



REDEFINING the “WE”

“The supply chain transformation journey at COHPA”

Bill Whittaker
COPHA Board Chair
Mt. Sinai Hospital
November 26, 2008



5 QUESTIONS

1. Who are WE?
2. Why did WE need to change?
3. How will WE operate?
4. Where are WE now?
5. What have WE learned?



COPHA Member Organizations

- Markham Stouffville
- Peterborough Regional Health Centre
- Ross Memorial, Lindsay
- Royal Victoria, Barrie
- Southlake Regional Health Centre, Newmarket
- York Central, Richmond Hill



Project Participants – Customer Hospitals

- Haliburton Highlands
- Huronia District, Midland
- Penetanguishene General
- Muskoka Algonquin, Bracebridge / Huntsville
- Soldiers Memorial, Orillia
- Stevenson Memorial, Alliston
- Campbellford Memorial
- Northumberland Hills, Cobourg



Where WE Are Located

- Founding member hospitals within 1.5 hour drive from the GTA and each other
- COHPA spans boundaries of the three LHINs:
 - LHIN 8: Markham Stouffville, Southlake Regional and York Central;
 - LHIN 9: Peterborough Regional and Ross Memorial; and
 - LHIN 12: Royal Victoria.
- The group services a growing catchment area of about 1.7 million people





Pre – COHPA Environment & Readiness for Change

- ***Operational funding shortfalls*** – coupled with increasing costs & patient volumes
- ***Aging infrastructures*** – specifically IT systems leading to disparate clinical and financial data, operational redundancies
- ***SCM staff/competency gaps*** – professional development & leadership
- ***Business & Logistic processes*** – in need of review and refresh to meet current SC standards
- ***Technology*** - multiple and often outdated SCM information systems resulting in operational inefficiencies and organizational risk
- ***Collaboration*** – founding members already had a successful track record on rationalization of SCM initiatives, including:
 - Joint supplier contract negotiations
 - Product standardization
 - Standardization of procurement procedures RFI and PFP



The Strategic Choice:

Implement “integrated Supply Chain Management” as a way to drive sustainable member benefits



Vision

- *COHPA will be a **results-oriented**, integrated supply chain organization. It will leverage the combined resources and support of all partners, applying **industry best and leading practices, technology** and economies of scale in order to **reduce costs** and increase service levels **in support of patient care**.*



Business Case Objectives

- Establish a SSO responsible for all aspect of supply chain management
- Streamline and automate processes using standardized best practice work processes to reduce operating costs
- Enable hospitals to manage as a single, integrated organization to meet the needs of hospital stakeholders
- Introduce a common supply chain technology platform as an enabler to process improvement and to provide required data and performance metrics



Key Deliverables:

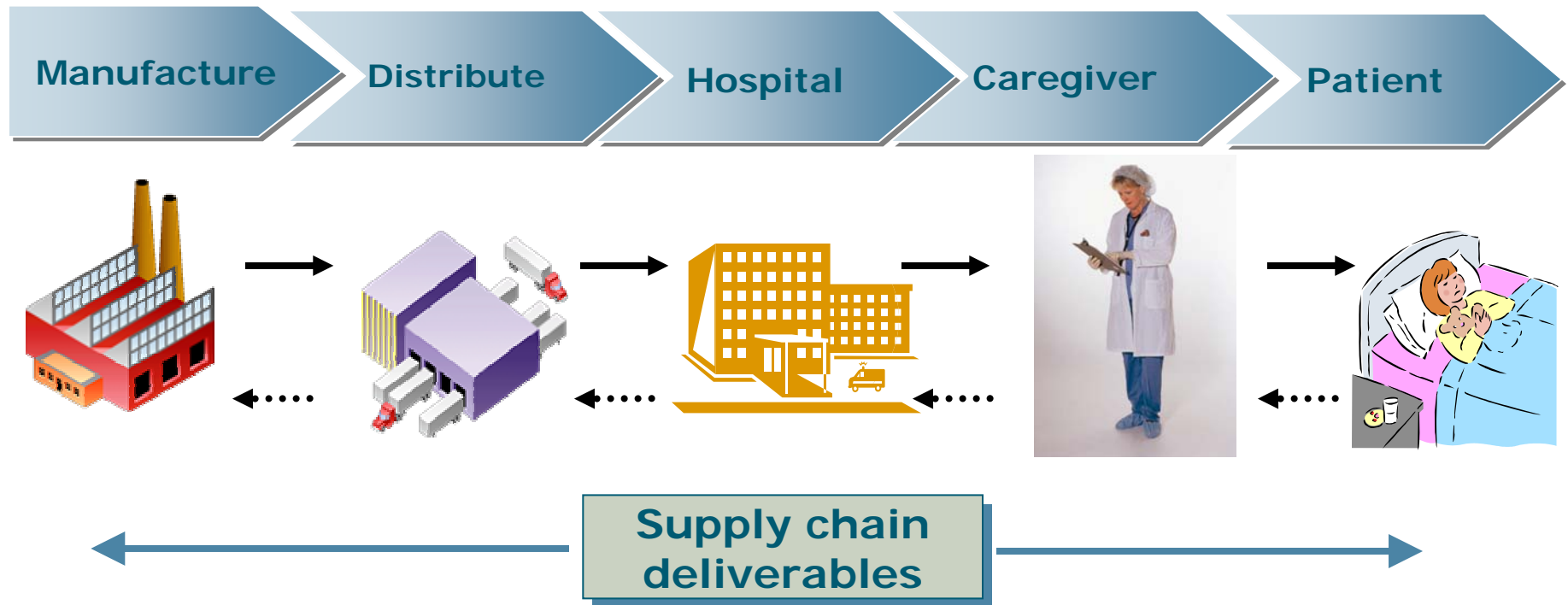
- Combine purchasing power to deliver reduced prices and increased value for medical/surgical supplies and contracted services
- Leverage Information Technology to centralize and improve the efficiency of:
 - **Contract management**
 - **Procurement**
 - **Logistics / inventory management**
 - **Accounts Payable**
- Create a shared services organization with a scaleable operating model for public sector supply chain functions



Benefits WE Will Achieve From iSCM

- Quantifiable cash savings
 - Purchase price improvement savings from harmonization and standardization of COHPA contracts
 - Reduced operating costs
- Quantifiable non-cash savings
 - Space
 - Staff opportunity cost savings due to process improvement
- Quantifiable soft savings
 - Better information, better decision making
 - Cost avoidance associated with replacement of obsolete MM IT systems
 - Consistent, best practice iSCM practices
- Expandable capacity for other healthcare organizations in 3 LHINs
 - Future scale and scope service capacity

COHPA *Central Ontario Healthcare Procurement Alliance*



- Reduced costs
- Sustainable Customer Service
- Reduced Cycle times
- Improved Asset utilization



HOW WE Will Operate - Guiding Principles

- To reduce the total cost of supply chain (product and process) to the system.
- To shift to an integrated supply chain model as part of a broader system shift to integrated service delivery.
- To transform current practices using technology as the enabler.
- To commit to ensuring the overall viability and sustainability of COHPA.
- To view the processes and activities within supply chain as an integrated process.
- To strive to expand from time to time the products to which services apply.
- To focus on meeting the needs of internal stakeholders through a commitment to customer service.
- To operate on a not-for-profit basis.
- To build the integrated service on a foundation of trust and a recognition of individual contributions.
- To leverage existing partnerships within and external to COHPA to realize the vision.
- To develop a model and implementation plan that minimizes the disruption for employees.
- To support employees through the transition to the new model.



HOW WE Will Operate - Our Values

People

- We work as a ***team and respect*** each individual. We value our people

Partners

- We foster ***trust and co-operation*** between partners. We focus on bringing value to all stakeholders.

Principles

- We operate with ***integrity and transparency***. We communicate honestly and openly.
- We are ***accountable for achieving results***.

Processes

- We are a ***“best practices” organization***. We strive to be leaders in our industry. We develop quality solutions and are innovative in their delivery.

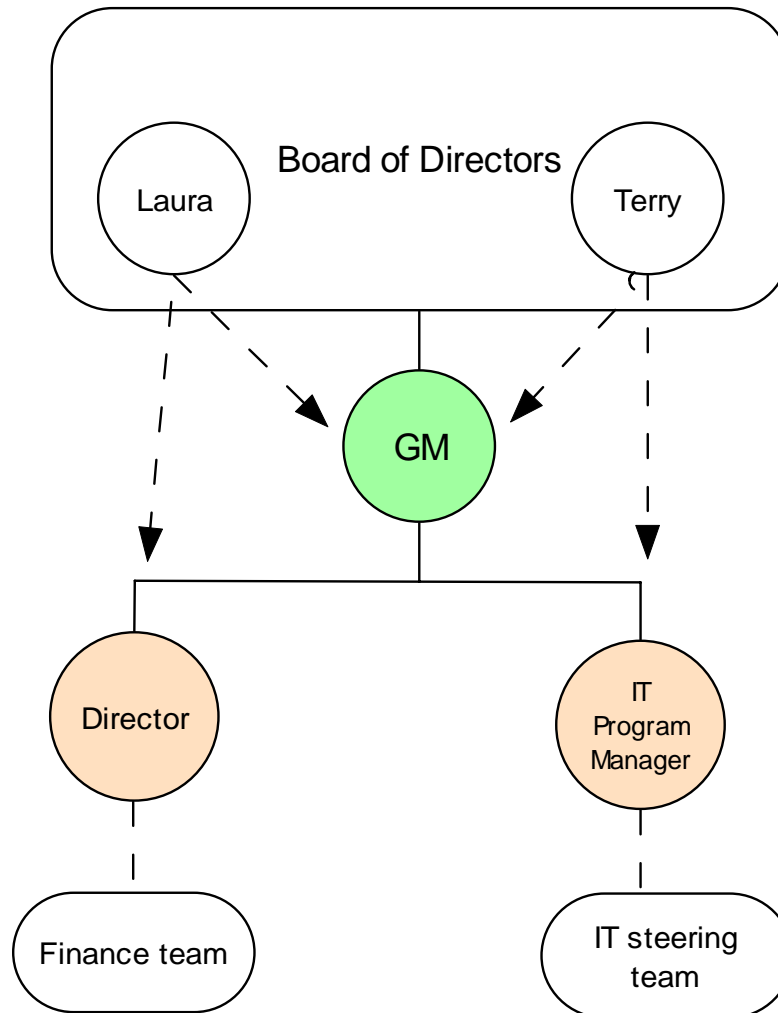


How WE Operate - COHPA Governance

- Not-for-profit organization incorporated in the province of Ontario
 - Articles of incorporation broader than iSCM
- 3 classes of Members
 - Full voting (equity members) - 6
 - Limited voting (customers) - 1
 - Non-voting members – all directors of the Corporation
- 3 classes of Directors
 - Class A – equity members (6)
 - Class B – customers (1)
 - Class C – individuals with SC or corporate expertise required by the Board) – (2)

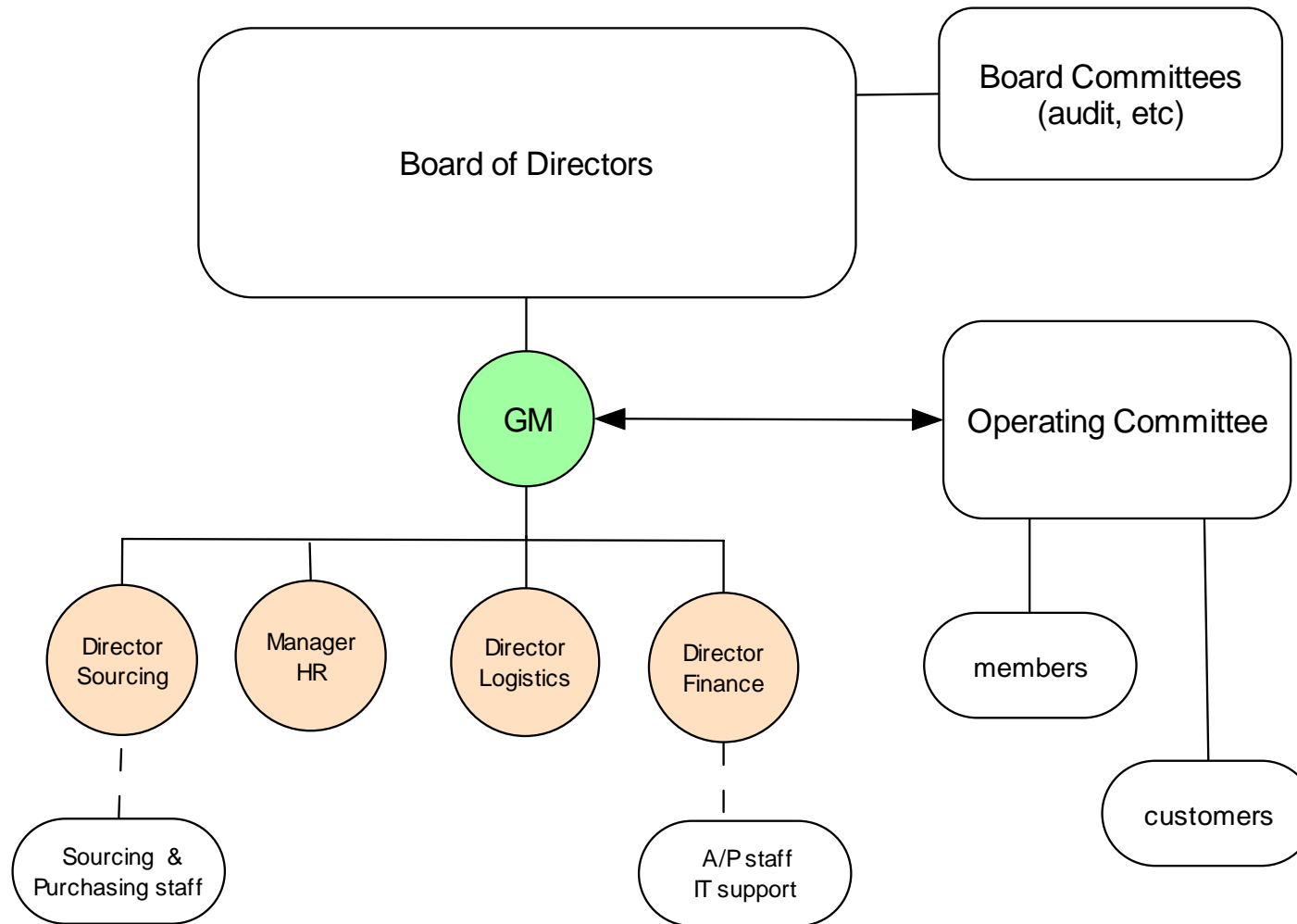


Transition Governance - Balance of 2008



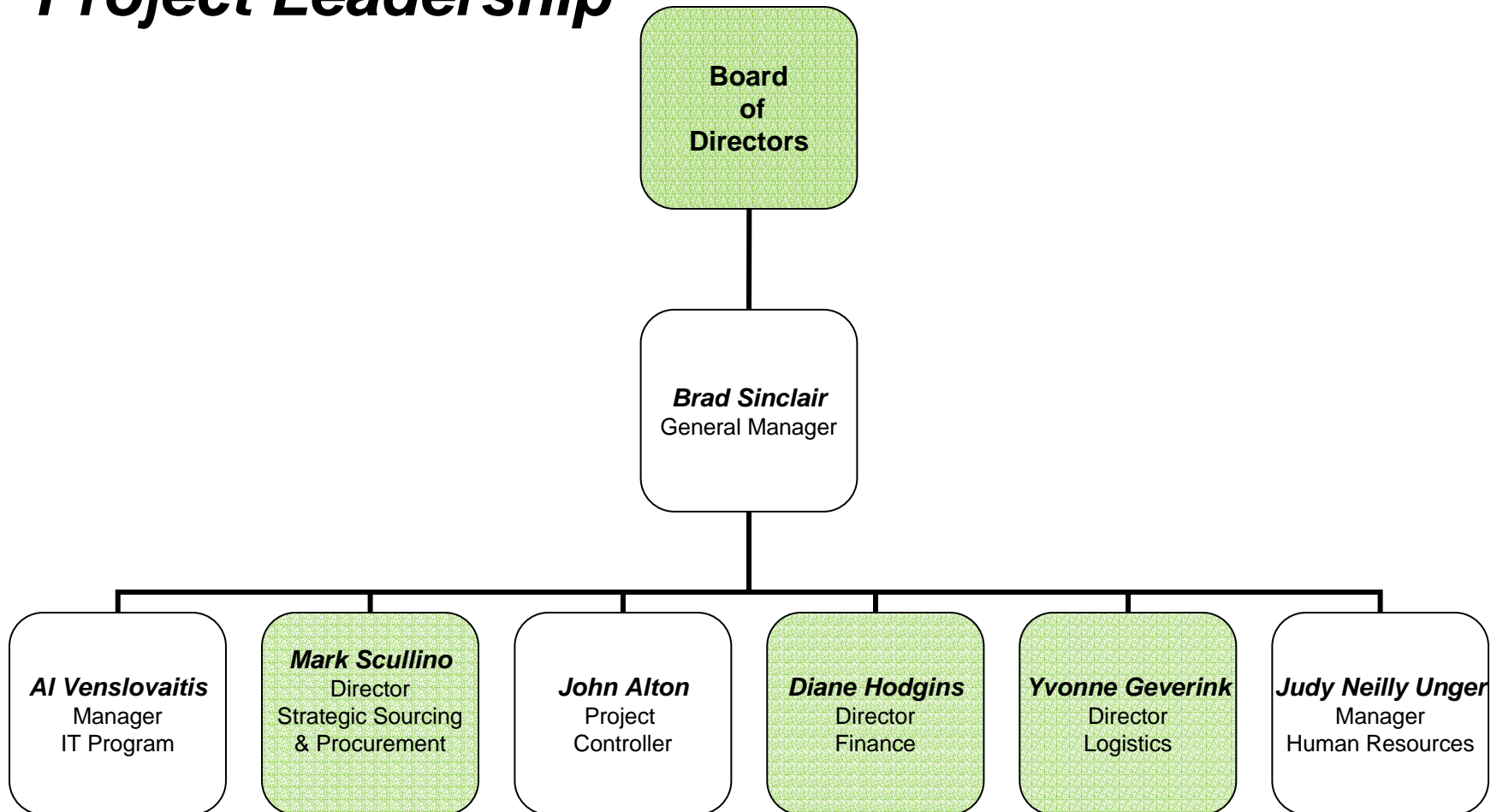


Governance Model – Post Transition





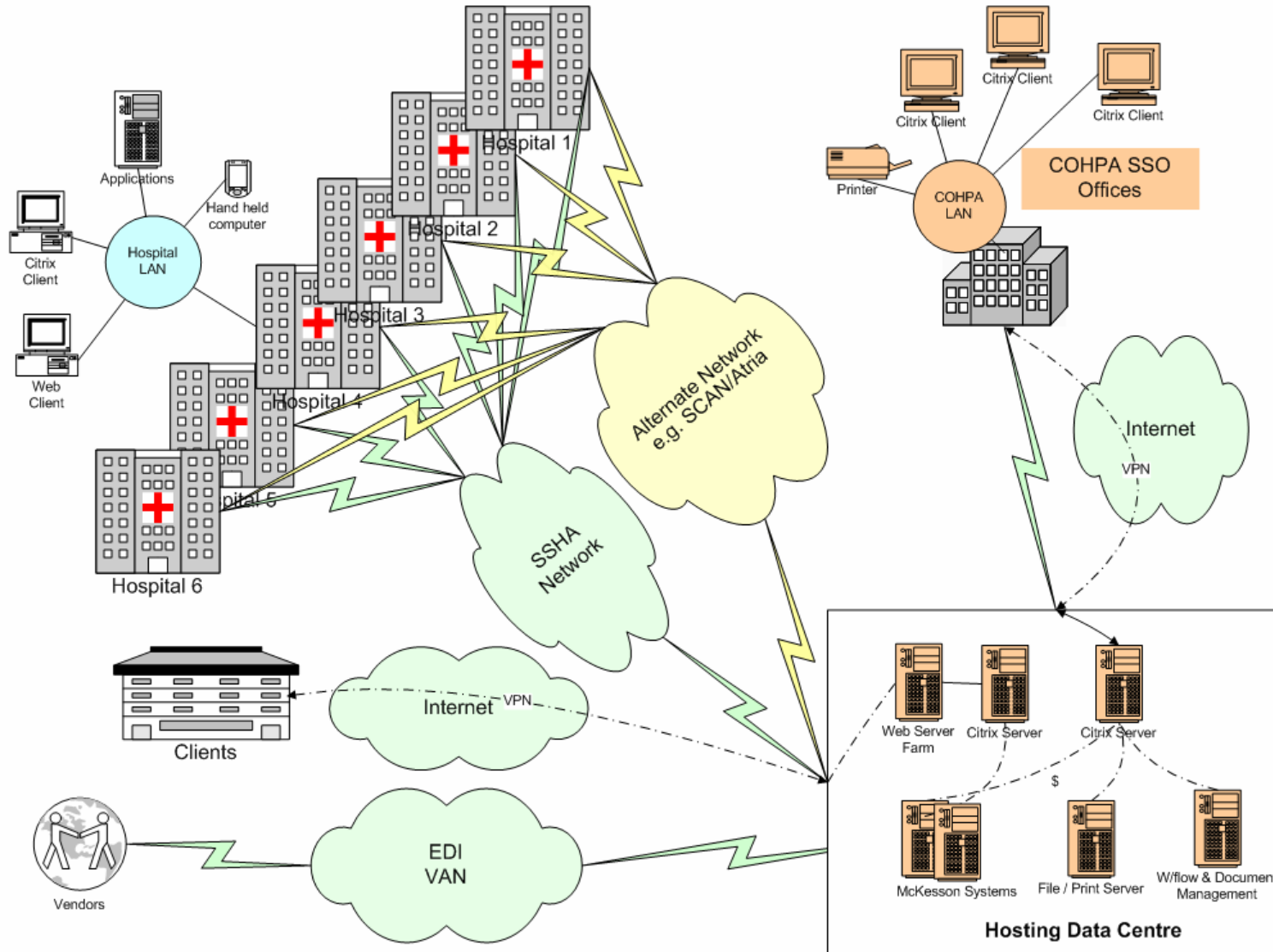
Project Leadership



COHPA *Central Ontario Healthcare Procurement Alliance*



COHPA Conceptual Network Diagram





How WE Are Accountable – KPIs & SLA

- ***Specific implementation KPIs*** identified and reported – e.g. data cleansing; IT build, staffing targets, purchased-savings, harmonization of contracts
- ***On-going performance KPIs*** identified and endorsed by member KPI Task Force, for example:
 - Purchasing*
 - 70-100% e-requisitioning
 - 95% of POs in system within 24 hours, with 98% error free rate
 - Logistics*
 - Appropriate supply of safety stock held on-site
 - Fill rate of 99%
 - Accounts Payable*
 - 95% of invoices/p-card files in system within 48 hours, with 98% error free rate
- ***Service Level Agreements*** – Member & Customer



How WE Got Here

1998-2005

- Informal meetings of “Central Ontario Hospital Purchasing Association”

April 2005

- Steering Committee for iSCM project established

2006/2007

- Assembled data for business case, draft models for Governance, resolved Logistics strategy



6 Months Prior to the Formation of COHPA

- Completed the Business Case Q4 2007
- Selecting the IT platform Q3 2007
- Finalizing startup funding Q1 2008
- Obtain Hospital Boards' approval Feb, 2008
- Obtaining LHIN approvals Feb, 2008



Following Approvals - Feb 20, 2008

- Commenced work to finalize TPA with the Ministry of Finance
- Focused on key enablers for startup:
 - Concluding Services Agreements
 - RFP for IT Program Leader
 - Recruiting for General Manager
- Held our Inaugural Board meeting (March 20)
- Completed Terms and conditions of TPA (March 26)
- Concluded negotiations for IT contract (March 30)

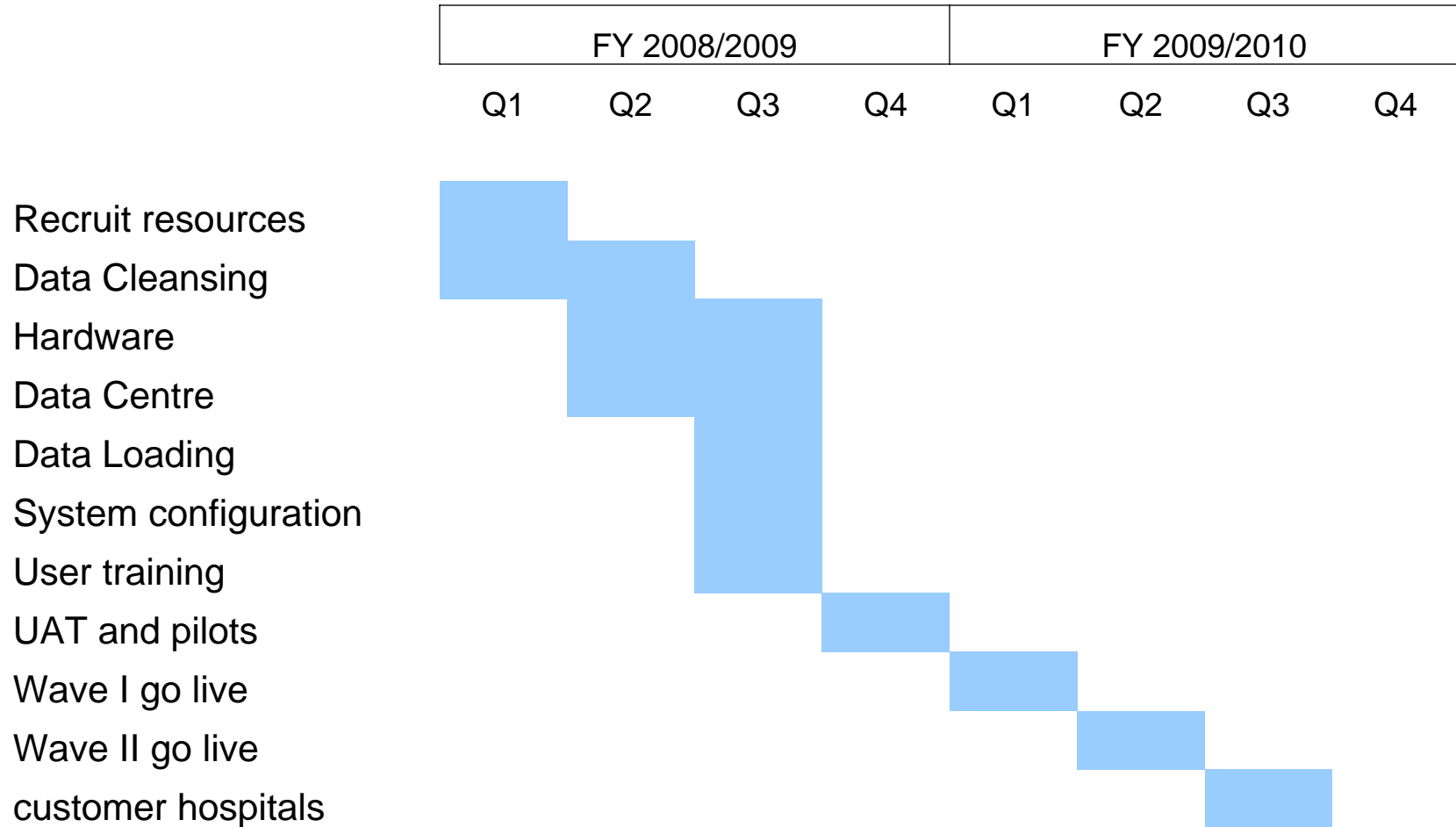


Our Implementation Priorities – First 100 Days

- Implement the IT platform
- Establish a workable governance model
- Contract harmonization
- Selecting the COHPA leadership team



IT Implementation





Implementation: Milestones

Date	Event	Weeks from Start Up
March 20, 2008	Inaugural meeting – Board of Directors	
March 26, 2008	Startup funding received	
June 12, 2008	Project kickoff and press release	10
Aug 28, 2008	First payroll run	22
Sept 10, 2008	Servers installed and powered up at Data Centre	24
Oct, 2008	Interviews for COHPA positions	
Jan, 2009	Staff on board and relocated to Service Centre	
April, 2009	Go Live at YCH and SRHC	52
July, 2009	Go Live for MSH, RMH, RVH, PRHC	65
Dec, 2009	Complete on-boarding of customers	

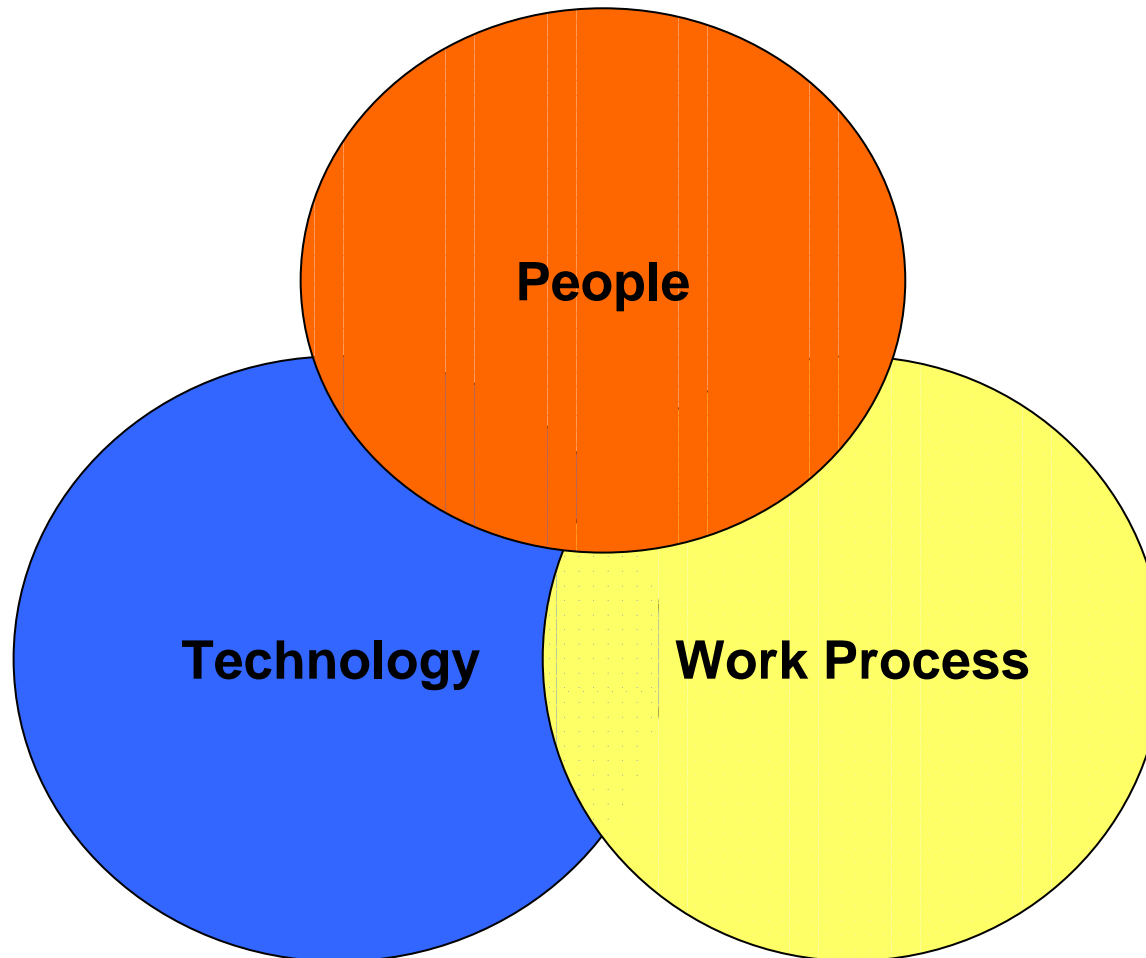


What WE Are Changing – An Integrated Approach

- *The strategic choice...iSCM*
 - A single, seamless process replaces individual departments
- *The work*
 - Stakeholders act together to standardize processes, seek efficiencies and leverage purchasing power, driving sustainable value
- *People doing the work*
 - A mixture of incumbents and new hires
- *The location for the work*
 - From 6 locations to 3
- *The tools*
 - Paperless, automated, integrated, relational database
- *Expectations and standards of service*
 - Formalized in service level agreements
 - New skills and cross-training required for “one high performing team”



Integration Framework





What WE Have Achieved To Date

1. 5 of 6 Board members were on the project Steering Committee - ***continuity of vision***
2. GM and Director Strategic Sourcing hires and leadership – ***right skills and competencies***
3. Partnership with HealthPRO – ***harmonization of 200+ contracts*** YTD
4. Practical, ***functional project management office*** through implementation
5. ***On target for all “build year” milestones*** – IT, staffing, relocation of SSO
6. ***Purchased savings exceed “build year” targets ...\$1M contract savings to date***



What WE Have Learned – CSF

- ***Partnership with Ontario Buys*** – no COHPA without OB
- ***Synergy and goodwill amongst equity members*** – adherence to values, focus on common objectives
- ***Realistic and thorough business case*** – strategic roadmap
- ***Simple, fair cost & benefit sharing model*** – redefined the WE
- ***Focus on execution***– disciplined project/change management processes, structures and reporting during implementation
- ***Separation of roles*** – Board versus site SLA
- ***SSO Leadership*** – right skills and competencies, SC expertise, blend of private and hospital experience
- ***Communication and results reporting*** – timely, KPI reporting
- ***Good to Great*** – disciplined thought, disciplined processes, disciplined people



Challenges WE Are Facing

- Trying to sail the ship while it is still under construction
- Standardization of products and service requirements across multiple organizations
- Everything on the IT program is on the critical path
- Change management for affected people
- Creating and starting up a new “high performance” organization – REDEFINING the WE



The WE Redefined

FROM

6 individual supply chain departments

Focus on individual hospital results

Outdated processes, systems and tools



TO

1 iSCM shared service organization

Focus on results for the members, customers, public (social profit)

Best practice, standardized processes, systems and tools



Thank you

For more information see us at:
www.cohpa.ca