


Run Error



Run as fast as you can and don't look back.

OK

Windows VirusScan 1.0



Found infected file: "Microsoft Windows"
Remove it?

Yes No

Big error



You really screwed up this time.

I know What else is new It's my first day

Results



Congratulations. You are pregnant

Abort Retry Ignore

Keyboard not plugged



Windows 95 was unable to detect your keyboard. Press F1 to retry or F2 to abort.

AVG 7.1 Exception



Something bad

OK

Internal Error



Error Code 42: User Error. It's not our fault!

OK


Internal Error



Your computer has been running for 10h 37m 23s.
Microsoft does not allow a windows system to run longer than that.
That is why your computer will now crash.

Restart

Error



User error -
Replace user

OK


Hardware conflict




Your TV is lonely.

OK

Internal Error




It's 10:00 p.m. Do you know where your children are?



Know Don't Know

Keyboard Error



Keyboard not responding. Press any key to continue.

Integrating Supply with Organizational Strategic Efforts

Scott Miller

Overview

- Strategic Planning Overview
- Value Chain Overview
- Where Material Management Does/Can Fit
- Tactics to Help with Strategy

Strategic Planning

“Plans are nothing. Planning is Everything.”

Dwight D. Eisenhower

Basic Strategic Planning Model

Review Mission & Values

- Any strategy should not deviate from the org's purpose
- What enabler/barrier lies in org's values?

Envision the Future

- What can be capitalized on? Internal/External environment
- What benefit would be gained by the change? (\$\$\$\$\$)

Assess Current Capabilities

- How close can we get, given current resources & climate?
- Do we have the ability to do it organically?

Gap Analysis

- What do you need to get to your new vision of your org?
- What will it cost? Time, Staff, Facilities, Equipment, Marketing

Develop Strategic Goals/Objectives

- How will we get there? The map of "how" is the strategy
- Break the strategy into measurable chunks; Goals & Objectives

Develop Functional Plans

- Functional areas have a role to meet objectives
- Each area has milestones that must be met to meet objectives

Execute Plans

- Process teams, development teams, training, purchasing
- Meet milestones; track w/metrics, time goals, capital progress

Where Do Things Go Wrong?

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Where Do Things Go Wrong?

Review Mission & Values

- STRETCH PAST OUR CORE ROLE TO THE COMMUNITY
- TRY COMPETING ON GOAL THAT ISN'T "RIGHT" FOR US

Envision the Future

- MISCALCULATE A TREND
- MISCALCULATE THE BENEFIT OF PROCEEDING (\$\$\$\$\$)

Assess Current Capabilities

- ASSUME A STRETCHED RESOURCE CAN BE STRETCHED MORE
- MEASURE AN INCOMPLETE CAPABILITY WITHOUT

Gap Analysis

- MISCALCULATE RESOURCES NEEDED TO REACH YOUR GOAL
- NOT CONSIDERING SUSTAINMENT COSTS; JUST STARTUP

Develop Strategic Goals/Objectives

- PLANNING IN A VACUUM...NOT MULTIDISCIPLINARY
- ILLOGICAL SEGMENTATION OF STRATEGIC ACTIVITIES

Develop Functional Plans

- UNSYNCHRONIZED ACTIVITIES AMONG DISCIPLINES
- ASSUME ALL DISCIPLINES UNDERSTAND THE SAME WAY

Execute Plans

- NOT MEASURING THAT WHICH NEEDS TO BE DONE
- UNDER-RESOURCING EXECUTION

Questions

Review Mission &
Values

Envision the Future

Assess Current
Capabilities

Gap Analysis

Develop Strategic
Goals/Objectives

Develop Functional
Plans

Execute Plans

From your experience, what part of this process are Supply Chain people normally brought in?

What part of the process should Supply Chain participation happen?

What strategic planning role should Supply Chain have?

(Primary? Consultative? Support? Something Else?)

Healthcare Value Chain

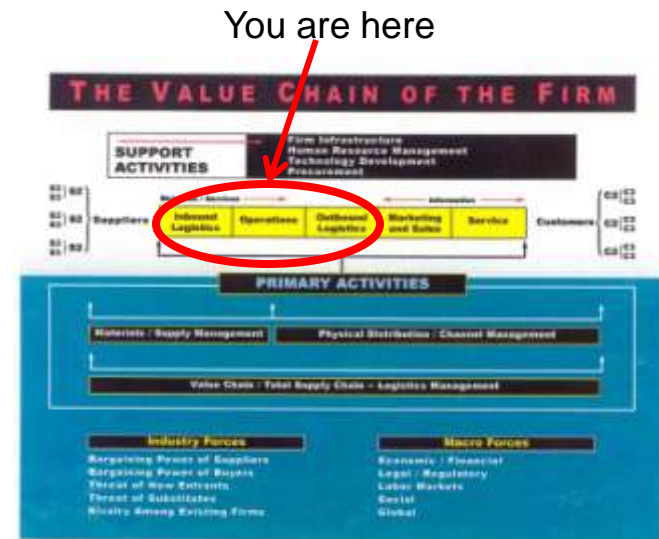
“If you are not part of the solution, you are part of the problem...”

Sydney J. Harris in the *Chicago Tribune*, 1973

The Value Chain

- What do we mean when we say, “Add Value”?
 - Value has three dimensions
 - Quality
 - Cost
 - Time

- What is a Value Chain?
 - The flow of goods and services (from cradle to grave) linking each participant that **adds value** to the customer



Macro Healthcare Value Chain

Producers	Purchasers	Providers	Fiscal Intermediaries	Payers
Device Mfgs	Wholesaler	Hospitals	Insurers	Government
Med/Surg Mfgs	GPO's	Physicians	HMO's, etc.	Employers
Pharm Mfgs	Repack/Relabel	IDN's	PBM's	Individuals
Non-Med Mfgs	Mail Order Dist	Pharmacies	Gov't Regulation	Employer Groups
Equipmt Mfgs	Hybrid Pch/Prov	Gov't		
Service Provider				

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 We live here
 (most of us)

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But can these impact how we aid in executing our organizations' strategies?

Time to get off track...

SCRIPT: "THE SUPPLY GUYS NEED TO GET THEIR ACT TOGETHER"

ACT ONE: *Why the hospital did not make revenue projections in the new dialysis service because of supply cost over-runs*

RENAL UNIT DIRECTOR: "We need to get the supplies in for our dialysis service by next week. The equipment will be here Monday. We need to get it up and running ASAP."

MATERIAL DIRECTOR: "What dialysis unit?"

RENAL DIRECTOR: "You know...the new initiative to bring renal outpatients in..."

MATERIAL DIRECTOR: "No, I didn't know. (sighs, smiles) Who do I need to talk to about the scope and projected volume for the new service."

RENAL DIRECTOR: "It's a corporate initiative we've been talking about for months. The Chief Nursing Officer owns the project. We have to show revenue this quarter."

SCENE: Material Director catches CNO in the hall and asks about dialysis service

CNO: Sure. The new corporate renal VP had teleconferences to plan this. All the players were included. Supplies are budgeted and equipment was purchased centrally.

SCENE: Material Director visits the CFO and asks how much is budgeted for supplies

CFO: We calculated the volume to be umpteen patients a day and that supplies need to cost a buck-two-eighty per patient to meet our revenue target. Budget is the projected number of patients times a buck-two-eighty.....and don't bust the budget!

SCENE: (9:00PM Friday) Material Director concludes research on dialysis supplies

MATERIAL DIRECTOR: (Thinking out loud...exasperated) "Dialysis supplies are regionally manufactured, so there is no national pricing...and my region has a high price because of our remote location. How will I ever meet the expected budget?!?"

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This is fiction, right?

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Integrated Supply Chain

“People talk about being part of something larger than themselves, of being connected...”

Peter Senge in *The Fifth Discipline*, 1990

Integrated Supply Chain

- What is the Supply Chain supposed to do?
 1. Coordinate time and place
 2. The “Five Rights”
 1. Right Product
 2. Right Place
 3. Right Time
 4. Right Condition
 5. Right Cost
- We add value by linking “Rights” with strategic planning/execution (“Strategic Linkage”)

Strategy Integrated with Supply Chain

5 "Rights" Planning Phase	Product	Place	Time	Condition	Cost
Review Mission & Values	Service Components	Service Location(s)	Service Duration		
Envision the Future					
Assess Current Capabilities	Scalability Capacity	Logistics Facilities	Logistics	Life Cycle Management	Sourcing
Gap Analysis	Clarify Requirement	Model Storage/Delivery		Compare Make vs Buy	Compare Target & Opportunities
Develop Strategic Goals/Objectives					
Develop Functional Plans	Refine Specifications	Confirm Expectations	Confirm Expectations	Verify Requirements	Negotiate & Source Select
Execute Plans	Coordinate Delivery/Storage	Standardize Logistics	Schedule Compliance	Coordinate Sustainment	Monitor & Optimize

Tactics to Participate in Strategy

“It is better to lead from behind and to put others in front, especially when...nice things occur. You take the front line when there is danger. Then people will appreciate your leadership.”

Nelson Mandela, 1985

Tactics to Participate in Strategy

- Understand the Strategy Process ✓
- Understand How Well Your Org Plans/Executes ✓
- Reach Beyond the Supply Chain into the Value Chain ✓
- Ask the “Right” questions through the Strategy Process ✓
- Show that you can add value to their supply needs...Now!
 - Be the go-to guy that go-to-guys go to

Tactics to Participate in Strategy

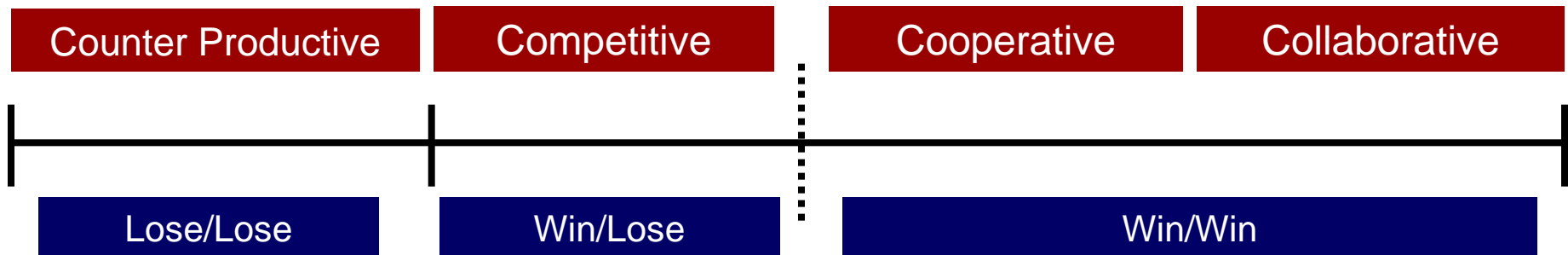
Are you a Go-To-Guy?

Bottom Line: You cannot be considered a strategic planning/execution asset unless you demonstrate the skills every day.

Tactics to Participate in Strategy

Are you a Go-To-Guy?

The Four C's of Supply Chain Relationships



Tactics to Participate in Strategy

Become a Catalyst for Progress

- Position yourself as an enabler for change
 - Join any quality group you can
 - Learn Lean/Six Sigma/Operational Risk Mgt/etc.
- Don't say "No"
 - Positions you as a barrier
 - Instead, say "No, BUT..."



Tactics to Participate in Strategy

Use Procedures Like A Security Blanket

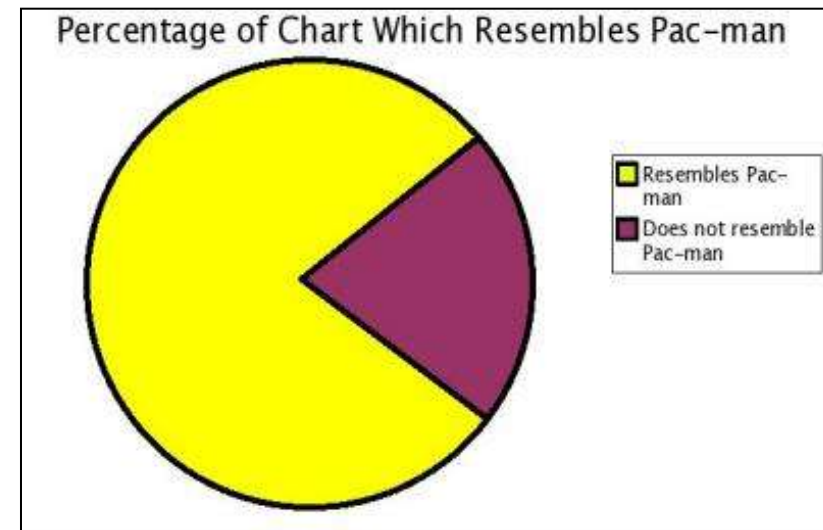
- Make them easy & customer-centric
 - Demystify the Supply Process
- Keep Procedures in Your Script
 - Talk it up...relate process to their job
 - Show how your procedures make it easier
- This sets the stage for change
 - Staff & customers will know the baseline “before” process...and will know WHY it needs change



Tactics to Participate in Strategy

Track and Report Your **CURRENT** Strategy

- How can you illustrate quality/cost/time in the future if you are not doing it now?
- Measure stuff that matters
 - Use metrics when working with customers
 - Share the wins
 - Highlight their impact



Tactics to Participate in Strategy

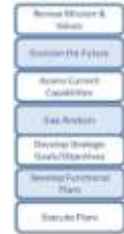
Rack Up Some Credibility

- Actually DO something!
 - Work with teams, complete a project, show improvement, fix something
- Why? Strategy needs to get done
 - Go-to people will be included...it is important
 - “All Talk” people aren’t counted on to deliver

Wrap-Up:

Tactics to Participate in Strategy

- Understand the Strategy Process
- Learn How Well Your Org Plans/Executes
- Reach Beyond the Supply Chain into the Value Chain



Chain



- Be the go-to guy that go-to-guys go to
- Ask the “Right” questions through the Strategy Process



1. Right Product
2. Right Place
3. Right Time
4. Right Condition
5. Right Cost

Questions?



Support from Non-Supply Chain Groups

Functional Group	Examples of Supply Chain Support
Engineering	<p>Evaluate technical capabilities during supplier site visits</p> <p>Interact with supply managers during product development</p>
Marketing	<p>Develop accurate and timely demand requirements</p> <p>Share end-customer requirements with supply chain planning groups</p>
Finance	<p>Validate cost savings from supply chain activities</p> <p>Identify the impact of supply chain initiatives on corporate performance indicators, including ROI and RONA</p> <p>Assess the impact of inventory improvements on cash flow and working capital requirements</p>
Accounting	<p>Provide accurate data to support internal and external cost analyses</p>
Information Technology	<p>Support the development of supply chain information systems, including performance measurement systems</p>
Human Resources	<p>Support the recruitment of human resources to staff supply chain positions</p> <p>Provide training and education programs related to supply chain knowledge and skill areas</p>
Legal	<p>Perform timely and effective reviews of supply chain contracts</p>