



Supply Side Change... More to it Than Meets the Eye!

By Michael Lawson

Beyond the temptation of lowering medical supply cost, little thought is usually given to how such an undertaking might affect a physician practice. Regardless of their role, the mission of every employee is to provide the best clinical experience for their customer – the patient. However, not all employees directly touch the patient. In such situations, their customer then becomes whoever they support with information or a tangible output, such as a patient record or a well-stocked medical supply cabinet. One might ask what meeting customer requirements has to do with reducing medical supply cost? Perhaps nothing, if a vendor change is not required, but if change is required it could easily disrupt customer satisfaction, increase cost, and impact revenue.

Any time change is contemplated, it is important to ask and answer three important questions:

1. Why is change required? Look no further than the 2008 reimbursement schedules and the answer is easy. Congress made last minute changes to keep the status quo. However, the reimbursement trend is obvious – there will be future cuts. To counter this situation, a practice must increase revenue per patient, see more patients, reduce overhead, or all of these. Every aspect of the practice that either produces revenue or is an overhead cost of doing business requires a closer look.

It's amazing many practices continue to do business as they always have, using the same suppliers, often without questioning the cost of the service. With cost challenging the operating budget, traditional delivery methods and suppliers require a closer look. It is not

enough to do business as usual or to trust that your long-time supplier is doing a great job.

2. What will be different because of the change? This is where doing something different becomes more difficult. It is not because people do not like change, it is because change requires energy and discipline to move away from what has become the norm. What needs to change? If vendors are changed, will job descriptions or duties change as a result? Will the supply ordering processes change? Will new relationships be developed? Before changes are made, make it a goal to understand the differences and be able to articulate them to the staff. It is important to have their understanding and buy-in.

3. Who is giving up what? This question is never asked. When change occurs, not everyone gains. One of the leading causes of failure may be as simple as someone was unwilling to give up something. What benefit is personally received from the existing relationship or the current process? If this question is asked of the medical supply vendor, he may say he is giving up some profit margin or, in the worst case, he may be losing a customer. If this question is asked of the supply ordering person, she may reply, "He made my job easy and I don't know what the new process will be." One of the best ways to get people through the loss of something familiar is to acknowledge the loss and articulate a clear path to the new beginning. Helping employees deal with process change is best supported by a clear explanation of why the change is necessary and what role the employee plays with necessary educational resources.

Supply purchasing transactions are most often just that—transactions—but sometimes they involve long-standing relationships. If your role is to provide a well-stocked supply cabinet that meets your customer's expectations, don't be afraid to ask the supplier to stock items that are backordered or to question if a better price is available. If a change of relationship is required, be sure to ask:

- Why is change required?
- What will be different because of the change?
- Who is giving up what?

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