



Ask An Expert

The Mandate for Changing the Role of the Supply Chain Executive

Next in a series on the Impact of Health Care Reform on Supply Chain Management

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As a supply chain executive, you likely realize that your role is changing. I suspect you even know that it needs to change. But is the organization ready for change? Are you personally setting the stage and making the “case for transformation” of the supply chain executive to the C-suite?

Today, the expectations of this position seem to be focused on procurement and inventory management, with the possible exception of some of the more progressive community hospitals or medical centers. In the near future, however, core purchasing will no longer be considered the only responsibility of the supply chain executive. Supply chain executives will oversee data interpretation, operational understanding, strategy development, and much, much more. Just as we have witnessed with the recent transformation in the responsibilities of Chief Financial Officers – whose roles have evolved from financial overseers to performance managers, thought leaders, and corporate transparency and accountability executives -- the case is now being made for the transformation of the supply chain executive to a C-suite function.

With health care reform and the call for greater cost reductions, it is recognized that in order to achieve savings, organization-wide initiatives must move beyond labor and productivity. We need to look deep into all the services and supplies that deal with the delivery of direct patient care and support the infrastructure of the health-system. Do we have the appropriate scorecards to measure the goals of the supply chain division so that the C-suite priorities for the overall organization are achieved? It's no surprise that every day you read about the right product, the right time, ensuring the delivery of quality and ultimately measuring the right outcome. Do you have the right vision to be able to support those critical objectives?

The professional profile of the next-generation supply chain executive will likely include a master's degree with a concentration in business, and potentially it will be an individual without a health care industry background. Finding someone who has the ability to establish relationships that radiate across the health-system/organization will be just one of many challenges, further strengthening the rationale for transformation. Without question, the notion of removing costs from the supply chain requires commitment and support from the medical and clinical staff. If, however, we think of the complete scope of supply chain, it includes so many others.

The need for targeted, relevant, comparative data to challenge current business practices is just a starting point. In a recent survey of CFOs, one quote stood out to me. “One of finance's most important jobs is simply to give the operational managers insight into how their actions translate to dollars,” the report said. Shouldn't the health-system supply chain leader be thinking exactly that way? Shouldn't we be challenging ourselves to gather the information so that we can compare best practices, outcomes, and reimbursement models – all elements of the strategic focus for the supply chain executive – and ensure that we have the ability to translate our actions directly to the bottom line?

Supply chain executives must have a better understanding of how the overall business of the health-system operates. Maintaining and controlling costs will clearly remain paramount to their responsibilities, but supporting the reduction of capital expenditures, improving operational programs, and general process improvements should all be part of the supply chain executive's global strategic discussion. Proactive decision making with reliable data, lowering costs without ever compromising quality, fully leveraging technology, improving transparency – these are all imperatives in making the case for the transformation of the supply chain executive.

There are few things more daunting than change, and few things more thrilling. I've said this before, and I can't say it enough: The relationship between C-suite, supply chain leaders and health-system staff has never been more important.

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