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### Supply Chain Management Success Story



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## Canadian Supply Chain Management Association Offers New Take on Standardising Costs and Processes

Persuading surgeons to recognise the benefits of supply chain management in the operating room is no easy task. But Martin Montanti has done it.

As vice-president for corporate services at Southern Health-Santé Sud, one of Manitoba's five regional health authorities, Montanti has overseen an ambitious project that aims to standardise not only supplies but also procedures at several dozen hospitals, long-term care centres and other healthcare facilities.

"The most important thing that logistics and supply need to do today and in the future is to understand the value they add to the organisation", Montanti said.

"They have evolved from being about the cost of an item into developing processes that improve how people do their jobs."

This expanded role for supply chain management is especially important in the context of the drive by governments across the country to contain spiralling healthcare costs.

## **Best Practice**

A recent study by Western University indicated that many doctors have little idea of the cost of the items that they use. The authors asked ear, nose and throat specialists in London, Ontario and Montreal to estimate the prices of 23 common disposable items, such as syringes. More than two-thirds gave answers that were more than 50 percent shy of the real cost.

Supply chain managers are therefore in the forefront of helping doctors and hospital administrators question traditional processes and introduce new, cost-saving technologies.

Southern Health covers an area of more than 27,000 sq km. It serves 190,000 residents, including seven First Nations communities, and employs 5,600 people.

Montanti, who worked for a bakery and an aerospace company before moving into the healthcare sector, notes that “logistics and supply departments are not going to be the senior bureaucrats of the organisation where you can wave your wand and everyone is going to watch you. You need to lead from behind.”

## **Team Effort**

Manitoba’s standardisation drive began even before Southern Health was created in mid-2012 through the merger of 11 health authorities into the current five regions.

“Everybody was doing their own purchasing, and everybody was purchasing their own items, often from different vendors”, Montanti says, citing 28 different gauze pads as an example. “The users never even talked to each other. They all did their own thing”.

The first step in bringing some order to the chaos was to set up “standard teams”, each covering a specific function, such as acute care and operating rooms. Staff from the region’s various institutions were encouraged to come together and decide on standard products that would suit them all. It wasn’t long before the conversation turned from ordering gauze pads to the most efficient way of performing colonoscopies—and every other kind of medical procedure.

Montanti recalls that participants started to ask questions like: What scope (a flexible tube with a tiny camera at the end) is best suited for colonoscopies? Which techniques work best for each scope? Who should be present in the operating room? How many anaesthetists are needed for an operation? The list went on and offered more solutions.

## **Trust and Cooperation**

Using standard products has cut the surgical programme’s cost of supplies by 30 percent, Montanti says. The saving in orthopaedics alone came to almost \$300,000 (CAN ) in a single year.

Montanti attributes much of the success to mutual trust. “If I were to call up those surgeons and say ‘I want you guys cutting patients all the same way’, their response would be: ‘Who are you? Martin who?’”

But, he adds, “if we get together and I say “Hey, guys I want to get you items that really help you do successful surgeries and I need your help’, then they’re in control. All I did was to create the environment for them to talk together. I didn’t create the demand. I filled the demand.”

### **Key Points**

- Supply Chain Managers can play an important part in standardising both supplies and processed.
- An expanded role can help curb healthcare costs.
- Few medics know the cost of the items they use.
- Communication about useful standard products helps streamline supply chain costs.
- Products standardisation results in major annual savings.
- Meeting demand of medics creates trust and results in effective supply chain management.

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