



# Establishing Your Strategic Vision

Supply Chain Management  
Supply Chain Management  
M

**Bruce Mairose, BBA, MHA**

Vice Chair of Supply Chain Management Operations

Singapore Healthcare Supply Chain Management Congress

August 18 – 20, 2015



# Mayo Clinic Mission

*To inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education, and research.*



# About Mayo Clinic

- Charitable, not-for-profit; academic medical center
- Provides essential healthcare to over 1 million patients annually from 135 countries
- \$9.4B in net revenue
- 3,700 physicians and scientists
- 3,900 residents / fellows / students
- 57,000 employees
- 3,450 beds – 25 hospitals



# About Mayo Clinic

- *Fortune* Magazine
  - “100 Best Companies to Work For”
    - 10 consecutive years

- *US News and Report*

Ranked “Best Overall Hospitals”

- Ranked 1st

Orthopedic, Neurology & Neurosurgery, Diabetes Disorders, Digestive Disorders, Cardiac Surgery, Heart & Respiratory Disorders





# Mayo Clinic Supply Chain Management

- Gartner Research
  - “Top 25 Supply Chain” in healthcare and life sciences
    - 2013 – 2nd (*Top 25 past five years*)
- Supplies & Purchased Services - \$2.4+ billion
  - Supplies - \$1.6B / Purchased Services - \$800M
  - Capital - \$628M
- 2014 Operating Expense Plan
  - 602 FTEs ≈ \$52M ≈ Fully loaded
- *Upper Midwest Consolidated Services Center*
  - Aggregation group consisting of 42 systems; 143 hospitals with \$5+ billion in spend

# Mayo Clinic and Networks



# How to Make it Happen

- What do you **WANT TO BE** when you grow up
  - What does the organization need
- What **CATALYSTS** will get you there
  - People / Process / Technology
- What can you **COUNT** or measure
  - Where is your data
  - What do you have for history
  - Benchmark yourself first
  - Benchmark industry second
- Create a **PICTURE**
- Create a **STORY**
- **TELL** your story
- Focus on **WHAT IS IMPORTANT** to the organization

# Pathway to Best Practice

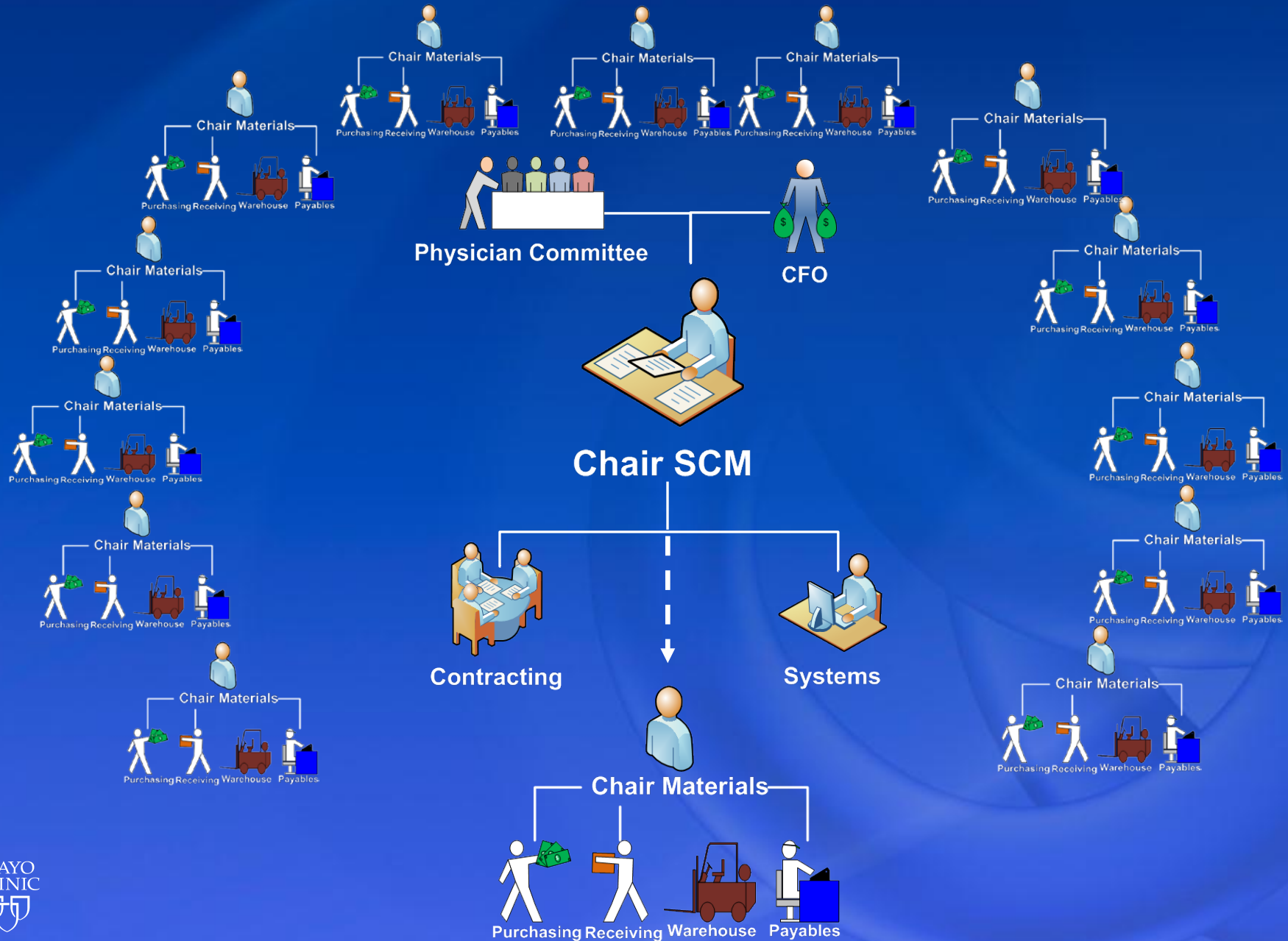
(circa 2008)



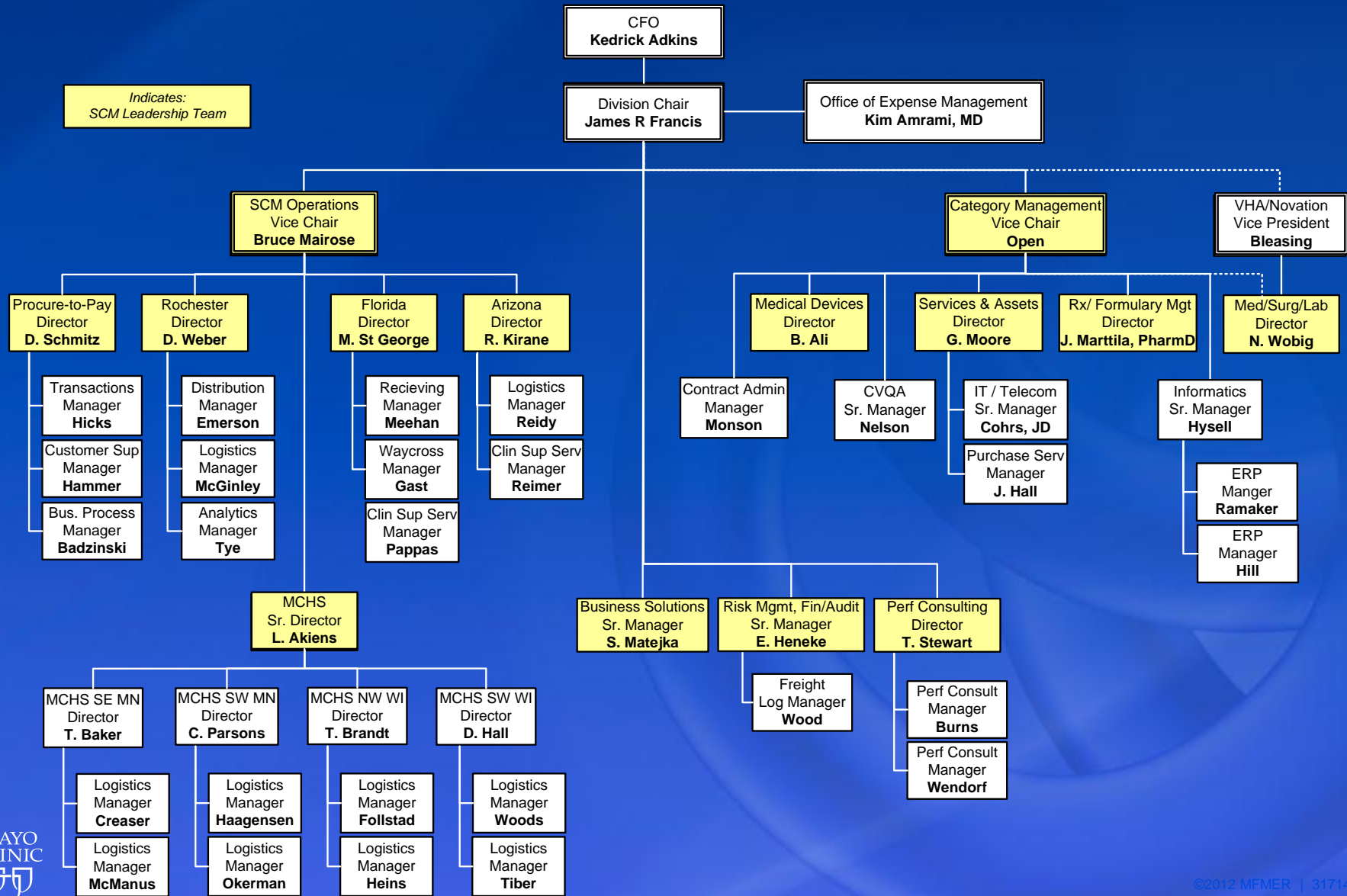


# Supply Chain Organization

(Circa 2008)



# Supply Chain Organization





**James Francis**  
**Chair SCM**  
 Reporting Structure & Spans of Control  
 Staff Total – 704 / Directs 6

**Joe Dudas**  
**Vice Chair SCM Category Mgt**  
 Staff Total – 91/ Directs 9

**Becky Blaesing**  
**Vice President VHA**  
 Staff Total – 12/ Directs 12

**Bruce Mairose**  
**Vice Chair SCM Operations**  
 Staff Total – 583 / Directs 5

**Erich Heneke**  
**Senior Manager Audit and Controls**  
 Staff Total – 4 / Directs 4

**Tom Stewart**  
**Director Performance Consulting**  
 Staff Total – 14 / Directs 8

**Stephanie Matejka**  
**Senior Mgr. New Bus Development**  
 Staff Total – 6 / Directs 3

Gary Moore  
 Manager Capital Contracting  
 Staff Total – 4 / Directs 4

Barket Ali  
 Manager PPI Contracting  
 Staff Total – 5 / Directs 5

Barry Cohrs  
 Manager IT/Telecom Contracting  
 Staff Total – 4/ Directs 4

Tammy Monson  
 Manager Contract Administration  
 Staff Total – 17 / Directs 10

Jim Hall  
 Mgr Purchase Serv Contracting  
 Staff Total – 5 / Directs 5

Terri Nelson  
 Manager CQVA  
 Staff Total – 5 / Directs 5

**James Marttila**  
**Dir Pharm Contract/ Form Mgmt**  
 Staff Total –7 / Directs 7

**Dan Schmitz**  
**Director Procure to Pay**  
 Staff Total-122/Directs15

**Linda Akiens-Castiglioni**  
**Sr. Director Operations MCHS**  
 Staff Total-207/Directs 10

**Dean Weber**  
**Director Operations MCR**  
 Staff Total-138/ Directs 5

**Ryan Kirane**  
**Director Operations MCA**  
 Staff Total-35/ Directs 6

**Mark St George**  
**Director Operations MCF**  
 Staff Total-72 / Directs 6

Matt Wood  
 Mgr Freight Program  
 Staff Total – 3 / Directs 3

**Kay Hysell**  
**Senior Manager AAS**  
 Staff Total– 29/ Directs 3

Lisa Heins  
 Supervisor Data Integrity  
 Staff Total-7/ Directs 7

**Nancy Wobig**  
**Manager Med/Surg Contracts**  
 Staff Total– 10/ Directs 10

Robert Badzinski  
 Operations Manager P2P  
 Staff Total– 21/ Directs 8

Tim Hicks  
 Operations Manager P2P  
 Staff Total – 78 / Directs 6

Jennifer Matey  
 Operations Manager P2P  
 Staff Total– 23/ Directs 2

*MCHS on Pg 2 - 207 FTE*

Ryan Tye  
 Manager Logistics Systems  
 Staff Total– 6 / Directs 6

Angela McKinley  
 Manager Logistics Dist.  
 Staff Total–62 / Directs 5

Julie Emerson  
 Manager Logistics MIC  
 Staff Total-67/ Directs 5

David Reidy  
 Manager Logistics  
 Staff Total 21/ Directs 4

**Daryl Elder RN**  
**Supervisor Clinical Sup Svcs**  
 Staff Total 2/ Directs 2

**Donada Reimer RN**  
**Manager Clinical Sup Svcs**  
 Staff Total 7/ Directs 7

David Burns  
 Mgr Performance Consulting  
 Staff Total – 3 / Directs 3

Elizabeth Wendorff  
 Mgr Performance Consulting.  
 Staff Total – 3 / Directs 3

Stacy Fitzgerald  
 Senior Systems Analyst ERP  
 Staff Total– 9/ Directs 9

Kindra Ramaker  
 Senior Systems Analyst ERP  
 Staff Total- 10/ Directs 10

Lacy Van Hill  
 Senior Systems Analyst AAS  
 Staff Total– 7/ Directs 7

Open  
 P2P Sup. Business Solutions  
 Staff Total –13/ Directs 13

Lindsey Sheeran  
 P2P Sup. Tech and Process  
 Staff Total –8/ Directs 8

Kristie Huber  
 P2P Sup. Records Management  
 Staff Total 12/ Directs 12

Karla Ernster  
 P2P Sup. Procure Transactions  
 Staff Total –22/ Directs 22

Jennifer Grovdahl  
 P2P Sup Disbursements Transact  
 Staff Total –13/ Directs 13

Tammy Williams  
 P2P Sup. A/B Procurement  
 Staff Total –19/ Directs 19

Joe Liesse  
 P2P Sup. Quality & Process  
 Staff Total –12 Directs 12

Scott Hammer  
 P2P Sup. Payment Services  
 Staff Total –9/ Directs 9

Nicole Henderson  
 P2P Sup. Custom Support  
 Staff Total –14 Directs 14

Kyle Bucey  
 Supervisor Logistics  
 Staff Total 17/ Directs 17

**Dan Gast**  
**Supervisor Mail Room**  
 Staff Total– 11/ Directs 7

**Edith Young**  
**Sup. Clinical Sup Services**  
 Staff Total– 4/ Directs 4

Les Teston  
 Operations Manager Waycross  
 Staff Total– 12/ Directs 12

Ted Pappas  
 Operations Manager Logistics  
 Staff Total– 20/ Directs 17

Paul Meehan  
 Operations Manager Logistics  
 Staff Total-19 / Directs 10

**Key:**

P2P	AAS and SCI
Perf. Consulting	Category Mgt
Bus. Develop	Dist. & Logistics
Leadership Team	NOT in SS Budget

Jeff Ronning  
 Par/Dist Supervisor Logistics  
 Staff Total –5/ Directs 44

Diane Priebe  
 Nights Supervisor Logistics  
 Staff Total-14/ Directs 14

Roger Buescher  
 Days Supervisor Logistics  
 Staff Total-12/ Directs 12

Ken Hamand  
 Days Supervisor Logistics  
 Staff Total-12/ Directs 12

Ben Levno  
 Evening Supervisor Logistics  
 Staff Total –15/ Directs 15

Troy Thul  
 2<sup>nd</sup> Shift MIC Sup Logistics  
 Staff Total –15/ Directs 15

Bryan Suess  
 1<sup>st</sup> Shift Outbound Supr Logistics  
 Staff Total –10/ Directs 10

Fabio Morello  
 3<sup>RD</sup> Shift MIC Supervisor Logistics  
 Staff Total –18/ Directs 18

Fabio Morello  
 1<sup>st</sup> Shift MIC Supervisor Logistics  
 Staff Total –10/ Directs 10

**Joseph Carr**  
**Supervisor Clinical Sup Service**  
 Staff Total- 3/ Directs 3

Kary Metcalf  
 Supervisor Logistics  
 Staff Total –10 / Directs 10

# Strategic Planning



**MAYO CLINIC**  
Supply Chain Management  
Shared Services

Strategic Plan Framework

2014-2019

**Primary Value:** *The patient come first.*

Note:  
A "Framework" and not a Plan

**Mission:** *To inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research.*

*To continuously deliver supply chain excellence and innovation.*

*To provide information, services, and solutions that result in high-value healthcare and improved performance.*

## Goals

- 1. Execute to achieve superior performance.*
- 2. Sustain improvements through people, process, and technology solutions.*
- 3. Contribute to the transformation of healthcare.*

## Strategic Requirements

1. *Attract, develop, and retain the best talent.*

2. *Excel at supply chain performance and deliver results.*

3. *Provide superior business intelligence that enhances knowledge*

4. *Serve as a trusted collaborator to the Practice.*

5. *Innovate through discovery and development.*

6. *Enable through technology and systems.*

# Annual Operating Plan



**MAYO CLINIC**  
Supply Chain Management  
Shared Services

## 2015 Operating Plan

EXECUTE

SUSTAIN

TRANSFORM

### People

Create the Healthcare Workforce of the Future that Sustains Mayo's Values

- Establish a culture of teamwork, innovation and diversity designed to transform and improve performance
- Invest in staff development through job placement, mentorship, skill enhancement, leadership training, and succession planning
- Continue workforce management opportunities associated with supply chain shared services integration achieving a 7.5% improvement by FYE 2016.
- Provide timely feedback (30 days) on performance and

"Identify 10 best practices"

### Processes

Transform Mayo Clinic's Knowledge Management and Healthcare Delivery Process

- Through process, service level optimization, and technology solutions achieve Fusion integration and improvements (WMS, AP, Par Excellence, SIMS).
- Identify and document at least 10 practices that demonstrate best supply standardization and utilization management.
- Improve life-cycle costs of the installed asset base through improved management of equipment, service, and maintenance.
- Continue optimization of supply chain shared services by achieving full MCHS integration by FYE 2015; develop MCCN/APN consulting opportunities, and growing UMCS membership.
- Innovate and commercialize products and services that improve the supply chain.

"establish culture of innovation and diversity to TRANSFORM"

### Outcomes

Deliver Highest Value Care, Best

"indispensable PARTNER"

- Deliver highest value care, best patient experience, and high quality patient care as the destination for all supply chain delivery and security
- Implement controls to manage and sustain value of supplies, purchased services, and capital equipment expenditures.
- Increase spend management under contract and achieve best value.

Achieve Mission-Advancing Financial Performance

- Achieve SCM division net operating expense target of \$51.55M.
- Identify for implementation incremental SCM revenue growth of > \$2.0M by FY 2016.

"innovate and commercialize"



# Annual Operating Plan



## 2015 Operating Plan



### People

Create the Healthcare Workforce of the Future that Sustains Mayo's Values

- Establish a culture of teamwork, innovation and diversity designed to transform and improve performance
- Invest in staff development through job placement, mentorship, skill enhancement, leadership training, and succession planning
- Continue workforce management opportunities associated with supply chain shared services integration achieving a 7.5% improvement by FYE 2016.
- Provide timely feedback (30 days) on performance and recognition to improve staff satisfaction and retention.

*in order to*

### Processes

Transform Mayo Clinic's Knowledge Management and H

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- Facilit as a t servic
- Throu and t integ Excel
- Ident that d and u
- Improve base l capita
- Conti servic by managing management by FYE 2015; develop MCCN/APN consulting opportunities, and growing UMCSC membership.
- Innovate and commercialize products and services that improve the supply chain.

*in order to*

### Outcomes

Deliver Highest Value Care - Be

## Achieve Mission-Advancing Financial Performance

- Achieve SCM division net operating expense target of \$51.55M.
- Achieve >\$100M in documented value (annually).
- Sustain value proposition of the UMCSC by delivering agreements with an overall value of at least 10%.
- Identify for implementation incremental SCM revenue growth of > \$2.0M by FY 2016.

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equipment and quality patient  
 continuation supply chain  
 and sustain services, and  
 der contract  
 ing  
 ating  
 l value

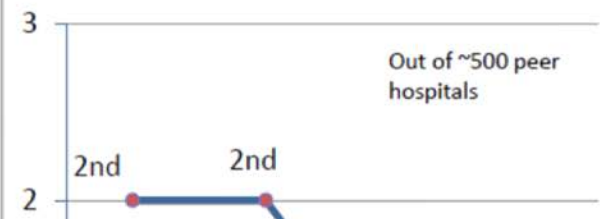
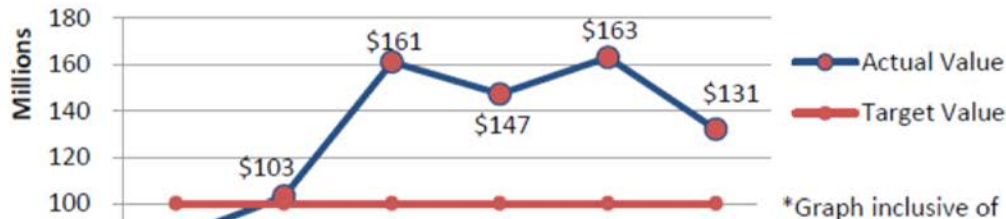
2015 - May

# Supply Chain Management

**Deliver Highest-Value Care to Be Most Trusted and Affordable**

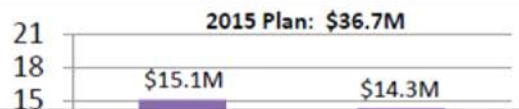
## MAYO VALUE REPORT \*

## PRICE LEADERSHIP (MAYO'S RANK)

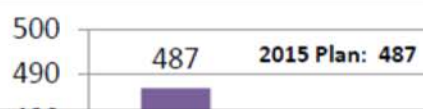


**Achieve Mission-Advancing Financial Performance**

## YTD ACTUAL VS BUDGET EXPENSE



## YTD ACTUAL VS BUDGET FTE



## INTEGRATION STAFF MANAGEMENT



**Achieve Operational Excellence**

## SCM NOE AS A % OF MAYO TOE

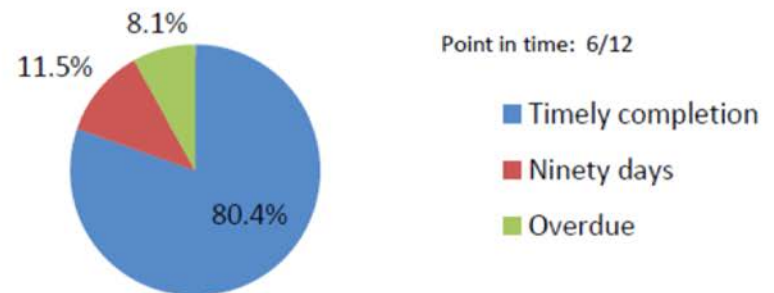
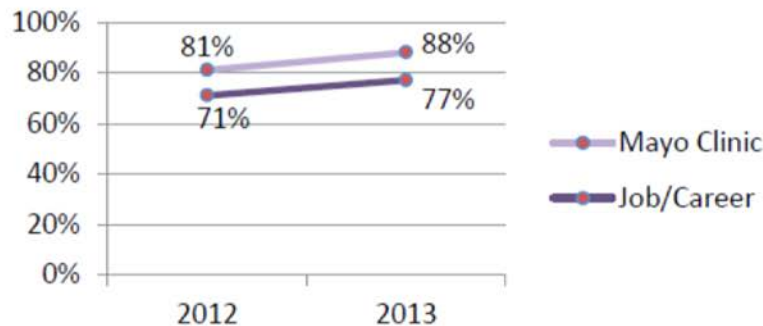
## SUPPLIES AS A % OF NMSR









**Invest in Talent and Technology**

## SCM STAFF SATISFACTION



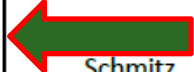





## PERFORMANCE APPRAISAL COMPLETION





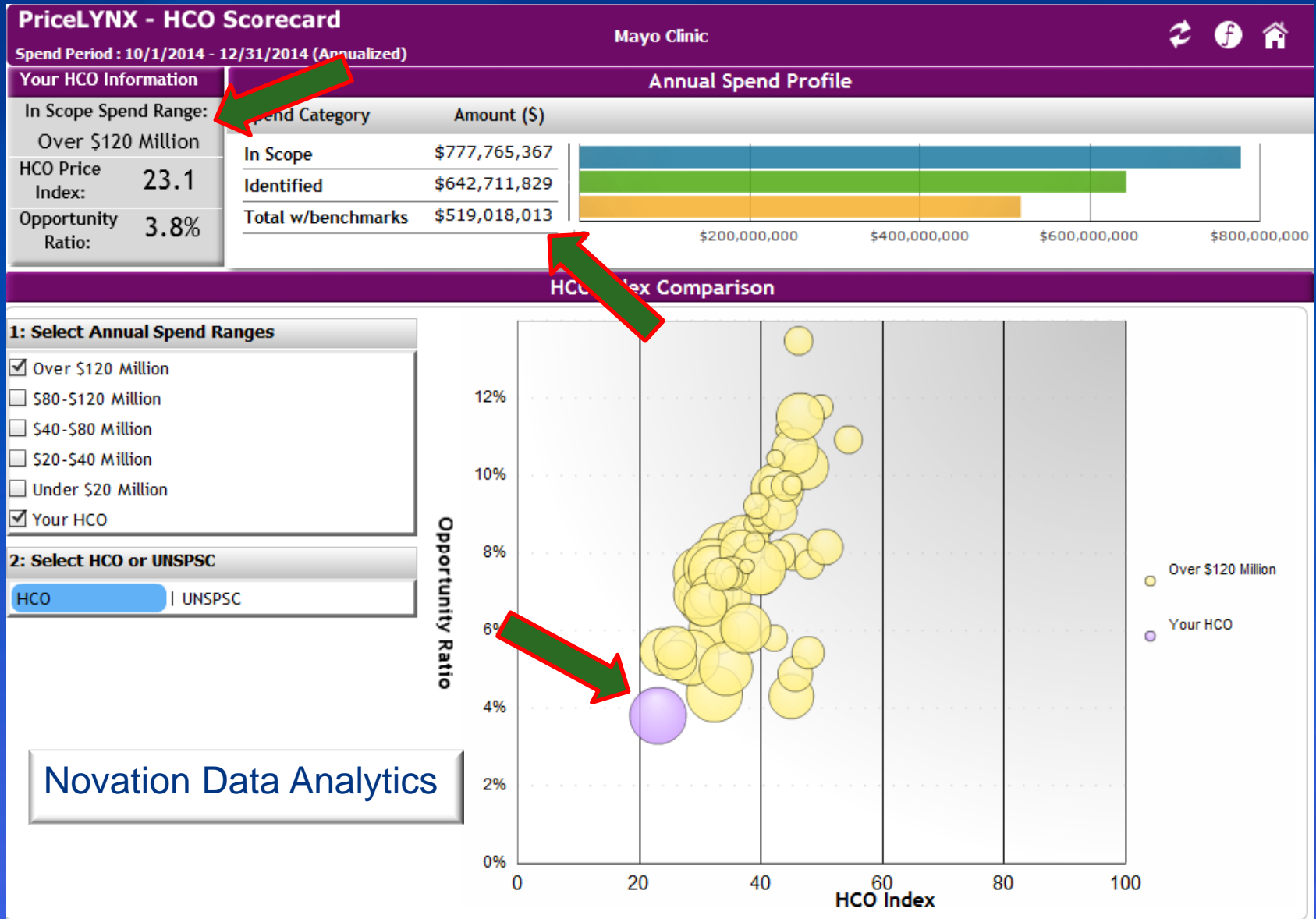
Priority	Accountability	Initiatives	Measures
<b>Shared Services Integration &amp; Fusion</b>   Achieve Operational Excellence	Mairose / Akiens Schmitz / St. George / Heneke  	<ol style="list-style-type: none"> <li>1. Meet go-live dates for Infor implementation and MCHS Integration FY 2016.</li> <li>2. Accelerate adoption of internal controls, policies and processes by closing gaps identified through assessment.</li> </ol>	<ol style="list-style-type: none"> <li>1A. SEMN – July 2015</li> <li>1B. SWWI &amp; Waycross – October 2015</li> <li>1C. 7.5% improvement in staffing mix by FYE 2016 on fully loaded employee base of 650 FTE for entire Fusion project.</li> <li>2. Achieve full integration of supply chain policies, process and technology implementation plans by FYE 2015.</li> </ol>
<b>Supply Chain Excellence</b>   Achieve Operational Excellence  Invest in Talent and Technology			
<b>Support Clinical Practice</b>   Transform the Practice  Deliver Highest-Value Care to Be Most Trusted and Affordable	Dudas / St. George Akiens / Kirane/Stewart	<ol style="list-style-type: none"> <li>1. Utilize category management strategies and cross functional teams to maximize value, minimize conversion cost and reduce supply variability.</li> </ol>	<ol style="list-style-type: none"> <li>1A. Achieve &gt; \$100M in documented value (annually)</li> <li>1B. Cost of conversion baselined and improved.</li> <li>1C. Reduce SKUs/Suppliers on functionally equivalent products for commodities and clinical preference items.</li> </ol>
	Mairose  Kirane	<ol style="list-style-type: none"> <li>2. Advance SIMS as enterprise auto-replenishment for procedural areas.</li> <li>3. Provide SCM support to large campus initiatives (PCAP, PBT, EMR, etc. )</li> </ol>	<ol style="list-style-type: none"> <li>2. CPC endorsement by Q2 2015</li> <li>3. Contribute to projects being on budget, on time and support needs are proactively resourced.</li> </ol>



Priority	Accountability	Initiatives	Measures
<b>Information and Knowledge Management</b>	Stewart/Dudas	<ol style="list-style-type: none"> <li>Complete the implementation of the Supply Chain Analytics project and focus on identification of supply standardization opportunities</li> <li>Assess need for Analytics to support SCM operational activities (Support and Data Gaps)</li> </ol>	<ol style="list-style-type: none"> <li>Remaining gaps need to be prioritized and finalized by Q2 2015.</li> <li>Identify 10 opportunities for best demonstrated supply standardization and/or utilization management.</li> </ol> <p>2. Q2 2015 Assessment Complete</p>
 Expand Our Reach  Achieve Mission-Advancing Financial Performance	Mairose/Weber  Schmitz		
<b>Talent Management</b>	Francis	<ol style="list-style-type: none"> <li>Develop and maintain a comprehensive Supply Chain Management Talent Management Program.</li> <li>Create visibility to the entire talent pool</li> </ol>	<ol style="list-style-type: none"> <li>Single integrated scope and plan to leverage common tools from OLOD . Q4 – 2015</li> <li>Identify and consolidate talent pools from each area – Q1 2015</li> <li>Identify SCM key positions with succession planning and talent pool crosswalk – Q3 2015</li> </ol>
 Invest in Talent and Technology  Achieve Mission-Advancing Financial Performance			
<b>2015-2016 Budget and Future Business Model</b>	Francis / Heneke	<ol style="list-style-type: none"> <li>Achieve 2015-2016 operating expense targets.</li> <li>Develop new business model for SCM that enables agility and facilitates future strategic needs.</li> <li>Systematically grow sources of revenue. (i. e. UMCSC, P-card, discounts, MCCN/APN relationships, etc)</li> <li>Identify external benchmarks for top-decile operational performance.</li> </ol>	<ol style="list-style-type: none"> <li>Operating expense targets:               <ul style="list-style-type: none"> <li>2015 - \$51.55M</li> <li>2016 - \$48.95M</li> </ul> </li> <li>Endorsed long-term plan that sustains the operation and ensures a best in class SCM.</li> <li>Achieve revenue growth &gt;\$2M by 2016.</li> <li>Minimum of 2 benchmark activities per year</li> </ol>
 Expand Our Reach  Achieve Mission-Advancing Financial Performance  Deliver Highest-Value Care to Be Most Trusted and Affordable	Francis		
	Matejka/ Schmitz		
	Matejka/ Mairose		
	Stewart/ Mairose		



# External Metric – Category Management





# External Metric – Category Management

HCO	Through	All	Cardio	Spine	Joints	Trauma	Other	All
Mayo	12/31/2014	23.3	15.8	18.9	16.7	31.5	25.7	
HCO 45	10/31/2014	24.2	19.7	22.3	25.7	35.1	26.0	
HCO 100	6/30/2014	25.3	29.1	16.9	27.6	15.3	24.6	
HCO 90	9/30/2014	28.6	26.8	19.6	15.8	20.2	31.2	
HCO 19	11/30/2014	29.7	28.4	28.0	34.9	27.2	30.2	
HCO 118	11/30/2014	30.1	23.2	34.3	50.0	31.6	28.4	
HCO 128	11/30/2014	30.9	22.8	30.0	37.1	33.9	33.5	
HCO 147	9/30/2014	31.2	20.2	42.7	39.0	30.3	35.5	
HCO 1	10/31/2014	31.5	36.7	35.4	60.2	40.2	28.3	
HCO 125	10/31/2014	31.9	20.9	38.4	56.3	39.4	32.5	
HCO 166	12/31/2014	32.1	25.5	40.2	40.9	30.4	31.8	
HCO 244	10/31/2014	33.5	34.8	35.2	44.2	36.3	31.4	
HCO 68	12/31/2014	34.1	30.6	50.1	37.5	54.2	31.2	
HCO 27	10/31/2014	36.0	30.3	31.0	44.4	28.3	37.2	
HCO 13	9/30/2014	37.6	44.5	50.0	38.8	33.3	35.2	
HCO 22	9/30/2014	38.1	50.1	37.4	41.2	47.5	35.7	
HCO 167	5/31/2014	38.5	68.0	41.6	77.7	51.0	35.9	
HCO 3	7/31/2014	43.0	47.9	43.2	40.5	59.0		
HCO 136	10/31/2014	43.7	41.7	61.3	64.3	44.0		
HCO 156	10/31/2014	47.3	35.9	54.4	66.5	65.4	46.3	
HCO 113	9/30/2014	47.5	37.5	68.3	50.0	51.6	47.6	

Novation Data Analytics

# Segmentation – Supplier Benchmarks

**MAYO CLINIC** Partnership Relationship Management (PRM) Toolkit  
**Segmentation Evaluation Tool**

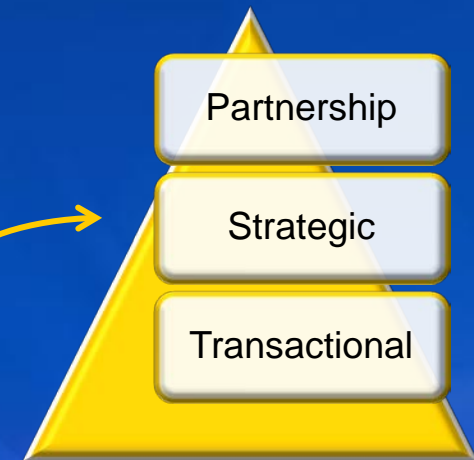
Stage 0 Governance & Segmentation
Stage 1 SRM Project Kick Off
Stage 2 Fact Find
Stage 3 SRM Strategy Creation & Implementation
Stage 4 Review & Management

Supplier: \_\_\_\_\_ Date: \_\_\_\_\_ Completed by: \_\_\_\_\_

Mark an 'X' in the colored bars for each area according to the degree of risk, of loyalty, etc. When complete, fill the 'X' with lines to give a visual summary.

Area	1 (Least important)	2	3	4 (Very high)	Comments
Corporate Agreement	No corporate agreement, no plans to develop one	Plans or scope to develop a corporate agreement	Master agreement in place, long-termly developing	Full long-term master agreement in place with agreed volumes	
Penetration with Innovation	None	Relationship as needed	Penetration and managed relationship with innovation	Full penetration and strategic, collaborative relationship with innovation	
Spend	Low spend or the lowest spend relative to category	Low - Moderate spend relative to category	Moderate spend relative to this category	Very high spend relative to overall category spend with this supplier.	
Risk/Reward	No need on our part for risk/reward mechanisms	Scope for risk/reward but not agreed or formalized	Moderate risk/reward arrangements in place	Full contracted risk/reward mechanism, full sharing of risk and benefits.	
Business dependency	Supplier not critical, we have no dependency	Alternatives exist, ability to switch with effort	Difficult but not impossible to switch suppliers	Business critical, we cannot operate without this supplier.	
Product and service	No dependency on the product or service	Switching product or service possible with effort	Difficult but not impossible to switch product or service.	Product or service is critical, no alternatives and we cannot operate without it.	
Future opportunities	None identified	Some potential	Significant opportunity for this supplier to help us achieve our goals	Supplier is critical to our future, mutually dependent shared objectives	

MAYO CLINIC Governance & Segmentation Toolkit v1.0  
 Mayo Clinic, Phoenix, Arizona 85004  
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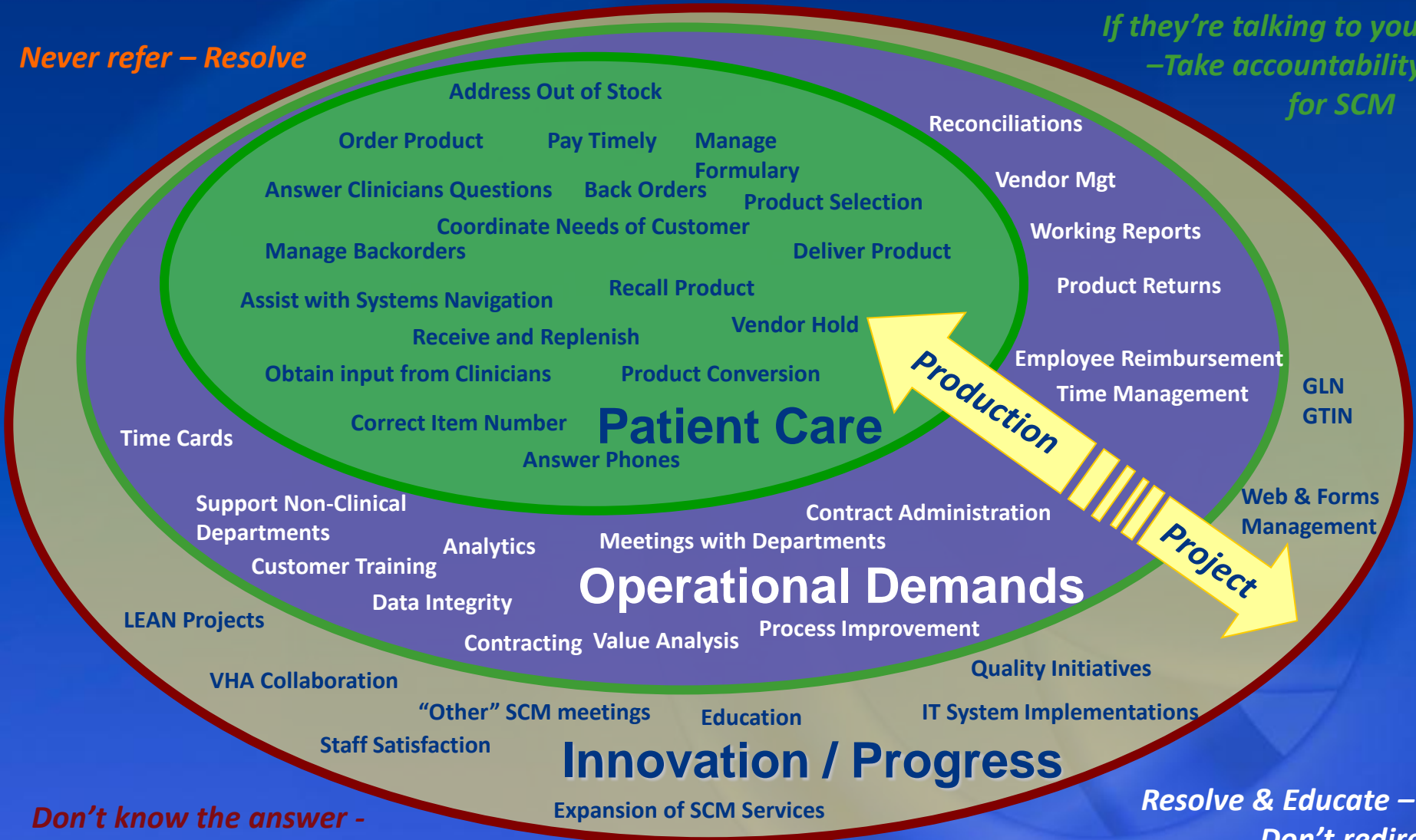


*Segmentation ensures we are allocating our time to those relationships that provide the most value.*

# Segmentation – Focus Your Efforts

*Never refer – Resolve*

*If they're talking to you  
–Take accountability  
for SCM*



*Don't know the answer -  
Don't "cc" All - Get back to the customer*

*Resolve & Educate –  
Don't redirect*

**Strategic**

**Solutions**

**Constant**

**Change**

**Sustainable**

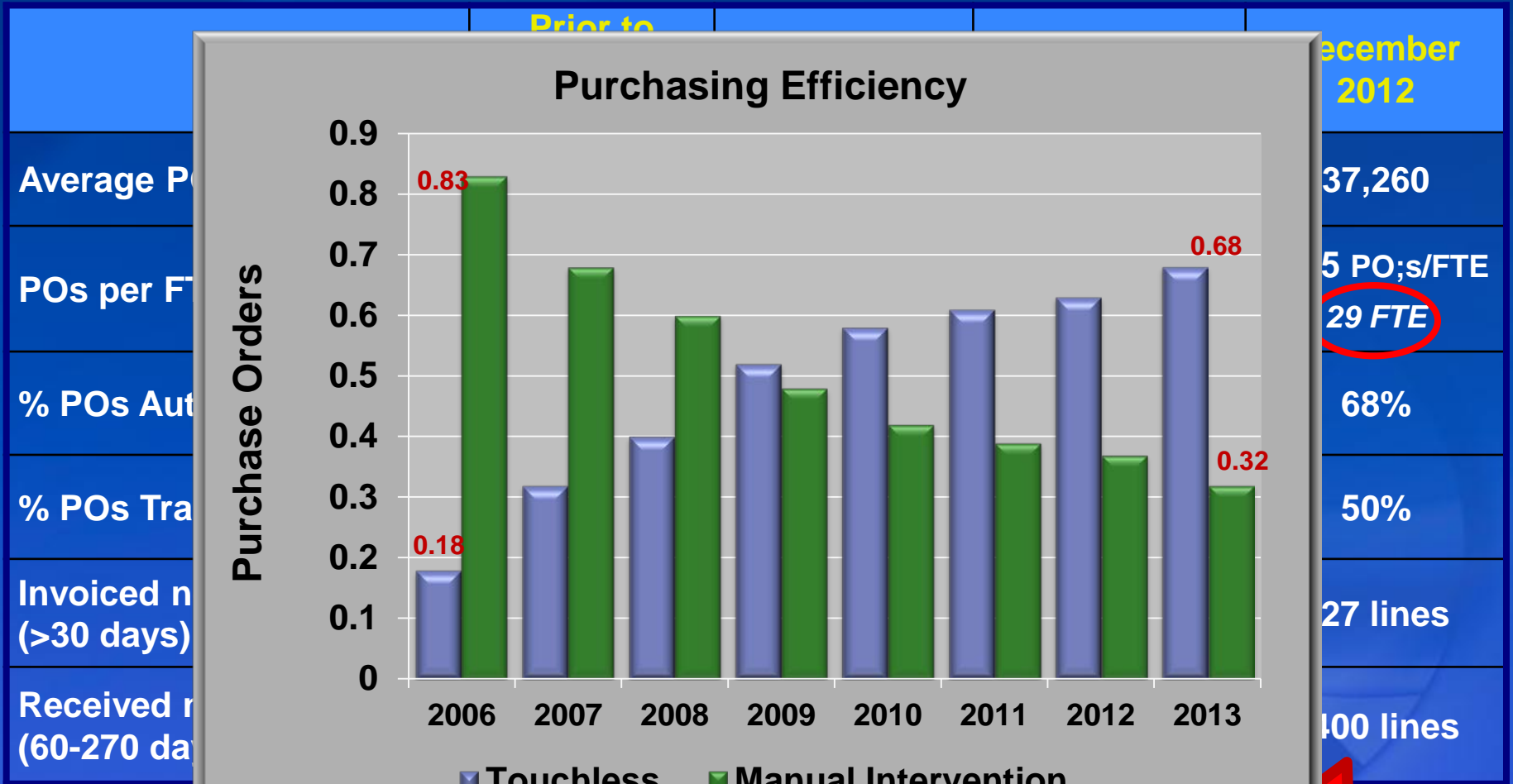
**Scalable**

OW ATRIUM



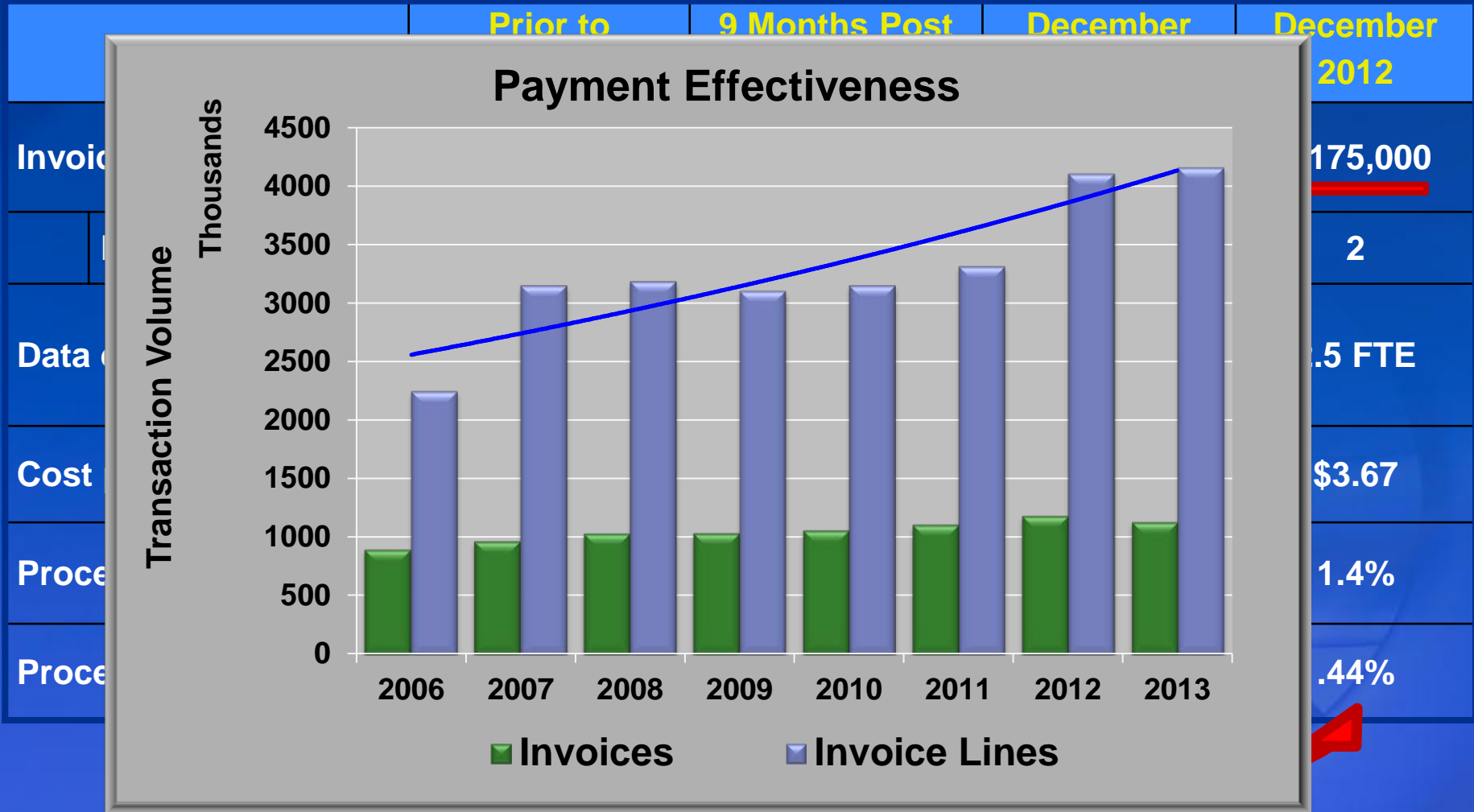


# Procurement – Efficiency / Effectiveness





# Disbursement – Efficiency / Effectiveness



# Internal – Supply Expense



## Mayo Clinic Supplies & Services Review

YTD January 2015

ratios include institutional fee increases \*\*

### Supplies & Services Summary

	AZ	FL	WAYCROSS	ROCHESTER <sup>^</sup>	MCHS	PT CARE
<b>Supply Expense as % of GMSR</b>	10.2%	9.7%	6.8%	10.1%	7.7%	9.3%
<i>Δ from Prior Year</i>	0.2	0.6	(0.8)	0.3	(0.2)	0.2
<b>Supply Expense (excluding Drugs) as % of GMSR</b>	5.4%	5.2%	3.6%	7.1%		6.3%
<i>Δ from Prior Year</i>	(0.1)	0.2	(0.5)	0.0		0.0
<b>Supply Expense as % of NMSR</b>	20.2%	22.5%	23.9%	17.3%	15.7%	17.9%
<i>Δ from Prior Year</i>	1.2	2.3	(0.1)	0.9	(0.2)	0.8
<b>Supply Expense (excluding Drugs) as % of NMSR</b>	10.8%	12.1%	12.6%	12.1%		11.9%
<i>Δ from Prior Year</i>	0.3	1.0	(0.3)	0.4		0.5
<b>Supply Expense as % of Total Operating Expense</b>	21.1%	22.8%	19.2%	16.6%	16.0%	17.7%
<i>Δ from Prior Year</i>	0.9	1.3	(1.8)	0.5	0.3	0.5

### Supply Expense per Case Mix Adjusted Discharge for the quarter-ended 09/30/2014

In order to account for outpatient activity, inpatient discharges are adjusted using gross revenue. Due to the difference in revenue recognition (inpatient vs. outpatient) across the Enterprise, the dollar metric is not comparable between sites.

<b>Supply Expense per Case Mix Adjusted Discharge</b>	\$2,086	\$2,184		\$1,295		\$1,551
<i>% Δ from Prior Year</i>	(4.0%)	(3.5%)		11.8%		6.5%
<b>Supply Expense (excluding Drugs) per Case Mix Adjusted Discharge</b>	\$1,239	\$1,238		\$864		\$983
<i>% Δ from Prior Year</i>	(6.0%)	(11.7%)		7.2%		1.7%

Total Supply Expense per Case Mix Adjusted Discharge as defined per LISN and has a lag in reporting time.



# Internal – Project Value Benchmark

Chart 4: Supply Expense by Procedure and Provider

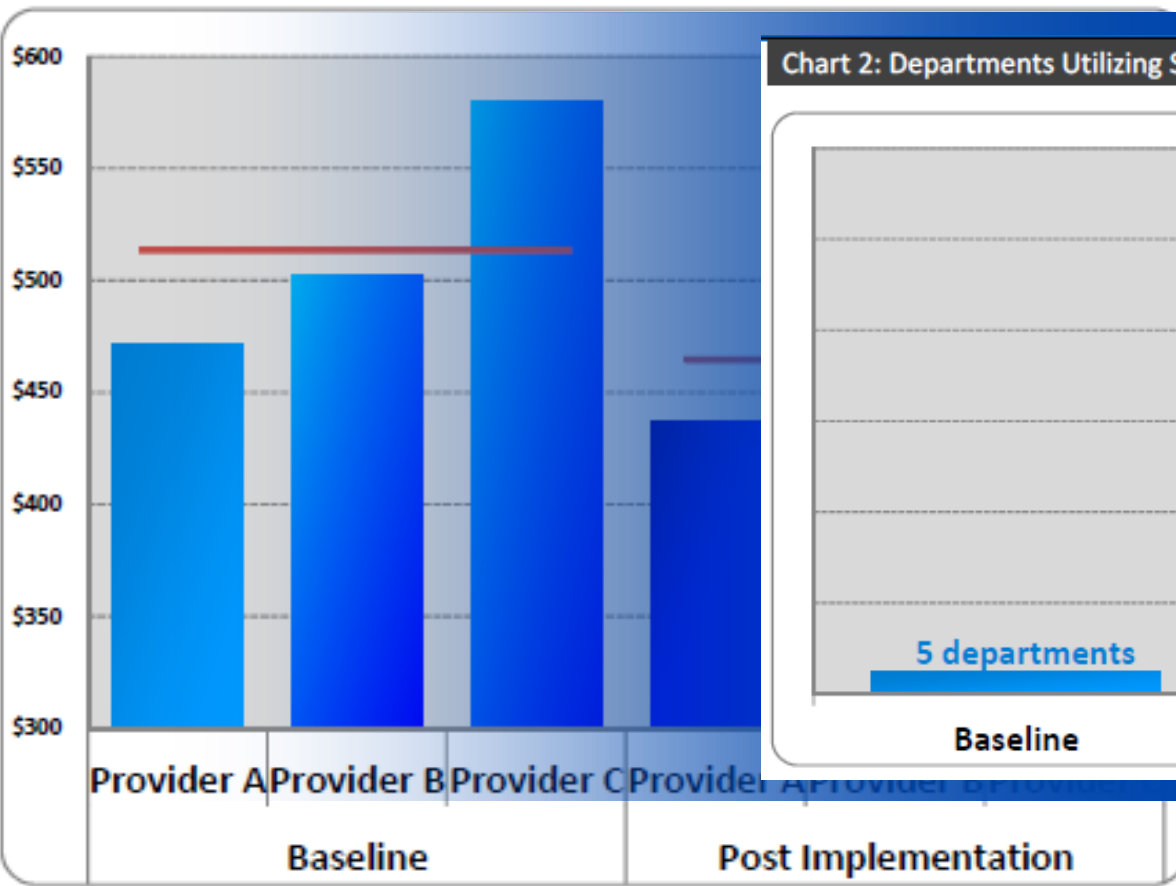
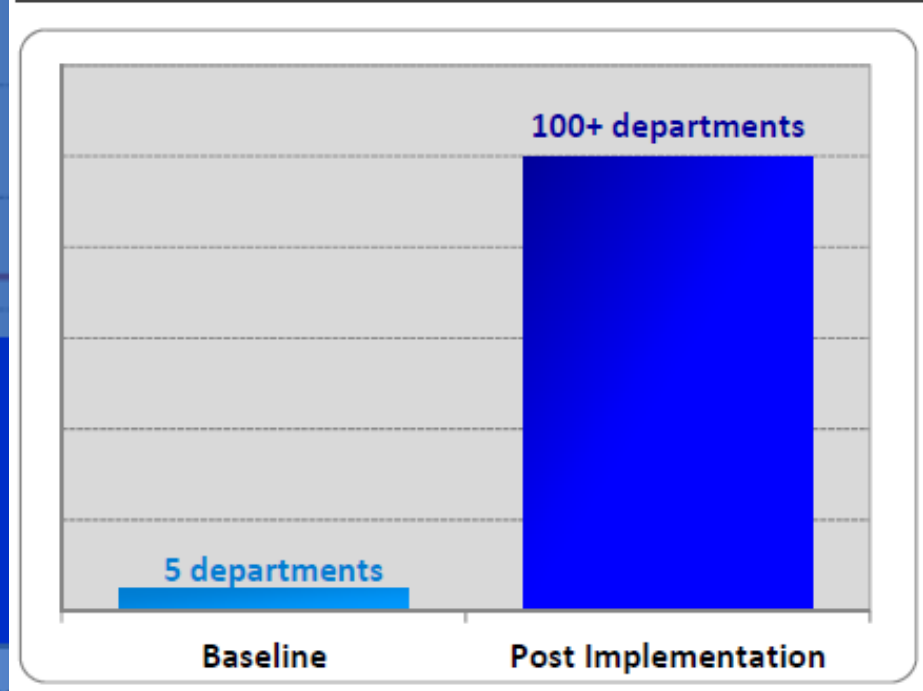


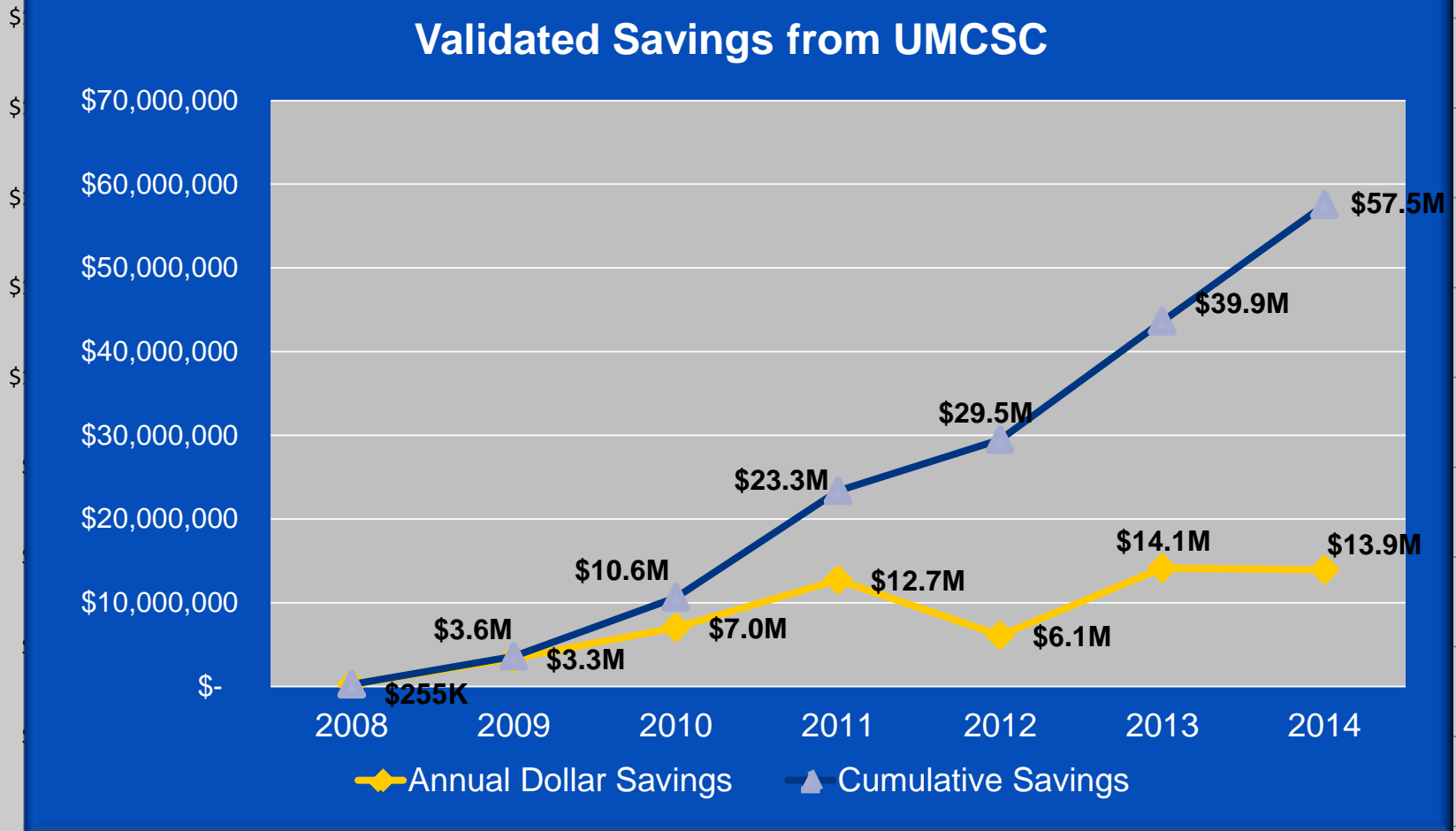
Chart 2: Departments Utilizing SCM Analytics Reports



# Internal – Savings and Cost Avoidance

SCM Value Scorecard

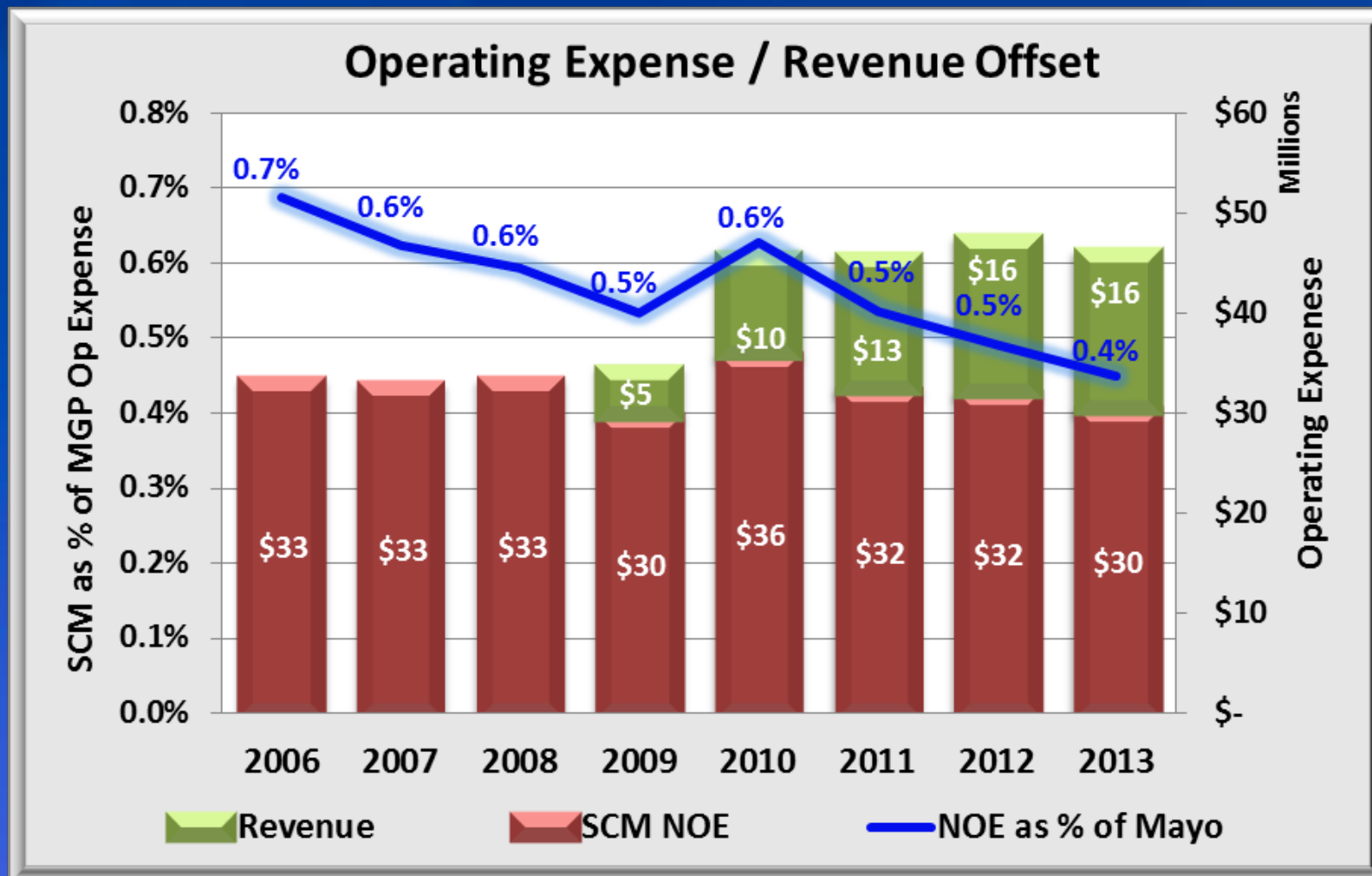
## Validated Savings from UMCSC



2008 2009 2010 2011 2012 2013 2014

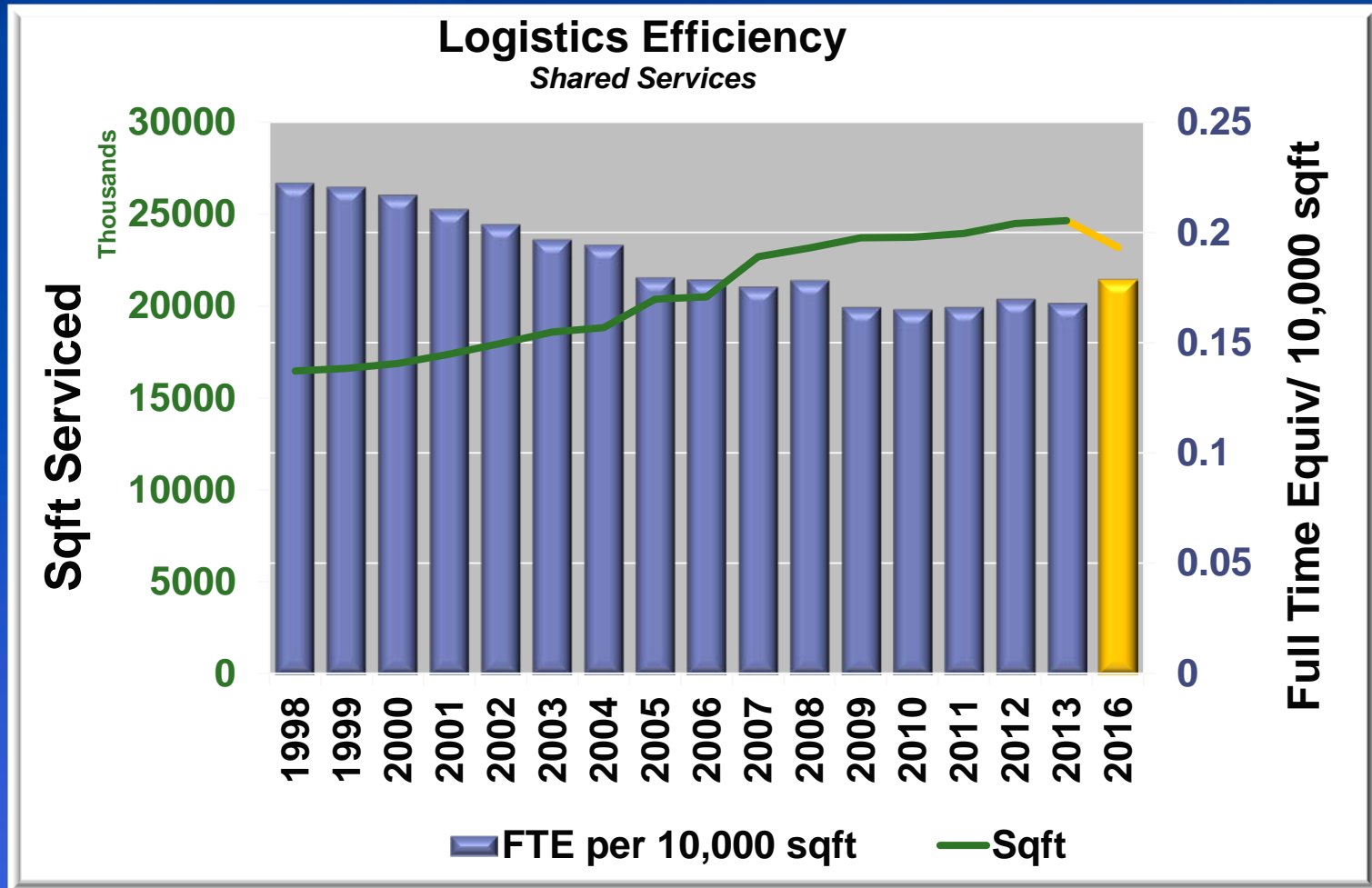
—◆— Rebates   
 —◆— Line Item   
 —◆— Cost Avoidance   
 —◆— Pharmacy All   
 —◆— Other   
 —◆— Total

# Benchmark - Value of Commercialization



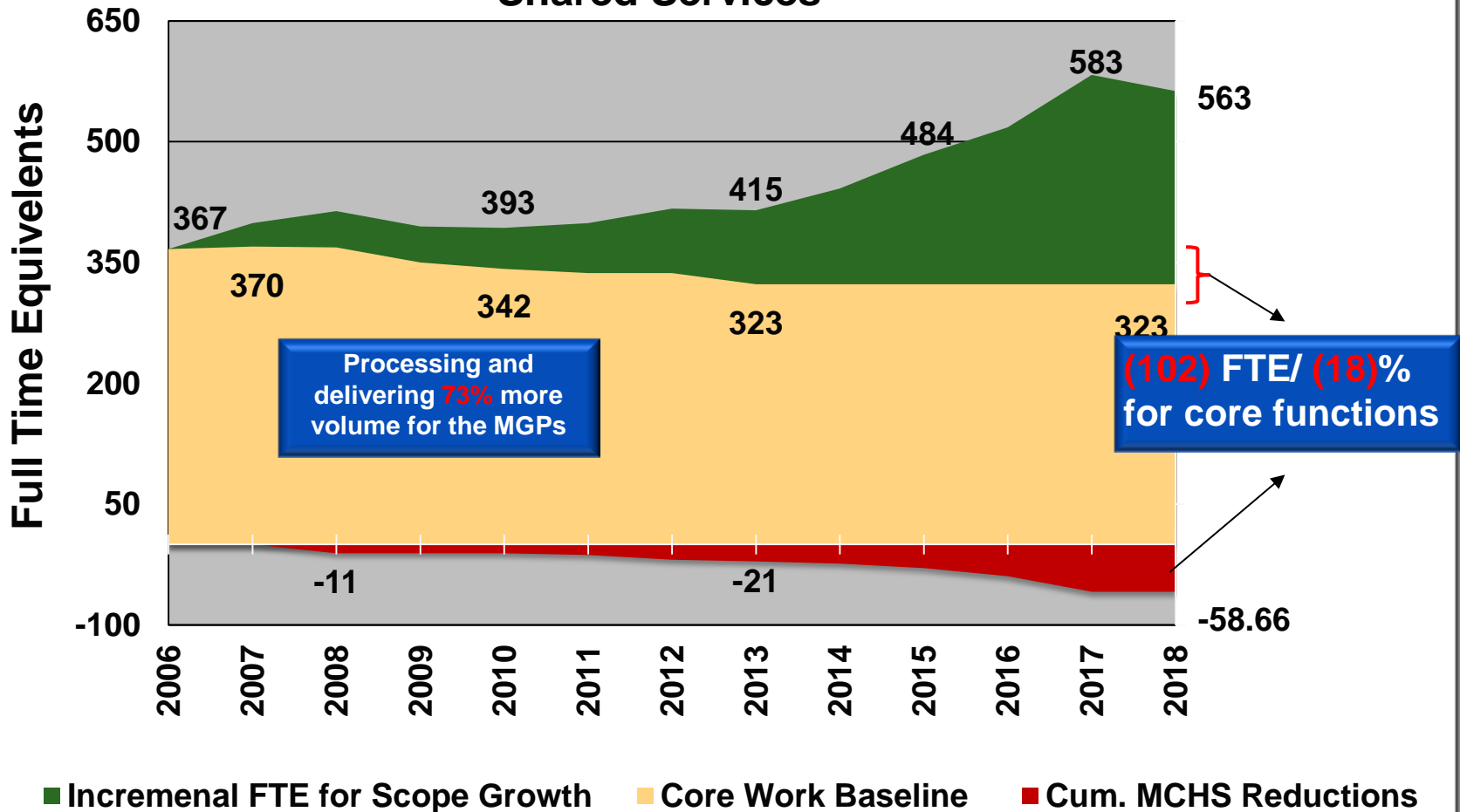


# Measure What You Cannot Scale



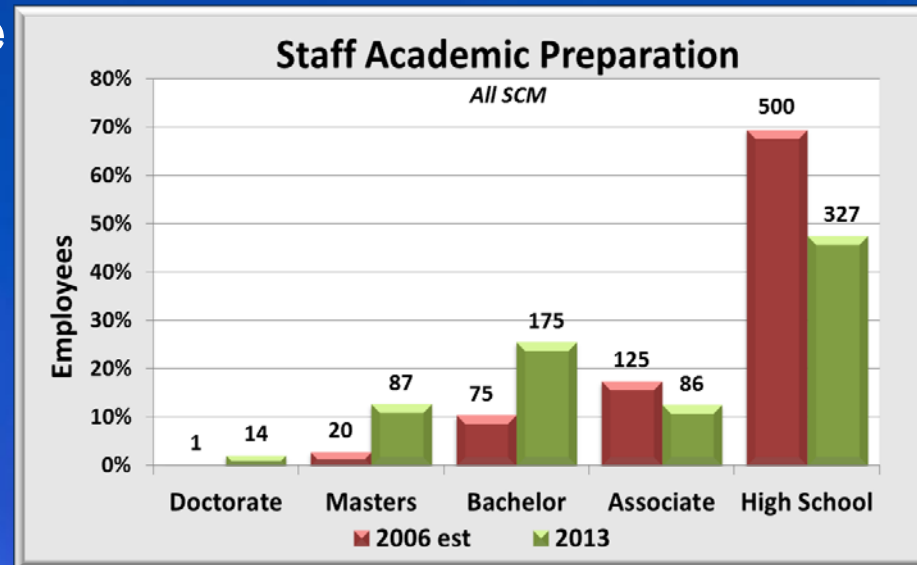
# Value of Looking Back

## Segmented FTE Dynamics Shared Services



# How to Make it Happen

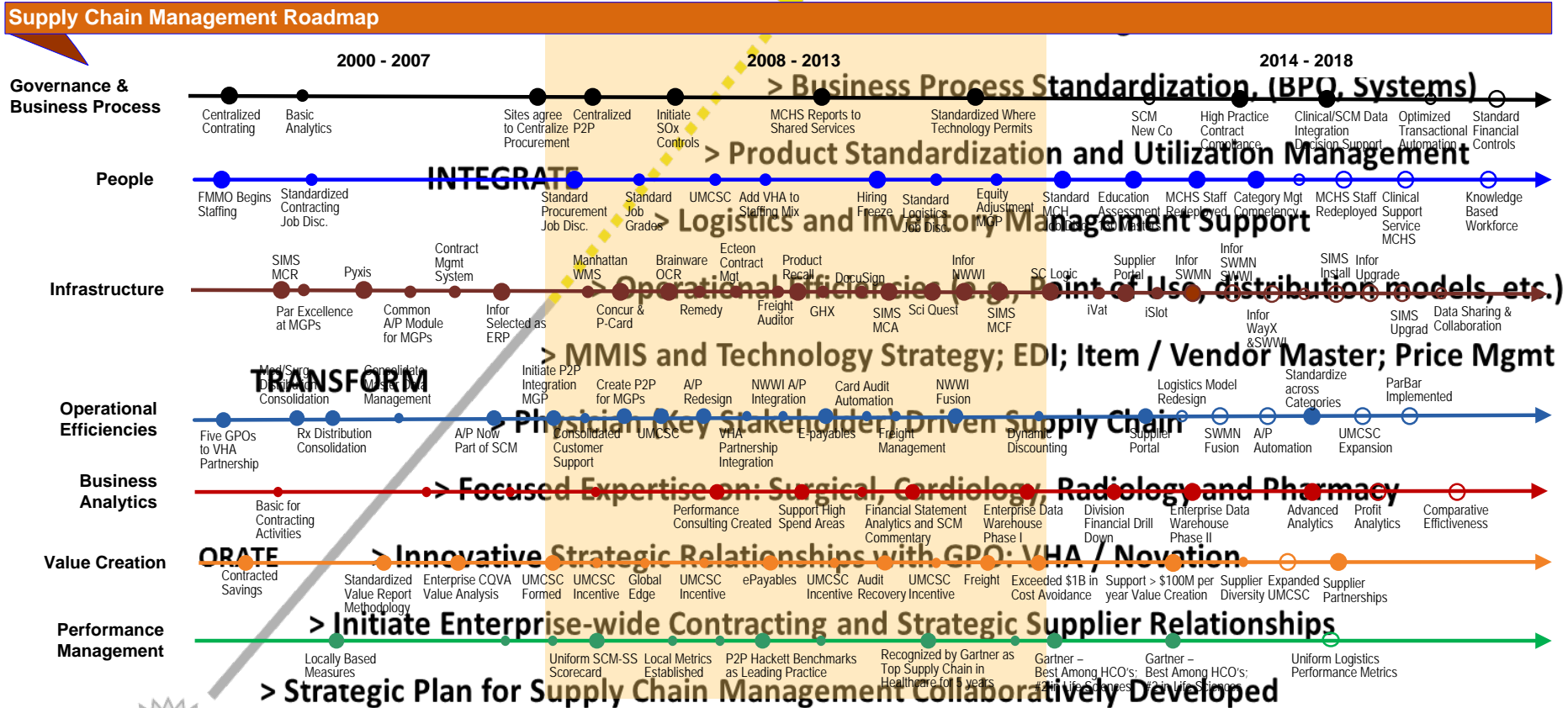
- What do you **WANT TO BE** when you grow up
  - What does the organization need
- What **CATALYSTS** will get you there
  - People / Process / Technology
- What can you **COUNT** or measure
  - Where is your data
  - What do you have for history
  - Benchmark yourself first
  - Benchmark industry second
- Create a **PICTURE**
- Create a **STORY**
- **TELL** your story
- Focus on **WHAT IS IMPORTANT** to the organization



# Pathway to Freeway to Leading Practice Best Practice

(circa 2008)

World Class Supply Chain Mgmt



1999

> Mayo Initiates Supply Expense Management Efforts on a System-Wide Basis





# Establishing Your Strategic Vision

Supply Chain Management  
Supply Chain Management  
M

Terima Kasih

Singapore Health Management 2015  
August 18 – 20, 2015

