

May 2021 - June 2021



SAVINGS NOW NEWSLETTER

The easiest way to save more in less time!

What Supply Chain Leaders Need to Know About Virtual Value Analysis Meetings

My guess is that your healthcare organization, due to the pandemic, has had more virtual value analysis meetings in the last 12 months than ever before. However, most Value Analysis Team Leaders don't know the strategies, tactics, and techniques for executing masterful virtual value analysis meetings. As a result, most virtual value analysis meetings:

- **Don't start on time because people have difficulty with the technology.**

The best way to resolve this problem is to use the same technology that everyone is using for their meetings. So, if the majority of your organization is using Zoom as the meeting platform but you choose to use Microsoft Teams, then this could cause issues and problems with your team members. Always choose what is used most often at your organization and that is the most reliable. You may give up a few integration issues that you like with Microsoft Teams, or vice versa with Zoom or any other meeting platform. The key is to go with what works best and is most reliable.

- **Don't have a defined VA team meeting protocol to guide your VA meeting tasks, activities, and reports.**

So much time can be wasted if your VA Team Leader is "winging it" vs. following an agreed upon protocol for your VA team meetings. Having a set meeting routine is one secret to having a successful team meeting.

- **Don't keep people engaged due to escalated multi-tasking.**

To avoid non-productive behaviors, we suggest having your VA team develop a written social contract that includes the dos and don'ts for your VA meetings. For example, no multi-tasking, putting all phones on silent, meetings beginning and ending on time, a team member who is absent must submit a written report of their activities, no side bar conversations, etc. This one tactic will generally eliminate unwanted behaviors you don't want to be exhibited at your VA team meetings.

- **Don't address conflict because the VA Team Leader doesn't see the body language that communicates silent disagreement.**

We suggest that your VA Team's Facilitator be vigilant of team conflicts and then address them with your VA Team Leader before they become more serious.

- **Don't deal with dysfunction because the VA Team Leader is distracted with the technology.**

Again, we suggest that your VA Team's Facilitator be observant of any dysfunction attributed to your VA Team's dynamics. This way, your VA Team Leader and Facilitator can act on this dysfunction before it becomes an unwanted distraction.

We here at SVAH are champions of virtual value analysis meetings, since we believe that they can be even more efficient, effective, time-saving, and productive than traditional value analysis meetings. But this will only be possible if VA Team Leaders master this technology that is now available to use anywhere, anytime, and any place to conduct virtual value analysis meetings.

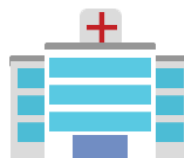
Source: **The Virtual Meetings Book** by Richard Wilinon and Richard Smith

P.S. If you are looking for software to manage all of the tasks, activities, and records of your virtual value analysis meetings, please check out our [Clinitrack™ Value Analysis Software System](#). I promise you it will make your value analysis program even more effective!



**Check Out
Our New
Issue!**

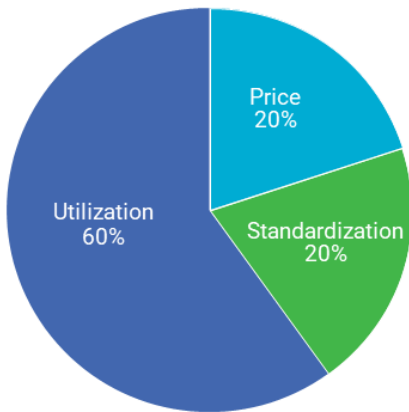
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Striking The Right Balance With Supply Expense Cost Management Initiatives



We are all looking to maximize the savings yields on our supply expense cost management initiatives, but too often we only focus on price as the predominant cost driver for all of our projects. We focus too much on price instead of striking the right supply expense balance, which includes attacking all of our supply expense cost drivers in alignment with their relative worth (e.g., 20% on price, 60% on utilization, and 20% on standardization). With this said, here's how this "Supply Expense Balance Circle" concept works in the real world of supply chain management.

Striking the Right Balance for Even More Savings

Price is an important factor in the "Supply Expense Balance Circle", but once your commodity under investigation has been determined to be under a GPO or local contract, your price job is done. There is

no reason to try to squeeze a few more pennies out of your contracts, since the savings won't be significant enough to cover the internal cost of doing so.

It is much more prudent to concentrate 60% of your time investigating the utilization of the product, service, or technology because this is where your optimum savings reside. This requires establishing a baseline of activity-cost on each commodity under investigation so you can measure it to ensure that its running cost is within acceptable limits. For example, if your pulse oxisensor cost per adjusted patient day is \$2.14 and your historical or baseline cost is \$1.31 cents, or a 63% variance, you absolutely have a utilization misalignment that needs to be investigated. A typical 200-bed hospital with this profile could project utilization savings to be \$101,000 annually. As you can see, this is much more savings than any price savings would yield for you.

Standardization of a product, service, or technology is a noble goal for supply chain professionals in most commodity groups, but over standardization can cost you money. This is because a one-size product, service, or technology doesn't fit all of your customers' requirements. For instance, we have seen hospitals standardize on a \$5,600 general pacemaker, when in practice, a mix of pacemakers with the exact required functions, at an average price of \$4,575, will meet your customers' requirements exactly, thus saving \$1,025 per pacemaker. So, why would you spend more than needed on your pacemaker's functions than your customers require?

Optimizing Your Supply Chain Expense Savings Requires A Balanced Approach

From our observation, supply chain professionals are spending 80% of their time chasing price and standardization savings, while this results in less than 1.9% annual savings for their healthcare organization. This is while very little time is spent investigating their utilization misalignment (wasteful and inefficient consumption, misuse, misapplication, and value mismatches in supply streams) savings where the majority of their supply expense savings reside. A more balanced approach would be for supply chain professionals to spend 40% of their time on improving their price and standardization savings efforts and 60% of their time searching for and eliminating their utilization misalignments. This is what the "Supply Chain Expense Balance Circle" is all about: Concentrating your time on what matters, as opposed to looking for supply expense savings in all the wrong places.



Take The Hassle Out Of Your New Product Requests

Wouldn't you want to be on top of all your new product requests? Know exactly where they are in your value analysis process? Benchmark their cost? Compare lower cost alternatives? And at the same time keep your customers informed of their status? That's what our **CliniTrack™ On-Line New Products Request System** can do for you. No spreadsheet system can compare to these results. If you would like more information on how you can reinvent your new products request process go to www.SVAHSolutions.com.

Message from the Trenches

Looking For Savings In All The Wrong Places

One of our clients, who is known for their highest tier GPO compliance in their peer group, recently told us that his GPO savings has been reduced to just pennies on new or renewal contracts. More importantly, our own research has shown that GPO savings, across the board, is less than 1.9% of overall supply chain budget annually, and if you eliminate rebates these savings are less than one percent. These factoids should give you an "Aha!"



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

That's why we say, you are "Looking for savings in all the wrong places", if you are depending on your GPO savings to keep pace with your price inflation in 2021 and the continual fallout from 2020. Now you know why we are champions of savings beyond price or utilization management as a new savings pillar. This is where your new and better (7% to 15% on supplies or 11% to 18% on purchased services) supply chain expense savings can be achieved. To learn more about it, you might want to download our Free **Healthcare Supply Utilization Revolution** e-book at www.svahsolutions.com.

Time for a Break....



Stop Losing Sleep Searching For Desperately Needed Supply Expense Savings



Every supply chain professional loses sleep over where to find more price, standardization, and utilization savings for their healthcare organization's survival. Yet, what these same individuals do not realize is that there are hundreds of thousands or even millions of dollars being lost annually because of contract non-compliance issues. When are we going to plug the holes on these mission critical supply expense savings?

All Supply Expense Savings Projections Need To Be Verified

The typical hospital, system, or IDN's supply chain management department will project and then report to their senior management their estimated savings for a finalized price, standardization, value analysis, or utilization project based on the commodity's prior purchase history, but rarely, if ever, verify that these same savings are achieved down the road. *Wouldn't you agree that this is fuzzy math?*

SVAH's studies show that less than 64% of the savings that are reported each year to a healthcare organization's senior management actually hits their hospital, system, or IDN's bottom line. This is because of compliance issues due to product upsells, inadequate training, too much product variation, etc. That's why all supply expense savings projections need to be verified quarterly, at the minimum, and then for the life of the contract or initiative.

The Ultimate Compliance Monitoring System

One of SVAH's team members recently spoke to a large IDN that was going through a major standardization program with their contract portfolio. One of this organization's supply chain executives told our team member that he had 20 standardization projects currently in process and 20 standardization projects that had already been implemented that spanned eight hospitals and over 50 different vendors. What concerned this supply chain executive was that they only had a spreadsheet showing them the annual spend on these projects, but there was no way to verify the actual savings easily or readily on their 40 initiatives. Yes, this executive could verify the standardization to specific vendors, but did these projects really save them what they projected? This fact made him nervous because he didn't want to report savings to his senior management that didn't materialize, since it could be a career ender! That's when we talked to this executive about developing with him a system to track, monitor, and then verify his savings on all price, standardization, and utilization projects. This would assure him of accurate savings figures on all of his savings' projects going forward.

Savings Aren't Savings Until They Are Verified

How much longer can we project and report price, standardization, and utilization savings that never happen? How much longer will our bosses accept this fuzzy math? It is our contention that the moment of truth has arrived! That is that supply chain professionals will be held accountable for their savings projections. To avert this dilemma in the future, we would suggest that you buy, rent, or develop an automatic supply expense savings auditor so you, too, can be assured that you are reporting accurate savings projects. Remember, savings aren't savings until they are verified.



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Book Review
Atomic Habits

Book Review **Tiny Changes, Remarkable Results**

There is no shortage of books about how to create good habits, so how did James Clear's **Atomic Habits: An Easy & proven Way to Build Good Habits & Break Bad Ones** come to sell over a million copies? The entrepreneurs who swear by it say Clear's practical advice is what earned his book a spot on their shelves. In **Atomic Habits**, Clear argues that small daily habits, repeated consistently over time, are what transform our lives both professionally and personally. Here are four great take-aways from the book.

You're not lacking motivation. You're lacking clarity. If you think your lack of willpower is holding you back from executing on a habit, think again. Clear says that what's often really lacking is clarity. To address this and clear the fog come up with specific goals about when, where and how you'll implement your habit.

Be an architect of your environment, not the victim. Environment matters more than you think. Change things in your physical environment to make good choices easier and bad choices harder. For example, if you want to foster better relations with your employees, have open office hours daily and encourage them to drop in. Literally keep your door open during that time and don't schedule other tasks.

Optimize for the starting line, not the finish line. Make it as easy as possible to get started on your new habit, then focus on getting your reps in each day. Clear says the quality of the daily practice, whatever form it takes, doesn't matter as much as the repetition.

Reward yourself in the present. We only repeat behaviors we enjoy, yet many things that are good for us in the long run don't feel great in the short run. To circumvent this, track your habits on a calendar as a reward after doing your daily reps(s). Mark each day you do your new habit with an X, build a chain and try not to ever miss two days in a row.

(Executives) tend to think big; that's how you get a new (idea) off the ground. But for long-term growth and success, get clear on the small actions you can repeat each day to strengthen your chops.

(Source: NewsletterPro.com)

