

Challenges & Trends in the Healthcare Supply Chain

With Randy Subramany

Episode 99

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Randy (00:00):

I have this hypothesis that the organizations that are going to be most successful in healthcare and hospital in the next maybe three to seven years are those that have differentiated supply chains. And I say, from the lens of, sure, managing people and talent is one thing, but taking head on these technological trends, they'll have to be present in some way, shape, or form in their supply chain in order for their supply chain to be differentiated, which will be a strategic value to any hospital.

Introduction (00:26):

Welcome to the Healthcare Leadership Experience podcast, hosted by, Lisa Miller and Jim Cagliostro. Lisa is the founder of VIE Healthcare Consulting and now Managing Director at SpendMend. Lisa and her team has generated over \$1 billion in financial improvements for VIE clients since 1999. Since 2007, Jim, has been a registered nurse working in critical care, perioperative services and outpatient settings at nationally recognized medical facilities across three states.

You'll hear conversations on relevant and trending topics in healthcare and much more. Now here's your hosts, Lisa and Jim.

Jim (01:05):

Hi, this is Jim Cagliostro, and you're listening to the Healthcare Leadership Experience. Today's guest is Randy Subramany, director of Supply Chain at New York Presbyterian Hospital. Today, our plan is to discuss all things supply chain, but also, to narrow down on some trends, some innovations that are on the horizon for 2024. So Randy, thank you for joining us, and welcome.

Randy (01:26):

Jim, excited to be here today to talk about the beautiful field of supply chain management and all of the activity and all the services that we can provide in this realm.

Jim (01:36):

Great. Great. So I'll jump right in. Just for our listeners, as Director of Supply Chain at New York Presbyterian, what exactly do you do? Maybe a big picture for our listeners. But also, could you take us through a typical day, if there is a typical day for you?

Randy (01:50):

Yeah, Jim, sure. So starting at just a very fundamental level, New York Presbyterian is a large health system that services patients across the New York City and upper regions of New York State. As I'm sure everyone can imagine, but just to paint the picture, as a supply chain director or leader, we're responsible for ensuring that every medical supply needed for patient care is present at the right time, the right location, the right quantity, and at the right cost. Now, when I say the product itself, let's get a little bit more into the nitty-gritty, Jim.

Jim (02:25):

Please.

Randy (02:26):

People think about supplies in a hospital, I'm sure the basics, whether it's through a TV show or just walking through a hospital, you'll see the fundamentals, you'll see gloves, you'll see gowns, you'll see all the different forms of PPE, people think bandages and gauzes, but let's move beyond that now because that's some of the basic things.

Jim (02:43):

Sure.

Randy (02:43):

As a supply chain director, my team is also responsible for pacemakers, for skin tissue that we purchase for a patient that has a severe burn and needs to have emergency surgery, for all of the accessories used in robotic surgeries as well, for grafts and stents and meshes that are used throughout all different sorts of vascular cases. And to give everyone those numbers, to give a number, my team, on a daily basis, is managing 15 to 20,000 case-dependent, unique supplies.

Jim (03:15):

Wow.

Randy (03:16):

When I say unique, I mean, individual items that are different in some way, shape, or form. It could be color, it could be millimeter length, all different elements that our team has to manage on a daily basis.

(03:28):

To take you through my day, fundamentally, I have 135 wonderful human beings who are responsible for all elements of supply reordering, replenishment, distribution, logistics, triaging, back orders, and really, anything disposable, and some reusable, but mostly disposable that's used on a patient is touching a member of our team. So as I'm sure you can imagine, as I'm sure anyone who's familiar with the hospital can imagine, as

I'm sure anyone who's not familiar with the hospital can imagine, the role itself, it's quite impactful.

(03:58):

And as a director of the team, and my team is more specifically at the Weill Cornell Medical Campus on the Upper East Side of New York City. My focus is the three-legged bar stool, per se, it's people, processes, and tools that tie to the supply chain. When I say that, and again, to keep it relatively simple, we can, of course, dive in, from a people perspective, it's ensuring that people are here fulfilling this service and this calling to put patients first, but it's also managing elements of talent and ensuring that our team members are -- whether it's someone who's in a leadership role or someone who's in a frontline role -- physically moving supplies and restocking at the point of use, that those team members are engaged and can find ways to continue to learn and grow their careers. That's probably the most important. Actually, I'll remove the word probably, people is the most important bucket of what the supply chain does here. We'll get into some interesting future trends as time goes on, as our conversation goes on.

(04:56):

But then, with processes and tools, these are just enablers that ensure our people are successful to provide these supplies for patients. So processes and tools that can be tied to our ERP system to ensure that, hey, when one of our distribution clerks is placing a reorder for supply in our OR that all of the Wi-Fi, all the technology, all the interfaces are present so that that information from that handheld can transmit to our distributor seamlessly to ensure that, 24/7, supplies come into our hospital to care for our patients. So a variety of different processes and tools. Primarily, technology is an enabler that sits on my desk from strategic, tactical and operational focuses.

(05:41):

And Jim, every day is different, that's the beauty of the role, it's the beauty of supply chain. Just to give you a flavor, prior to speaking to you here, I just spent an hour on our cardiothoracic ICU talking to our medical director, one of our directors of nursing about the sutures, for example, we stock, and what makes sense to keep, what doesn't make sense to keep. And for a topic like

suture, there are thousands of different sutures that are used, and it can vary whether it's a patient coming out of a heart transplant, for example, or some other type of vascular case. There are so many nuances to the supply chain world, especially in a hospital.

(06:16):

And by training, I'm not a nurse, I don't pretend to be, I like to dabble and think that researching and learning things can help give me that guidance, but we really lean on our clinical professionals. And in supply chain, it's ecosystem is maybe what I'm trying to say. You cannot operate in a silo. And in my role, my primary goal and my primary function is not only the three-legged bar stool of people, processes and tools, it's to bring all of the different stakeholders in that ecosystem together so we can, for example, make a decision on the right sutures that need to be stocked in our CT ICU. And later today, I have a meeting on zero harm and all of these things we can do from a supply perspective to help reduce harm in the workplace and any environment. So every day is an adventure.

Jim (07:06):

Well, awesome, man. I think that's a great summary. And that really gives us an idea. And you mentioned in terms of patient need, you used sutures as an example. You also have the other side of it of physician preference. And so, you're working with all the clinicians of what's necessary maybe for a certain type of surgery, or a certain physician prefers a certain brand, well, you need to work it because you mentioned cost, and that's a big thing too. How do we work together with the clinicians and meet the needs, but at the same time, manage costs? And that's a delicate balance I know you know as well as I do.

(07:35):

So I really think you did touch on my next question, was going to be about the challenges, and I think the summary you gave really gave our listeners at least an idea of the challenges you might face. But I think specifically for health system as large as New York Presbyterian, if my latest numbers are correct that I saw, it's 40,000-plus employees, 2,600 beds across six campuses. That might be a little outdated, but in terms of the vastness, the responsibility that you have, overseeing all of that, how do you manage that?

What would you say are the biggest challenges to just cover all of that area, all of those patients?

Randy (08:11):

Yeah, so Jim, you hit on the metrics 99%. I'll just make one minor correction that we're classified as 10 different hospitals within the system. The count and the number of wonderful humans we have working here at Presbyterian is exactly right. So Jim, I'll frame the discussion in terms of challenges and kind of go inward-out because I think there's important external factors that need to be considered when you think about the challenges of healthcare. But let's start inward.

Jim (08:38):

Please.

Randy (08:39):

For New York Presbyterian Academic Medical Center associated with the medical universities of Columbia and Cornell, fundamentally, that's fantastic because we are able to bring in the best talent in the world to help care for our patients.

(08:52):

But I think the primary challenge that we have, that we will have as an academic institution is we're seeing patients with the most complicated illnesses and diseases that require, although state-of-the-art and ground-breaking, the most complicated treatments and the most complicated processes and procedures to care successfully for these patients. Of course, fundamentally, in a hospital setting, you're never going to be 100% ever. You're never going to cure anyone 100%. Sometimes care is more important than the cure itself.

(09:23):

But putting that aside, I think care, we're what they call a tertiary coronary academic medical center, which means that we encounter the sickest patients in the world that come to us. So I think that's the first challenge is we are caring for humans who have very complicated illnesses and diseases.

(09:40):

Second now, as you move towards that, you hinted on, you moved us in the right direction, at least from my supply chain perspective, with physician preference. In a system of large as ours, with humans as talented, whether it's physicians, nurses, EAs, a variety of different techs, surgical assistants, ancillary staff who don't have clinical backgrounds, but are still highly intelligent from the business perspective, although you have such intelligent people in the room, there are times where decision-making can be difficult.

(10:10):

I'll give you an example. Some of the most complicated cases we see are tied to spine surgery. I'm sure you can imagine, there are not so many players in the healthcare market who provide all the different instruments and implants that are present for spine cases, but spine surgeons, as I've learned, highly opinionated, and for all of the right reasons. Each surgeon, in a recent discussion, had a different experience, coming back to my point of complicated care, that had a different layer of complexity that as we learned, a different supply was the best fit. And as I'm sure you know, many of the wonderful external vendors and suppliers in this space have proprietary technology, proprietary equipment that's used on very specific cases.

(10:53):

So if you had a paper cut that required an alcohol prep pad and a Band-Aid, sure, very easy to standardize and have a clear path forward. But you have patients who present with different elements of a complicated injury tied to their spine, you're going to have complicated decision-making. So I think that ecosystem, as wonderful as it is at times to conceptually think about removing silos, which is something we absolutely need to do, we need to have the right people per se at the metaphorical table or the virtual table to make those decisions.

(11:25):

But getting everyone to one direction is not always easy, and it's not easy because we're caring for complicated situations and we're caring for people

with complicated conditions. So those are two main buckets I think of what the challenges that we'll encounter from an internal perspective.

(11:43):

From my direct lens internally, I think the main challenge is retaining talent and growing the talent. I say that from two lenses, I'll say that from the lens of 30 to 40% of my team members, my staff, are within five years of retirement. 30 to 40% are within the first five years of their career. I think there's a gap. And we're noticing, universally, putting aside the supply chain industry, that talent is leaving the work environment or leaving the market because it's time for people to live on to their golden years and pursue other adventures that they would. But for me, it's like how do I bridge the gap with that talent in X number of years from now where the majority of our workforce or my team will be relatively, it's wrong to say inexperienced, but will not have the same levels of experience as those who just have that anecdotal information of -- they know that this unit uses this supply. It's not something you directly can teach, it's just something that people learn.

Jim (12:42):

That's something. If you don't mind me interrupting you, sorry. Because we talk often and we hear often about the talent at the bedside and the great turnover since COVID, especially nurses, obviously that's something I'm paying close attention to, but the clinical staff at the bedside and the great turnover there. Are you seeing that type of turnover on the supply chain side of things or it's more a generational shift that's happening.

Randy (13:04):

Yeah, Jim, great question. What I would say, the best way I can answer it as of right now, or maybe looking at some Q3, Q4 metrics from my end, it's more of a generational thing. What I would say though is that, in a way, coming maybe out of, maybe out of is the wrong terminology, but out of some of the pandemic in 2020, 2021, 2022, a lot more variation, because I think a lot of people, two things, one, the market was slightly more competitive, even for supply chain roles where team members could just research in New York City, by its nature, even the New Jersey and Connecticut, the Tri-state area of

this region is very competitive, team members were able to find very lucrative opportunities and pursue that from a supply chain perspective.

(13:42):

I think also just team members realized, maybe as a result of 2020 to 2022, that there are other pursuits they wanted to capitalize on, whether it was going back to school to maybe pursue nursing or a technical career in healthcare. But I would say Jim, again, and I know you're probably monitoring more closely for the clinical perspective or from the clinical titles, but for more of the ancillary ones right now, the generational ones is actually the graver concern for me.

Jim (14:08):

And we don't want to forget about that because my mind goes to that. But like you're sharing, this is an essential part of the healthcare system, especially a system like New York Presbyterian.

(14:19):

If you're just tuning in, you're listening to the Healthcare Leadership Experience, and I'm your host, Jim Cagliostro. This show is sponsored by VIE Healthcare Consulting, a SpendMend company, which provides leading edge financial and operational consulting for hospitals, healthcare institutions, and other providers of patient care.

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(14:51):

So Randy, if you don't mind me shifting gears a little bit, and you kind of mentioned about innovation and some of the trends that are upon us. In most industries, challenges are typically addressed with innovation. And when I say innovation, maybe it's new technologies, maybe new systems or processes, you talked about models to address some of these old and new challenges. Can you share what innovations you have seen or been a part of

that you've seen to be most effective in terms of addressing some of these most common supply chain issues?

Randy (15:22):

Sure. So Jim, I think we're at this tipping point in supply chain. I want to start with two comments and then diving into some more specifics. But I think we're approaching this tipping point in supply chain, specifically in the healthcare and even in the hospital sector where innovation and technology as an enabler is going to come to the forefront. And I say that from the lens of I have this hypothesis that the organizations that are going to be most successful in healthcare and hospital in the next three to five, maybe three to seven years, are those that have differentiated supply chains. And differentiated, I say from the lens of, sure, managing people and talent is one thing, but taking head on these technological trends that I'm about to hit on. They'll have to be present in some way, shape or form in their supply chain in order for their supply chain to be differentiated, which will be a strategic value to any hospital.

(16:13):

So I don't think many leaders think of supply chain as a department that maybe is maybe in healthcare and hospitals. And of course, you have the bigger players in the retail sector and the commercial sector, very different. I don't think many leaders think of it in that way, but that's one thing I want to touch on in a moment, but I want to couple that with the second thought in that healthcare always lags in terms of innovation. Hospitals are naturally 20, 30, depending on the research you look at, maybe even more years than that behind.

(16:42):

But looking ahead, I want to just hit on three to four key trends that I'm starting to notice or I think are going to be vital for this three to seven-year hypothesis. So of course, I think I'll term it under the bucket of digital transformation. So when I say that, I'm going to be more specific, having, for example, a cloud-based enterprise resource planning system or a cloud ERP for hospitals is going to be significantly important.

(17:08):

Why is that? I think it's because we think of, historically, ERP systems as transactional systems, systems that you use to order, sometimes to manage inventory, but as we move to the cloud, there is going to be this recognition of cloud-based systems are built as well to be more of analytical tools that can offer forecasting services, that can truly offer inventory management visibility that get into a lot of those key metrics and KPIs that supply chain leaders such as myself look for.

(17:41):

In the current ERP systems, at least the primary ones used in healthcare, like Infor, Oracle, and Workday, the non-cloud-based systems, and I can tell you from firsthand experience, aren't there yet. And I'm not by any means saying anything negative about the products, they serve a key function of getting supply orders to our vendor partners and getting supplies in our doors. But moving towards cloud-based systems, which I think will be the centerpiece of this digital transformation for hospitals is of the utmost of importance for supply chain leaders.

(18:13):

And then other terms like digital twin that can be used as well for a host of accuracy measurements. One that comes to mind recently is forecasting for four needs. I'm planning for needs during pediatric surges during high respiratory periods where the rates of RSV are increasing or flu or conditions such as that. So digital transformation to me is bucket number one. And there's so much more beyond that. There's so many other topics to cover, but I want to hit on the key ones that I'm noticing or that we at New York Presbyterian are moving in that direction towards.

(18:48):

And I think the second, which will come as no surprise to anyone, is elements of artificial intelligence, and I'll lump machine learning and robotic processing automation or RPA into that. Intimately, I can't speak to how we can use like ChatGPT just yet in the supply chain world, but what I can say is when you think of the procure-to-pay model, a few examples come to mind.

Having machine learning and RPA system that can read invoices that come in from vendors, and then partner, for example, with or integrate with our cloud-based ERP to allow for our vendors to be paid in a more timely manner. But for example, to create payment terms that could allow for a hospital to receive greater discounts if we pay within 15 or 30 days or something like that is one example of something that we're doing here, but I think other hospitals will need to take on as well, especially, just to be clear to our listeners too, hospitals' profit margins, very slim, single digits, three to 7%, especially for the non-for-profit ones that are successful. Many operate at less than 3%.

(19:51):

So when you think of being able to pay your partners, your suppliers or vendors quicker, but to get a greater discount, it just directly connects to the bottom line. It's a very black and white concept to me. But then, elements of machine learning, again, whether you have a WMS, a warehouse management system. Or integrating within your ERP to forecast better for, again, whether it's seasonality needs that are tied to flu or other diseases, whether it's being able to use machine learning to review like two years of purchase history to identify trends that can then influence how many, I'm making this up for the sake of an example, how much we keep within our six months stockpile of PPE to help ensure that we're prepared for an upcoming pandemic or an upcoming emergency management situation. So I think there has to be that presence of artificial intelligence within a hospital supply chain.

(20:48):

The third, and maybe the third kind of ties into the first two somewhat, beginner analytics. We sit on... And I'm putting aside data within, data that ties to the health record and so forth, but you can use an EMR to see what's being used during a case to help forecast, maybe how many pacemakers you have in any given year.

(21:07):

But the importance of the trend of big data analytics is going to be significant in how health systems use artificial intelligence to help

manipulate, pivot and interpret that data, or actually just to analyze the data and allow for the humans on the front lines, whether it's the clinical teams and the...to figure out how to interpret it is going to be significantly important.

(21:31):

And Jim, if I may, one thing I wanted to just pivot back to, it kind of connects-

Jim (21:36):

Sure.

Randy (21:37):

... especially in the supply chain world, there's this term, it's called the internet of things or IoT, which can be grossly under-summarized as having sensor data or sensor technology to kind of know where things are. And this concept is significantly important from an inventory management perspective of knowing in real time how much stock we have on site of a particular product.

(22:01):

I'll give you a case in point. So a minority of operating room settings in hospitals implement RFID technology onto their more expensive supplies, and I'll term more expensive as a supply that the cost you pay for it is greater than \$50 per unit per individuals. So here in NYP, we've tagged our supplies in our radiology space with an RFID tag and there're sensors in our clinical spaces that then read exactly where the product is, whether it's on the shelf, whether it's in transit to a room. Once it's been used in the room, it gets scanned. And it creates a few different efficiencies for us. One is, in real time, we know what we have. And I think for a clinical team member, that's important because they want to know, "Hey, do I have what I need for my case today or do I have what I need for my case tomorrow?" So that insight, in real time, is there.

(22:51):

Second, from the supply chain perspective, I would dare to argue that most hospitals nowadays have a human being who's going to a physical location who has a handheld device that then scans barcodes, and that human being enters how much quantity is on a shelf and then the ERP or some technology calculates what's missing and then submits the reorder. With an RFID system, or this type of sensory-based system, that's kind of all done in real time where order's just constantly being resubmitted as items are removed and used for cases.

(23:25):

It's, in a way, the Amazon Go per se of healthcare for those who are trying to visually understand what I'm saying, where a machine picks up a product and just moves it to a room and scans it out at the point of use. And it just creates this ongoing system where our team members, the value it brings to us is then, our team member, who normally would be manually completing the steps I previously described, can spend more time engaging with the clinical team members, whether it's the clinician or tech doing a biopsy in the radiology space, or a nurse to understand more of their pressing needs or if there's a product back order, for example, because the supply chain world, we all know, far from perfect, a lot of resiliency still has to be built into it, can spend that time to triage the critical issues that needs to be resolved. So pivoting back to close the loop on the digital transformation element.

Jim (24:17):

Yeah.

Randy (24:17):

The last thing, Jim, the last trend I'll say it's really around what we term the circular economy or the sustainable economy. I think when we think of... In the world of disposable supply, it's hard to kind of connect that to being sustainable because disposable, you associate with using once and then throwing away, which is the exact definition of it, but the trend of using technology to accomplish the key tenets of forecasting more accurately to ensuring that what we have on the shelf is exactly what we need, whether it's

using an R already technology or not, in and of itself, creates a more sustainable environment because we're not over-ordering and we're not producing waste.

(25:01):

One of the trends, one of the key things in healthcare we're focused on from a patient safety perspective, of course, is ensuring that an expired supply is not used on a patient for care. Having technology as an enabler helps us to track expiration dates as an example, and by doing so and kind of using everything I've just mentioned, we'd be better able to make better decisions about what we order, about what our warehouses, whether it's our own, whether it's our distributor, what's being stored in the right quantities, which in the end creates a more sustainable environment for everyone.

(25:36):

Of course, we have a lot of great vendor partners who are working on state-of-the-art packaging techniques that utilize recyclable materials. Of course, we try. Instrumentation, that's all reusable and sterilized by a central sterile processing department. But just to bring in full circle, these trends of utilizing your talent and creating an environment, digital supply chain, one that incorporates elements of artificial intelligence and big data can not only just drive us towards being more sustainable, but in the end, it makes people healthier.

(26:11):

And I'm sure you know, just maybe bring it full circle and to get off my soap box for one minute, having a healthier world just creates a better place for everyone. Creates a healthier economy, creates a more productive society, especially for someone who comes in, and this is something in my role I see day-to-day, someone who comes in on a wheelchair because they're struggling to breathe because of their cardiac condition and saying that we can do all of the operations, except the tactical steps, and all of the future steps even better than we're doing currently helps to make that person healthier. So it takes an ecosystem, and it takes a lot of external parties as well to help us get there, but these trends are essential to keeping people healthy.

Jim (26:54):

Man, I'm glad you bringing that out. And it's important for us to recognize all the work that we're doing, sometimes get caught up in the weeds and forget what is the end goal? What is our purpose? So you gave us a lot to chew on there. And I mean, you're speaking my language, our language at VIE and SpendMend in terms of looking at the big data and the analytics and this digital transformation. That's huge.

(27:16):

And you mentioned the fact that relying on these or this shift towards the greater technology gives more time to the staff members, gives more time to the clinical team. Whatever the necessary time that's used with a patient that's greater, we're relying on the technology.

I guess my follow-up question for that is you talked about a generational shift, do you see... If I could share personally, I graduated 2007 from nursing school and that was a time where many hospitals were going from paper charting to computer charting, more of a simple shift than this AI and all this other digital reliance. But do you see a resistance from those who've been in supply chain for years, for decades. Do you see a resistance or that to be a major challenge or is it like, "Hey, there's no point in resisting, this is the way that it's going"?

Randy (28:09):

Yeah, Jim, that is such a great question. What I would say, and again, I'll carve out, I like to approach things with fundamental concepts and then move into more granular detail.

Jim (28:19):

I love it.

Randy (28:19):

We all would agree that change management is hard, especially when we're talking about this era of technology and using technology more and more in the workplace. What I would say, Jim, is, to address the question of generational willingness to pursue change, I would say, initially, there is

definitely resistance when you hand a team member a new technological device and explain how we're going to use it.

(28:43):

I'll give you a case in point. We perform cycle counts in our onsite warehouses near Presbyterian. And traditionally, it's been a pen and paper process where you get a printout from your ERP that lists number of items, quantity on the shelf, and you would write in, our team member would historically just write in what the quantity is and then they would go back to their computer, enter it in the system, and then the report would run itself.

(29:06):

But now, having the ability to do that from a handheld device where it just shows you the location and just having a team member go to the location, enter that data on a device, something that the team members expressed some resistance for, "If it's not broken, why fix it?" But I think then working with the team, any think piloting and offering periods of evaluation and to give the team members a chance to share their feedback is of the utmost importance.

(29:33):

I think to your point, framing it as maybe some organizations do this, that this is the path forward. We have to do this. There's no other way around it likely not the best way to obtain buy-in from your team, versus that, "Hey, instead of having a paper in your hand that you're writing numbers on, you're going to have this device that will, on your screen, show you the item. All you do is fundamentally walk to the location, in this case, count what's on the shelf, and then allow the system to conduct a proper transaction."

(29:58):

But I think allowing the team to be heard with their feedback, even if their feedback upfront is resistance, finding some layers of compromise. But in this example, I think illustrative of most examples, team members are rational and they will understand why the new process, one that uses technology more will make things more efficient. And they realized that the process

became 30% shorter per se, approximately 30% shorter, minutes-wise, which gave them time back to assist with other responsibilities that were more directly patient care.

(30:32):

In the end, in a hospital setting, people are driven towards the mission and the passion of knowing that... And we're such a great team that they know that, hey, every item matters for patient care, but saying that, "Hey, you can utilize this time back to help on a unit with a need," I think is part of that narrative of bringing back to why do we do this and how, again, this technology help us to continue to do this.

Jim (30:55):

I appreciate just that leadership approach where it's not just steamrolling and coming through and saying, "This is how we're doing it, you got to deal with it," but, "No, we're a part of this team. This is how it's going to help you do your job better. This is how it's going to help the overall mission of not just our department but the whole hospital."

(31:13):

So we are running out of time, but I did want to mention, I think it was September of 2023, so just a few months ago you came out with this textbook, Supply Chain Management. And I imagine if you wrote this book, say a decade ago, it would look different, but this is very recent, very new, hot off the press.

(31:31):

And you talked about slim margins, and so, probably for my last question here, maybe we'll have time for one more, but how do hospitals today, in today's day and age, with all these challenges that they're bombarded with, how do they not just manage the supply chain, but view it as a way to gain a competitive advantage? Going to touch on that a little bit.

Randy (31:50):

Yeah, no, Jim, when you look at a very simple like revenue and expense, when you look at the balance sheet or the income statements of the hospital, fundamentally, I'm sure we know revenues come in, in the United States, via commercial insurance and then government insurance, and maybe some philanthropy. When you look at the expense bucket, you have staffing, which is the primary expense, you have the best talent. Hard bucket to touch.

(32:16):

The second-biggest bucket though is the supplies and all the efforts that a supply chain management team is involved in. And what I would say is how... Of course, by no means am I advocating for buying the cheapest stuff to reduce the margins, that's not the investment way to think about it.

(32:35):

But I think one thing I will say is thinking of a supply chain team as an investment is the right approach to help build bigger margins. Now I say that from the lens of, coming back to my example of spine surgery, sure, we may buy a spine implant at a greater cost, could it yield a better outcome for our patient that reduces their chance of readmissions, which... And I'm not trying to get into the insurance world, which hospitals then get reimbursed less at a basic level if a patient's readmitted. So there's factors that tie to that strategic thought process that requires so many different parties from the revenue cycle, from finance, from clinical care, to be involved and from the billing and coding, all of that ties into the supply chain.

(33:18):

So I think thinking about supply chain from that operational lens as an investment, it's like, "What do we actually buy. And why are we buying it?" And of course, economies of scale come into play. If you can standardize, and you know this, Jim, if you can have your physician and clinical teams on board with utilizing as much stuff from one supplier or one vendor over another, it naturally will just yield the economies of scale and reduced rates. That's one thing.

(33:40):

But I think the second element, and this is the harder one, I want to try to bring it back full circle to my three to seven year hypothesis of differentiating supply chains, is that if, at the C3 level, working and influencing those leaders to invest in supply chain, in these technologies, which upfront will probably cost more, so the bottom line will take a hit, but long term... The bottom line in the short-term will probably have a negative variance in some capacity or some term that's negative. But in the end, that investment will be of strategic importance for years to come.

(34:14):

And why is it important? Hospitals are what they term like the infinite game. As much as I would love to believe and wish if I had a magic wand that no one ever got sick, life is too complicated, and people always get sick. And I think that investment, to play the game for a little bit more of the long term from a supply chain perspective will help to improve the margins as time goes on.

Jim (34:35):

That's a great point. And I love how we kind of closed up the conversation with that where healthcare is such a complex industry, just the operations of a hospital, a big health system like New York Presbyterian, it's so complex, it's so costly, and the supply chain is an integral part of that. I think often, we forget about that because a lot of that work happens behind the scenes. But I love that you mentioned that some of these upfront costs are going to be greater. We talked about technology. You talk about a strong team, but you use that word investment, and I think that's a huge point that we all need to keep in mind. In the C-suite you mentioned to recognize that this is an investment. And sure, you might see a greater cost for this year, but it's investment into the success, the sustainable success of your organization. So thank you for laying that out like you did.

(35:25):

If I could just ask just for the last minute here, I always like to ask our guests to leave our audience with some leadership insight or maybe a leadership lesson that you've learned or maybe that's carried you throughout your career. It doesn't have to be a one-liner, but maybe something that you feel

like that has really gotten you to the point where you're at today and kind of carries you through on those difficult days.

Randy (35:47):

Yeah, of course, Jim. So what I would say is a lesson I try to embody and carry every day, it's centered around this theme of going to the source. So when I say that, and I mean, like literally or geographically, if there's an issue on a unit and a hospital, going to the unit, engaging with my team who's there to maybe help resolve supply chain need, engaging with the clinical team, again, as human beings, are there to help care for a human. But also, when in critical emergencies, as humans, we can't help but feel you have a variety of different emotions that go into the care of caring for others.

(36:28):

So I would say as leadership lessons is going to the source and engaging with people. I think fundamentally it's working with people, that is the pillar of my success, or I dare to say, my success is being able to work with others. And when there's a moment to praise someone, when an opportunity arise to improve something, going to that source. My source just so happens to be a clinical unit in a hospital.

(36:53):

And you know what? Going to the source, it's more often than not gratifying because then you really get to see, hey, my team orders this product, here's how it's used to help make life better for this person who's receiving care. So I think Toyota coined as going to the gemba, so I'll leave our listeners with go to the gemba.

Jim (37:14):

That's great. That's perfect. Thank you so much. I think that's great advice, not just for healthcare, but in life. Wonderful way to leave our audience with some leadership advice. Thank you, Randy.

(37:23):

And thank you to our listeners who joined us, spending time with us today. If you have any questions about VIE Healthcare Consulting, a SpendMend company, or if you want to reach out to me or Lisa Miller, you can find us on LinkedIn. You can also find Randy on LinkedIn.

(37:36):

We at SpendMend love helping hospitals save money and enhance the patient experience. And we're hoping that today's episode gave you some new insights to consider and use in your career and your own healthcare organization.

(37:48):

Randy, I can't say it enough, thank you so much for the insight. I learned a lot today and I'm sure our listeners did too. Thank you so much.

Randy (37:55):

Thank you, Jim, for the platform and the dialogue. This was fun.

Jim (37:58):

Appreciate it.

Speaker (38:01):

Thanks for listening to the Healthcare Leadership Experience podcast, we hope you've enjoyed this episode. If you're interested in learning new strategies, best practices and ideas to utilize in your career and healthcare organization. Check out our website at TheHealthcareLeadershipExperience.com.

And oh yeah, don't forget to rate and review us and be sure to join Lisa and Jim, next time on the Healthcare Leadership Experience podcast. Thanks again for listening.



MEET LISA MILLER

"It's important for hospitals to have a clearly defined cost savings strategy with purchased services as a component to that strategy. We provide our clients with a focused roadmap to achieve those savings through our expertise since 1999."

Lisa Miller launched VIE Healthcare Consulting in 1999 to provide leading-edge financial and operational consulting for hospitals, healthcare institutions, and all providers of patient care.

She has become a recognized leader in healthcare operational performance improvement, and with her team has generated more than \$720 million in financial improvements for VIE Healthcare's clients.

Lisa is a trusted advisor to hospital leaders on operational strategies within margin improvement, process improvements, technology/ telehealth, the patient experience, and growth opportunities.

Her innovative projects include VIE Healthcare's EXCITE! Program, a performance improvement workshop that captures employee ideas and translates them into profit improvement initiatives, and Patient Journey Mapping®, an effective qualitative approach for visualizing patient experience to achieve clinical, operating, and financial improvements.

Lisa has developed patented technology for healthcare financial improvement within purchased services; in addition to a technology that increases patient satisfaction through frontline insights.

Lisa received a BS degree in Business Administration from Eastern University in Pennsylvania and a Masters in Healthcare Administration from Seton Hall University in New Jersey.

She is a member of the National Honor Society for Healthcare Administration – Upsilon Phi Delta. Her book *The Entrepreneurial Hospital* is being published by Taylor Francis.



MEET JIM CAGLIOSTRO

Jim joined VIE Healthcare Consulting in 2018 and brings to the role over a decade of critical care nursing experience at highly regarded medical facilities across three states.

During that time, he observed both the 'good and bad' of hospital operations in a number of regions, giving him a unique insight and understanding which he brings to VIE Healthcare Consulting's clients.

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MEET RANDY SUBRAMANY

Randy Subramany is a results-driven professional with a proven track record in supply chain management. Currently serving as the Director of Supply Chain at New York-Presbyterian Hospital.

Since March 2021, he has overseen critical aspects of supply chain operations, including strategic planning, inventory management, and collaboration with executive and clinical leaders. His leadership has been pivotal in managing diverse teams and ensuring seamless operations across inpatient and outpatient services.

With a commitment to excellence, Randy continues to play a key role in optimizing supply chain processes for one of the nation's leading healthcare institutions.

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