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SUPPLY CHAIN MANAGEMENT

Streamlined supply chain improves performance for Manitoba health authority



Helping doctors understand the cost of items they use in their work makes it easier to introduce new, cost-saving technologies in hospitals. ISTOCKPHOTO.COM

Persuading surgeons to recognize 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, Mr. Montanti has overseen an ambitious project that

aims to standardize not only supplies, but also procedures at several dozen hospitals, long-term care centres and other health-care 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 organization," says Mr. Montanti. "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 spiraling health-care costs.

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, Ont., 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 per cent shy of the real cost.

Supply chain managers are thus 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 square kilometres. It serves 190,000 residents, including seven First Nations communities, and employs 5,600 people.

Mr. Montanti, who worked for a bakery and an aerospace company before moving to the health-care sector, notes that "logistics and supply departments are not going to be the grand poobahs of the organization where you can wave your wand and everyone is going to watch you. You need to lead from behind."

Manitoba's standardization 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," Mr. 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.

Mr. 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 anesthetists are needed for an operation? And so on.

Using standard products has cut the surgical program's cost of supplies by 30 per cent, Mr. Montanti says. He 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."

This content was produced by Randall Anthony Communications, in partnership with The Globe and Mail's advertising department. The Globe's editorial department was not involved in its creation.

ABOUT



With nearly 7,500 members working across the private and public sectors, the Supply Chain Management Association (SCMA) is Canada's leading association for supply chain management professionals. It is the national voice for advancing and promoting the profession, and sets the standard of excellence for professional skills, knowledge and integrity. SCMA was the first supply chain association in the world to require that all members adhere to a code of ethics.

SCMA was formed in 2013 through the amalgamation of the Purchasing Management Association of Canada and Supply Chain and Logistics Association of Canada. It is the principal source of supply chain training, education and professional development in Canada. Through its 10 provincial and territorial institutes, the association grants the Supply Chain Management Professional (SCMP) designation, the highest achievement in the field and the mark of strategic supply chain leadership.

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Supply chain management: Canadian success stories

Once upon a time, supply chain management professionals were scattered around organizations, told to focus on keeping costs down and ensuring everything ran smoothly. This remains the foundation of the supply chain function, but there has been a striking evolution of the role in recent years as organizations of all types recognize how important suppliers are to their own success.

The networks of suppliers around any given organization are now far more complex than ever before, and are often spread around the world. The



strength, performance and actions of those suppliers can have a major impact on the organization they supply. According to PwC, companies that operate best in class supply chains have 50 per cent higher sales growth and are 20 per cent more profitable. In the public sector too, there is over \$150-billion of spending in Canada, which not only has to be spent well, but often has goals attached such as boosting environmental performance or driving innovation.

To manage this growing complexity, there has been a rapid growth in the use of technology and the skills required by supply chain management professionals. This is why we are showcasing a series of supply chain success stories from across Canada.

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