial here's a truism you need to remember; there is no easy button, silver bullet or quick fix in supply chain expense management. We have always coached our client's value analysis managers and their VA team members that it actually takes more time if they circumvent, shortcut or eliminate one of the phases of our 6-Step Value Analysis Funneling™ Process when conducting their value analysis studies, than to follow the system to the letter. What inevitably happens if a VA team member, whom we have trained in our VA process, veers off course is that they spend needless hours or even days running down information, data, or conducting interviews where none is needed. This reminds us of

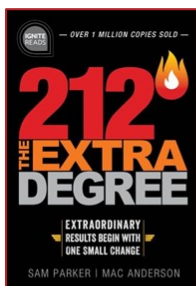
a VA team member that spent days visiting peer hospital's lab departments to discuss how they provide a certain service, when all VA team member needed was to benchmark their peers which would only take an hour, at most, of their time. The lesson here is there is no "Easy Button" in supply chain expense management, only great tools and systems that can make your savings job easier, more efficient and effective.

Time for a Break....



Book Review

Pressing On to Reach Your Goal



212: The Extra Degree by Sam Parker does an excellent job of putting even the most daunting tasks into perspective. In the supply chain business, it's easy to get overwhelmed with day-to-day responsibilities, which is why this book is so powerful.

"One degree. Applying one extra degree of temperature to water means the difference between something that is simply very hot and something that generates enough force to power a machine." This is the

book's first message that sets everything else into motion. **212** emphasizes the basis of perseverance and how one extra step can mean the difference between realizing your dreams or settling. Let's put this into the context of the supply chain business. One extra request for a better price better quote, one additional hour at the office making your budget work can make the difference in getting a promotion.

With this perspective in mind, **212** guides you toward what your next step should be. This book isn't a silver bullet or quick fix, and Parker suggests you stop looking for one. He addresses how many advertising messages promote the quick fix to reach your goals with little effort and even points out how individuals who follow those paths will actually end up working harder while trying to avoid additional effort to achieve their goals.

In just 128 pages, Parker will show you how much an extra hour is worth to you in your business. With continuous effort and patience, you will reach your goals faster and more easily than with any quick fix. If you think you need this extra motivation to meet your goals, don't wait. Order your copy from Amazon or your local bookstore today. (Source: www.NewletterPro.com)





We can help you!

SVAH's Software Solutions That Work!

Open Up a Whole New World of Supply Chain Savings Today

If you don't have a utilization dashboard to pinpoint, with certainty, where your big, robust and super-sized utilization savings reside, you are missing an extremely important power tool in your toolbox. When you consider that a hospital, system or IDN can have 18,000, 48,000 or 100,000 products and services (in 249 categories of purchase), where do you get started probing for these hidden savings? Why not checkout our UtilizerDashboard™ at www.SVAHSolutions.com that can organize, simplify, and visualize your best utilization savings opportunities all at one time.



SVAH Solutions

Powerful Savings & Quality Solutions

SAVINGS NOW NEWSLETTER

The easiest way to save more in less time!

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How Value Analysis Needs to Change
to Save Even More

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An article/survey titled "Pursuit of Value Analysis Best Practice: Are We There Yet" in the latest issue of our Healthcare Value Analysis and Utilization Management Magazine highlighted many of the current best practices of value analysis practitioners throughout the United States which we would encourage you to read. What jumped out to us from this article/survey and our own observations is that value analysis needs to change some of their protocols to save even more than they are saving now. Here's a few ideas on how this can happen:



1. Delegate Value Analysis Work to a Value Analysis Team

From our observations, most value analysis managers do all the work for their value analysis teams, thus, leaving no time for thinking, planning and managing. Instead VA managers need to delegate their VA work to their value analysis teams. If you want to learn how download our guidebook, "How to Build Blockbuster Value Analysis Teams" at www.valueanalysis-mag.com to learn how to delegate much of your work to your value analysis teams.

2. Establish New GPO Contract Value Analysis Team

Most value analysis teams spend 80% of their time evaluating new or renewal GPO contracts. Therefore, to streamline your VA process designate a new team called GPO Contract Value Analysis Team. This way, you can focus on where your robust savings reside – utilization or waste and inefficiency, misuse, misapplication and value mismatches.

3. Stop Being Employed as a Buyer Vs. Value Analysis Manager

One of the big-time killers for value analysis managers is that their supply chain department utilizes them as buyers (i.e., sourcing products, solving product recall issues, and troubleshooting). To alleviate these time-wasting chores, make sure these buying tasks are in your job description. If they are, negotiate to have them removed, since this wasn't the job you were hired for.

Value analysis in healthcare is still a maturing discipline searching for best practices. Hopefully, the article/survey we cited above and the three emerging best practices we mention in this article will help your own value analysis program to grow, mature and produce superior results.