

# Through the Years: Healthcare Supply Chain Rankings

To find out their ranking on the Cost, Quality, and Outcomes spectrum, we surveyed hospital supply chain professionals and asked them to rate themselves on a scale of 1 to 6 (6 = top performing) on a series of 28 topics across 12 focus areas.\*

## THE 12 FOCUS AREAS

- Continuous Process Improvement
- Purchasing
- Contracting
- Receiving
- Data Management
- Reimbursement
- Distribution
- Requisitioning
- Education
- Value Analysis
- Internal Controls
- Inventory Management

## Here's what changed from 2015 to 2018

2015

2018

### GENERAL FOCUS AREAS

Performance stayed fairly consistent. Scores varied slightly, but overall the top-rated areas remained at the top and the low-rated areas remained at the bottom.

Here's where supply chain professionals generally thought they performed best and the average scores for those areas.

**Requisitioning**  
3.6

**Distribution**  
3.6

**Contracting**  
3.3

**Requisitioning**  
3.7

**Distribution**  
3.5

**Continuous Process Improvement**  
3.2

**Contracting**  
3.2

**Value Analysis**  
3.2

These are the areas in which the data indicates that supply chain professionals generally need the most improvement (the focus areas with the lowest average scores).

**Inventory Management**  
1.3

**Education**  
2.3

**Reimbursement**  
2.4

**Inventory Management**  
1.5

**Education**  
2.2

**Reimbursement**  
2.3

### SPECIFIC FOCUS AREAS

Performance varied in more specific areas of focus. The areas needing the most improvement remained at the lower end of the spectrum.

The following received the highest average scores.

**Electronic Requisitioning**  
(Requisitioning)  
3.8

Most respondents answered that an electronic requisitioning system is used by the majority of departments and service lines.

**Product, Service & Technology Evaluation**  
(Value Analysis)  
3.8

Most respondents answered that new product, service, and technology evaluations are performed by an interdepartmental committee prior to purchase and current products flow through this process.

**Item Master**  
(Data Management)  
3.6

Most respondents answered that one enterprise-wide ERP system and an item master are consistently maintained, has basic information, and is interfaced with the clinical systems.

**Supply Chain Education**  
(Education)  
4.1

Most respondents answered that supply chain staff receive ongoing education about other supply chain functions; clinical supply chain-related education specific to value analysis is routine practice.

**Electronic Requisitioning**  
(Requisitioning)  
3.9

Most respondents answered that an electronic requisitioning system is used by the majority of departments and service lines.

**Distribution Schedule**  
(Distribution)  
3.7

Most respondents answered that both their vendor and internal distribution schedules take into account requisition time and aim to reduce department disruption.

Despite being the second-lowest-rated focus area in 2018, supply chain professionals thought they performed best in educating and cross-training their staff.

The following received the lowest average scores.

**Cycle Counting**  
(Inventory Management)  
2.0

Most respondents answered that cycle counting is performed sporadically or as needed in the main hospital storeroom and nursing units.

**Receiving: Stock Purchases**  
(Receiving)  
2.2

Most respondents answered that their deliveries are received at the loading dock and entered into the MMIS manually.

**GPO Contracting**  
(Contracting)  
2.3

Most respondents answered that they are affiliated with one or more GPOs or buying associations and purchase from a few GPO contracts.

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**Inventory Turns**  
(Inventory Management)  
2.3

Most respondents answered that they have 5 to 8 inventory turns per year and use some reporting to monitor inactive inventory.

The following had the highest number of respondents rating themselves at the lowest level.

**GPO Contracting**  
(Contracting)  
43%

The organization is affiliated with at least one GPO or buying association but does not make use of most of the contracts or services.

**Receiving: Stock Purchases**  
(Receiving)  
12%

The organization is affiliated with at least one GPO or buying association but does not make use of most of the contracts or services.

**Reporting**  
(Data Management)  
9%

Basic reports are generated but rarely used.

**Inventory Turns**  
(Inventory Management)  
28%

There are up to four inventory turns annually and no reports are generated.

**GPO Contracting**  
(Contracting)  
25%

The organization is affiliated with at least one GPO or buying association but does not make use of most of the contracts or services.

**PAR Levels**  
(Inventory Management)  
19%

There are no PAR levels.

These topics elicited an "I don't know" from the most respondents.

The number of "I don't know" responses decreased greatly, which may be attributed to a greater emphasis on data in general but also the realization that monitoring supply chain performance measures is essential to a hospital's financial and operational health.

**Cycle Counting**  
(Inventory Management)  
55%

If, how, and how often cycle counting is performed.

**PAR Levels**  
(Inventory Management)  
52%

How many PAR levels there are and where.

**Charge Captures**  
(Data Management)  
45%

If charges are captured manually.

**PAR Levels**  
(Inventory Management)  
19%

How many PAR levels there are and where.

**Cycle Counting**  
(Inventory Management)  
15%

If, how, and how often cycle counting is performed.

**Inventory Turns**  
(Inventory Management)  
11%

How many annual inventory turns occur and if reports are generated.

Want to know where you stand?

Take the new Hospital Supply Chain Performance Self-Assessment™ at [nexerainc.com/cqoassessment](http://nexerainc.com/cqoassessment).

\*Focus areas based on the book *The Healthcare Supply Chain: Best Practices for Operating at the Intersection of Cost, Quality, and Outcomes*. To receive a copy, please contact [info@nexerainc.com](mailto:info@nexerainc.com)