WELCOME TO

“Buyers & suppliers – Better together”
Agenda

• Department of Health Efficiency programme – Sandra Barrow, Head of Innovation Procurement Commercial Directorate, Finance and NHS at the DoH & Steve Ellesmere from DH Productivity and Efficiency Division
• Value based procurement in the NHS – NHS NWPD & Dr Roula Michaelides & Dr Laura Menzies University of Liverpool
• Promoting innovation in procurement – Lorna Green, Commercial Director, NW Coast Academic Health Science Network
• Procurement partnerships “A suppliers perspective” Annie Edwards, Regional Business Manager, Ethicon
• Supplier relationship management – Nicola Robinson, Knowledge Manager, CIPS
• Roundtable discussion
• Lunch and networking
Objectives

1. To have an understanding of the direction for procurement and suppliers in meeting the challenges faced by the NHS.

2. To have a view of the wider role we can ALL play in promoting innovation.

3. For buyers and suppliers to have exchanged views on the potential benefits of working co-operatively.

4. For the group to have proposed a number of tangible actions to be taken forward.
Introductions
Department of Health Efficiency programme

Sandra Barrow, Head of Innovation Procurement Commercial Directorate, Finance and NHS at the Department of Health

&

Steve Ellesmere from Department of Health Productivity and Efficiency Division
Productivity and Efficiency Update

NWPD Conference - Blackpool

Sandra Barrow
Steve Ellesmere

DH Productivity and Efficiency Division

23rd October 2015
Lord Carter - Interim report

- £5bn opportunity – tighter grip of resources
- Workforce was the biggest cost = biggest opportunity for improving productivity
- Variances between trusts – the NHS can be up with the world’s best but inconsistency and a need for relentless attention to costs
- Greater savings to be had in improving workflow within and in and out of hospitals
- Advocated ATI now termed Adjusted Treatment Cost (ATC). This metric could be applied to any combination of inputs to enable both comparison between trusts and to create baselines for future improvement
- Detailed analysis with 22 trusts
- Advocated a model hospital to allow trusts to compare themselves against best practice
- Final report by the end of the calendar year
“So what are we going to do about this? Well I talked last year about a compact with you to try and find these efficiency savings. And our plan is that shortly Patrick Carter will publish his plans for a model hospital - what the best practice is in procurement, and how we can get the best prices as we should be as the biggest purchaser of health care products in the world as our NHS is.

Then by September, he will share with you a sum of money that he estimates you could save in your trusts if you adopt these practices. And then we will spend between September and December working through that sum of money with you so that by December it is an agreed sum of money.

And then I’m afraid from January the hard bit starts which is actually implementing that change in practice, but it will be done on the basis of transparency of data, and I hope this will help you to release a lot of extra savings”
Key Activities

Adjusted Treatment Cost Metric
• Work has been completed on identifying the “productivity & efficiency opportunity” for each NHS acute trust using 14/15 reference cost data generated by the Adjusted Treatment Cost (ATC) metric. This will be shared with each NHS Acute Trust (excluding Specialist trusts) during October.

Model Hospital
• During the engagement over recent months with the cohort of 32, we were asked to identify what good looks like, so in response we are developing the NHS Model Hospital. This will be developed with the cohort before any wider engagement with the system later in the year and will be built up by Clinical Specialty as well as functions such as Clinical Services (Pathology, Radiology, Pharmacy) and Corporate Services (Estates & Facilities, Procurement).

• The model hospital will enable acute hospital trusts to see what good looks like in terms of productivity and efficiency across different parts of a hospital, alongside key quality indicators and standards.

• Ultimately, the Model Hospital will also include best practice that will help providers improve productivity, such as the standardised clinical procedures that are being developed (under the leadership of Prof Tim Briggs).

Autumn engagement
• The engagement will be delivered in waves of activity, wave 1 with Trusts from the cohort, wave 2 will be those trusts that have the largest opportunity and account for 80% of the total productivity & efficiency opportunity and wave 3 will be the remaining Trusts.

• By the end of the year, we will agree how trusts will incorporate the agreed “productivity & efficiency opportunity” into their financial and operational planning cycle including the value of opportunity that can be delivered within which financial year.
## Timeline

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td><strong>JUL</strong></td>
<td><strong>AUG</strong></td>
<td><strong>SEPT</strong></td>
</tr>
<tr>
<td><strong>JUL</strong></td>
<td></td>
<td>Project Leads developing their module of Model Hospital</td>
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<tr>
<td><strong>AUG</strong></td>
<td></td>
<td>Finance Template completed by the 32</td>
</tr>
<tr>
<td><strong>SEPT</strong></td>
<td>Good Practice collated from the cohort</td>
<td>Model Hospital (version 0.1)</td>
</tr>
<tr>
<td><strong>OCT</strong></td>
<td>Research National Guidance from Royal College’s, national bodies and ALB’s</td>
<td>Individual Trust proposed savings target</td>
</tr>
<tr>
<td><strong>NOV</strong></td>
<td>Commissioned international research</td>
<td>With TDA / Monitor discuss and validate the potential savings opportunity for each NHS Acute Provider</td>
</tr>
<tr>
<td><strong>DEC</strong></td>
<td></td>
<td>Full Report &amp; Model Hospital (version 1)</td>
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### Improvement Collaboratives:
- Nursing
- Procurement
- Hospital Pharmacy & Medicines Optimisation
- Estates & Facilities Management

- Local Planning Guidance

- How To guides on productivity initiatives
Lord Carter’s vision

• ATC is just the start. Boards should have real-time data at their fingertips to keep a relentless focus on costs

• Trust boards appear to have a grip on CQC quality indicators and a focus on money, but don’t appear to have the tools and information to address the drivers of cost

• Hospital chains around the world have a consistent data set they monitor daily/weekly/monthly at board level.

• Carter thinks we need to develop C-suite dashboards for trusts to both help them manage their own resources but also allow comparison both with their peers and even internationally

• He thinks the C-suite dashboard should cascade down into the organisation through relevant interpretation of the metrics
Value based procurement in the NHS (North West)

Dr Roula Michaelides UoL
Dr Laura Menzies UoL
Brian Mangan NHS NWPD
Covered

- Why value based procurement
- Understanding of the methodology adopted
- Awareness of key issues
- The challenges
- Share direction of travel
The environment

NHS deficit

£930m
NHS trusts deficit for April to June 2015

£451m deficit for same period last year

£822m total overspend for the whole of last year

£2bn estimated deficit for the 2015/16 financial year

NHS: The Perfect Storm - Panorama

The health service is caught between huge increases in demand and the prospect of a £30 billion deficit, and without revolutionary change the current model will become unsustainable. Filmed over six months in Liverpool, this Panorama special reports from the frontline of the battle to transform the NHS, telling the stories of patients living in one of the unhealthiest areas in Britain, and also of the healthcare professionals trying to save them while fighting to fundamentally change the way their organisation works.
Focus on procurement

“Transforming procurement should be a priority for every NHS Board.” Foreword to Better Procurement Better Value Better Care, Sir David Nicholson (2013)

“It is important that the NHS acts together to ensure we achieve the most from our collective bargaining power and work together to reduce these pressures where we can.” David Williams Director General, Finance, Commercial and NHS (2015)
An operational perspective

Annual savings target

Record savings

Produce Work plans

Challenge suppliers

Framework reviews
Diminishing returns

Value of savings forecast

- <£10k: 53%
- £10k+: 22%
- £25k+: 9%
- £50k+: 6%
- £100k+: 8%

North West Procurement Development

LOW HANGING FRUIT!

ow!

SEE?  wow.
Current approaches: Negotiating prices

- Competitive rivalry
- Focus on price
- Immediate cash releasing
- Re-tender
Questions raised

• Is this sustainable?
• Does it reduce cost?
• Does this encourage innovation?
• Do the existing DH reviews address the real issues?
• Is there another way?

Can a value based approach to procurement the possible solution?
The partnership with UoL

• Ideas but limited answers
• Strength of academic team and UoL reputation
• Different perspective
• Open debate and challenge ideas not the institution
• Support for development and links with other sectors
Value based procurement – A feasibility study

Focus on pathway costs and innovation and how this can be reflected in a robust and non challengeable way in procurement exercises E.g. how supplier claims for reduced length of stay – factored in..

Reviewing procurement decisions
The project aims to adopt a fresh theoretical lens to explore the opportunities to transition to value-based, life cycle procurement across the NHS NW Trusts. To meet this aim, the project had the following objectives:

• Engage with key stakeholders across product pathways to determine attitudes to value-based procurement.
• Engage with a cross section of existing suppliers to determine market opportunities for value-based procurement.
• Assess the level of procurement maturity in relation to value-based procurement across the NW region.
• Identify emergent themes that prevent and facilitate adoption of value-based procurement.
• Develop proposals for the adoption of value-based procurement across the NW region and consideration across the wider NHS.
Methodology

• Initial meetings defined scope:

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopaedics</td>
<td>Highly specialised product, emotive, few suppliers, clinician input critical</td>
</tr>
<tr>
<td>Pressure care</td>
<td>Moderately specialised product, more suppliers, clinician input helpful but not essential</td>
</tr>
<tr>
<td>Print management</td>
<td>Non-specialised product, many suppliers, clinician input not required</td>
</tr>
</tbody>
</table>

• Methods used:
  – Focus Groups
  – Informal Interviews
  – Supplier Event

47 Participants
Project findings

• Perceptions of Procurement

• Market Engagement

• Sourcing Approaches

• Contract Management

Procurement Maturity evaluation – low on the scale

Procurement cannot be clinical specialists but need to understand and translate market intelligence from a commercial perspective to drive options for procurement strategies.

Gap in contract management: Contracting environment needs to encourage suppliers and internal stakeholders to engage in the co-development of value-based, cost-effective solutions.
Procurement Maturity in the NHS

Level of involvement

Barriers:
- spend analysis
- market intelligence
- status
- resources

Need Identification
Sourcing process
Tendering
Contract award
Post contract

Barriers:
- contract mgt
- savings tracker
- audit / compliance
- no supplier evaluation
Emergent Themes

Myths

- Aggregation is Best
- Procurement is perceived as: linear, Functionalist, process compliance

Complexity

- The NHS structure (trusts, depts, services)
- The complex culture (non-transparent, conflicting priorities, risk aversion)
- Us and them

= more barriers to VBP
- Nested organizational levels/trusts etc
- Complicated decision making

**Structure**
- Public
- Government
- Delivery system (clinicians, hospital)
- Suppliers
- Academia

**Regulation/governance**
- Contractual governance: detailed, binding legal agreements
- Contractual safeguards established to minimize cost and performance losses from relationship hazards

**Stakeholder Interactions**

**Feedback Adaptive Learning Loop**
Challenges:
How can...

- **Finance** shape finance reporting and boundaries to promote value?
- **Clinicians** determine value drivers and turn these into tangible benefits?
- **Suppliers** engage with procurement and be pro-active in delivering “in-contract” innovative solutions?
- **Procurement** move towards strategic practices that allow value added activities such as supplier relationship management to be embedded and the profession acknowledged internally and externally?
- **NHS organisations** overcome traditional barriers?
Next steps

• Stakeholder engagement – This is ongoing through seminars, group meetings, report circulation and feedback via nwpd.vbp@wwl.nhs.uk

• Training gaps – We will be working with UoL and PSDN to consider how best to address the issues raised

• Knowledge management infrastructure – Discussing with stakeholders and test with small group to identify appropriate solution.

• Pilot study – Following consultation stage will seek to identify suitable projects and partners to run this
What do we hope to get out of it?

• Re-position procurement as leaders in driving value and efficiency across the “health system”
• Maximise the synergies and opportunities that exist by tapping into the collective knowledge of buyers and suppliers
• Improve the relationship between procurement and clinicians; working together to identify value based solutions
• See an increase in value and reduction in total acquisition costs

“Make things better”
Should the NHS procure innovation or innovate procurement?

Lorna Green
Commercial Director
Bringing together the NHS, academia and industry to transform the health of our residents and stimulate economic growth

- 15 AHSNs across NHSE established as part of the Government’s Innovation, Health and Wealth strategy

- Focus on adoption of innovation at pace and scale

www.ahsnnetwork.com
What are AHSNs?

Small regional organisations, primarily funded by NHS England focused on:

• Improving health
• Promoting economic growth
• Diffusing innovation
• Improving patient safety
• Optimising medicine use
• Improving quality and reducing variation
• Putting research into practice

Key Mission: Drive the adoption of innovation at pace and scale
Definition of Innovation

An idea, service or product, new to the NHS or applied in a way that is new to the NHS, which significantly improves the quality of health and care wherever it is applied

(Innovation, Health and Wealth, 2012)

Thesaurus: Change, novelty, conversion, cutting edge, departure, discovery, fad, new, different, breakthrough

Associated with: Change agent, rain maker, maverick, early adopter, risk taker

"This really is an innovative approach, but I'm afraid we can't consider it. It's never been done before."
Innovation is often seen as risky...

.....we need processes that enable us to procure better solutions...

....the bigger risk is not to change

"There's talk of innovation out here. Winds of change are headed your way. Lock your door, pull the shades and hide under your desk."
At pace and scale?

Confusing
- 155 acute trusts
- 209 CCGs
- Trusts’ own procurement collaboratives

Fragmented
- CSUs
- 34 community providers
- Regional Collaborative Procurement Hubs
- 150,273 doctors
- 8000 GPs
- 10 ambulance trusts

Diverse
- 155,960 scientific, therapeutic and technical staff
- NHS Supply Chain
- 377,191 nurses
- 56 mental health trusts
- 8000 GPs
- 150,273 doctors
- 10 ambulance trusts
**Procurement is often used as a scapegoat....**

- “We would be paying for it but won’t see the benefit”
- “We can’t adopt that – we’d lose our reimbursement for the other”
- “If we move the service out to community I would lose my lead nurse / lose my job”
- “Products need to be on a framework – the last one was just launched and it runs for 5 years...”
- “We don’t have a budget for that... all budgets are allocated for this year”
- “We need to see payback within the financial year”
- “We can only adopt evidenced based technology “
- “Do you have a 3000 patient double blind RCT published?”
- “Our systems won’t talk to yours..... IG won’t allow your systems to talk to ours.....
- “We could use this if you could provide all of our nurses with iPads....”
Be realistic

- There is a £22b deficit to be addressed
- The NHS is not a single entity and every customer is different
- EU law must be complied with
- Cost containment and reduced variation to drive efficiency is coming
- Innovations that cost more will be difficult to justify
- Innovations need to:
  - transform care
  - improve outcomes
  - reduce costs
- Efficiencies alone cannot fill the gap
- We need to embrace innovation
- We need to transform how care is delivered
Local initiatives: Our NHS Members
Locally AHSNs

- Websites and portals – signposting and advice
- Business support services – advice to collaboration
- Competitions and funding
- Training, education and events
- Innovation Scouts
- Co-creation and collaboration
- Innovative procurement
  - Reverse procurement fairs
  - Unmet needs challenges
  - Hackathons

http://tools.eahsn.org/procurement
Challenge the status quo!

- Wish list of proposed changes shared with DH
- Positively challenge procurement teams to consider Forward Commitment Procurement (FCP) to address unmet needs.
- Pilot workshop with 6 Trusts & 1 CCG, involving procurement leads and innovation scouts and NW Procurement Development.
Forward Commitment Procurement

1. Identification
   - Recognise problems, unmet needs & opportunities
   - Consult with stakeholders and set up team
   - Define an outcome based requirement
   - Prepare a FCP project outline/business case for sign off
   - Wider market demand

2. Market Engagement
   - Market Sounding
   - Market sounding review & analysis
   - Supply chain feedback
   - Market consultation
   - Market consultation report

3. Procurement
   - Develop a pro-innovation procurement strategy
   - Feedback to the supply chain and stakeholders
   - Implement procurement strategy
   - Negotiate Procurement Contract
Challenge the specification!

- FCP approach for new lighting
- Defined what outcomes they needed
- Communicated unmet needs to supply chain prior to PIN
- Step change in patient experience
- Step change in energy efficiency
- Future proofed service, low maintenance and sustainable

Challenge the PQQ!

- Challenge the stated requirements
From Theory to Practice

Zero Waste Mattresses

• **The problem?**
  - 40,000+ mattresses to landfill/year
  - High and increasing cost of disposal
  - Sustainability targets not met
  - Time consuming for staff

• **Unmet need?**
  - Zero waste mattresses – no cost increase

• **Outcome FCP?**
  - No mattresses to landfill
  - Cost saving £5 million
  - (The same supplier......don’t ask, don’t get....)

• **Innovation**
  - Supplier and operations:
  - Fabric, changing recycling process, ‘cradle to grave’ managed service, changes in mattress management in prisons
Nationally

**INITIATIVE**

- Accelerated Access Review
- Vanguards
- Test Beds
- NHS Innovator Accelerator
- SBRI

**CHAMPIONS OF CHANGE**

- George Freeman, Minister for Life Sciences
- Simon Stevens, CEO NHS England
- Simon Stevens
- Sir Bruce Keogh, UCLP, HF and AHSNs
- NHSE, Innovate UK and AHSNs
SBRI Healthcare Programme
An NHS England funded initiative delivered by the Academic Health Science Networks
www.sbrihealthcare.co.uk
@sbrihealthcare
Key Features for Innovators

- The application process is fast-track and simple
- You get a fully-funded development contract - not
- SBRI is particularly suitable for SMEs
- You keep your intellectual property
- You’re free to develop and sell your innovation in

www.sbrihealthcare.co.uk
Outcomes

- £42m invested since 2012
- 24 clinically led challenges
- 138 contracts awarded
  - 93 feasibility
  - 37 development
  - 8 implementation
- 7 million patients helped
- £1.5b in efficiency savings (min) over the next 10 years
- > 200 jobs created
- 31 patents filed
- £32m VC / investor funds leveraged
We need to procure better solutions through better procurement processes

www.ahsnnetwork.com

Lorna.green@nwcahsn.nhs.uk
Coffee Break
Partnering with Procurement

Annie Edwards
Regional Business Manager - Ethicon
Our Organization

3 Segments

Medical Devices

Global Surgery

Sutures  Energy  Endo-Surgery  Biosurgery  Gynecare
My Background

10 Years with J&J/Ethicon

- Energy Sales Rep – West Midlands
- Business Development Manager (Bariatrics) – Northern England
- Regional Business Manager – North West

Learnings from these geography's with regards to procurement?

- Different Trusts have different challenges.
- Different services generate or loose income (Tarrif/RPRT)
- Increasing role of the private sector
- Ethicon Tenure with procurement – You earn trust

My Current Role?

- North West
- Our Goal is to provide the RPRT
- Growth Via Volume and commitment
Lord Carter – Interim Report

Procurement Findings

1. Relationship between Clinicians and Reps
   “650 reps associated to one trust/65 on site at any one time”

   Existing Business
   • Rotating staff around theatres – Skill Gap around Circular Staplers

   New Business
   • Strict protocols to adhere to (Clinical and Non Clinical)

2. ‘Sunshine Act in US’ – Financial Transparency with HCP’s
   • Every interaction with a HCP outside day to day is logged, recorded and available for reporting. Even Pens/Post its!
   • Funding to congresses – Done centrally/Non sales influence
3. Inventory Management – Currently £800MM in NHS

4. Allocating Costs to surgeons and patients (RPRT)
   • Are premium products helping patients get home safer and sooner?
   • Are ‘cheaper’ products getting patients home comparably?
Case Study - Sutures

Sutures removed in the community - £53 (Private Sector Cost)

Patient Pathway Savings
• Procurement - Targeted against savings
• Evidence Based Selling
• Working together – Brian/HOP PC/Procurement Secondary Care

Trust X / C-Sections
• Demographic of patient – Need to be well to look after their baby
• Reduce Infection at Surgical Site and no need to remove in the community

Trust X Specific data
• 1485 patients having C-sections per year
• From Non Absorbable to Antibacterial Absorbable - £433 OVERALL impact
### Cost of sutures by procedure

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Average cost Non-Absorbable</th>
<th>Average cost of Absorbable antibacterial sutures</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>£10.85</td>
<td>£11.15</td>
</tr>
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</table>

### Total cost of sutures per annum

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Non-Absorbable</th>
<th>Absorbable &amp; Antibacterial</th>
<th>Incremental cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>£16,112</td>
<td>£16,558</td>
<td>£446</td>
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</table>

### Number of SSI’s

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Non-Absorbable</th>
<th>Absorbable &amp; Antibacterial</th>
<th>Impact on number of SSI’s *</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>132</td>
<td>93</td>
<td>-40</td>
</tr>
</tbody>
</table>
Patient Pathway Evidence – LOS Impact

- Average SSI Impact on Beds – Extra 4 days per patient

### Bed Days due to SSIs

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Non-Absorbable</th>
<th>Absorbable &amp; Antibacterial</th>
<th>Impact on bed days*</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>129</td>
<td>370</td>
<td>-159</td>
</tr>
</tbody>
</table>

### Cost of Bed Day by Procedure

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Cost per Bed Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>£402</td>
</tr>
</tbody>
</table>

### Bed Day Total cost due to SSIs by category

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Non-Absorbable – Total Bed Day Costs</th>
<th>Absorbable &amp; Antibacterial – Total Bed Day Costs</th>
<th>Impact on bed days costs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Section</td>
<td>£212,521</td>
<td>£148,765</td>
<td>-£63,756</td>
</tr>
</tbody>
</table>

Why?

- what direction?

- challenges ahead?
  - Funding
  - Survival
  - Our future generations and communities

- inefficiencies

- opportunities

- Money, time and effort wasted or underutilised

- Knowledge and capability collateral
Relationship management is not something we do in addition to the day job, it’s what we do.
Or is it....?

Jan 2014 SM100 poll found that just 32 per cent have put more of a focus on supplier relations in the past 12 months
Facets of SRM

- Contract Management
- Innovation and Value Management
- Managing the Relationship
- Delivery Management
- Performance Management
- Supplier Development
The ground rules

Effective SRM is founded upon:

• Sharing
• Working collaboratively
• Team-working
• Regular communications (two-way)
• Joint problem-solving
• Honesty
• Mutual understanding
• Openness
• Trust
First things first...

Decide exactly what you want or need and why you need it:

- Purchase category portfolio
- Relationship portfolio
- Supply chain portfolio

Procurement is the process of encompassing all activities associated with acquiring and managing an organisation’s supply inputs.

Supply Chain Management is the subsequent activities concerned particularly with the monitoring, management and development of ongoing supplier relationships and the associated supply inputs.
SRM Pathway

1. Supplier segmentation
2. Develop resources
3. Set targets
4. Develop and agree a plan
5. Report on results
Supplier Segmentation

• Portfolio Analysis
  – Segmentation of expenditure (usually by category) to determine the appropriate sourcing strategy for products and services.

• Supplier Categorisation
  – Segmentation of supplier base to determine the most appropriate relationship strategy for managing each supplier.
Supplier Segmentation

Link between sourcing strategy, type of supplier category and ‘value’ derived from the supplier relationship:

Portfolio Analysis

<table>
<thead>
<tr>
<th>Risk or exposure</th>
<th>Relative value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottleneck</td>
<td>Strategic</td>
</tr>
<tr>
<td>Non-critical</td>
<td>Leverage</td>
</tr>
</tbody>
</table>

Indicative categorisation

Anticipated supplier distribution

- Strategic Suppliers (<1%)
- Preferred Suppliers (<10%)
- Transactional Suppliers (c. 90%)

Source – Cordie Ltd

Leading global excellence in procurement and supply
Polling question

In your organisation do you use

- A. portfolio analysis?
- B. supplier categorisation?
- C. both?
Developing Resources & Roles & Responsibilities

Multiple Touch Points

Multiple Performance Regimes

Internal complexities

Multiple Stakeholders

Multiple Drivers and Demands

Multiple Concurrent Contracts

Leading global excellence in procurement and supply
Supplier Preferencing

<table>
<thead>
<tr>
<th>Unattractive Customer</th>
<th>Attractive Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Value Account</td>
<td>Nuisance</td>
</tr>
<tr>
<td>High Value Account</td>
<td>Exploit</td>
</tr>
<tr>
<td></td>
<td>Develop &amp; Nurture</td>
</tr>
<tr>
<td></td>
<td>Core Customer: Protect!</td>
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</tbody>
</table>

Source: adapted from Steele & Court (1988)
Stakeholder Analysis

<table>
<thead>
<tr>
<th>Low power/influence</th>
<th>High power/influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little interest</td>
<td>High interest</td>
</tr>
<tr>
<td>Negligible effort</td>
<td>Keep informed</td>
</tr>
<tr>
<td>Keep satisfied</td>
<td>Key player</td>
</tr>
</tbody>
</table>

Source: adapted from Mendelow (1991)
Polling question

When allocating resources to manage supplier relationships do you...

- A. Use tools and models in a strategic way?
- B. Have a gut feel for what suppliers are key and therefore need the most resource?
- C. Follow what your internal stakeholders know is important?
## Contract Management vs. SRM

<table>
<thead>
<tr>
<th>Contract Management</th>
<th>Supplier Relationship Management</th>
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<tbody>
<tr>
<td>Performance metrics</td>
<td>Relationship metrics</td>
</tr>
<tr>
<td>Contractual levers</td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td>Managing risk</td>
<td>Account management</td>
</tr>
<tr>
<td>Conflict</td>
<td>Relationship dynamics</td>
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<tr>
<td>Contingency planning</td>
<td>Supplier classification</td>
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<td>Variation and change</td>
<td>Continuous improvement</td>
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What to measure?

Sometimes what counts can’t be counted and what can be counted doesn’t count

Albert Einstein
Research and experience shows that conflict is less likely to occur where facts and data are presented and where there are clear defined
Balanced Ethical Mix of Hard and Soft Measures

- Organisations Goals
- A Suite of Measurement Tools
- Build Communication Bridges
- Setting Targets
- Process for Performance Management
- Early warning signs of supplier problems...
- Continuous Improvement Process
- Report on Results
A Real Competitive Advantage

The Profession Comes of Age

“Raise your game”
- Depth and breadth of skill set
- Continuous professional development

Influence business leaders to demonstrate that P&SM gives a real competitive advantage
- Economic
- Societal
- Environmental

“Raise your voice”
- “Brand Procurement and Supply”
- Selling the profession and the individual

Licensing the Profession
Innovation

- Leadership
- Show what value is
- Innovation across patient pathways
- Positive, impactful, sustainable outcomes
- Create Social Capital
- Suppliers working with clinicians and healthcare professionals and other professions
- Value based thinking not just cost based thinking
- Proactive contract management
Raise Your Game, Raise your Voice
Be More Human
How does that relate to Procurement and Supply?
What can I do and where do I start?
Build Relationships
What can I do?

What are your Views on working co-operatively ?????
Listen to their needs ..... Talk About Your Successes

.......... Have common goals
Be conscious of Your Impact
# 10 Top Tips for Building Relationships

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<td>Establish your credibility</td>
<td>Be a trusted adviser</td>
<td>Learn and engage</td>
<td>Understand the business goals</td>
<td>Know your audience</td>
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<td>Have self belief</td>
<td>Be brave</td>
<td>Get user buy-in</td>
<td>Have a clear message</td>
<td>Be passionate &amp; confident</td>
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And if you can’t remember all that:

Be more strategic

Be more creative

Be more human

Think longer term and be outcome driven
And if you can’t remember all that:

Be more than just procurement or just a supplier.
What should we do next?

Thank You

CIPS Knowledge

www.cips.org/knowledge
Group discussion

What actions can be taken by buyers and suppliers to promote better outcomes/innovations in existing and or new contracts?

*Short term – next 6 months*

*Medium term – 6 to 12 months*

*Long term – 12 months+*
[next steps]

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Objectives

1. To have an understanding of the direction for procurement and suppliers in meeting the challenges faced by the NHS.

2. To have a view of the wider role we can play in promoting innovation.

3. For buyers and suppliers to have exchanged views on the potential benefits of working co-operatively.

4. For the group to have proposed a number of tangible actions to be taken forward.
Thank you!