

Atlantic Partnership Group



*Summit - 2005
Leaders in public Procurement Award
Submission*



1. EXECUTIVE SUMMARY

The Atlantic Partnership Group (APG) is a group of five (5) healthcare organizations in Atlantic Canada and their prime distribution partner who have joined together with a goal of developing a leading practice healthcare supply chain management model. The organizations involved with the APG are:

- Atlantic Health Sciences Corporation– Saint John, New Brunswick
- Beausejour Regional Health Authority - Moncton, New Brunswick
- Cape Breton District Health Authority – Sydney, Nova Scotia
- IWK Health Centre – Halifax, Nova Scotia
- Southeast Regional Health Authority – Moncton, New Brunswick
- Source Medical Corporation – Toronto, Ontario

By using the fundamentals of Continuous Quality Improvement the partnership has been able to achieve significant benefits for each of the respective healthcare supply chains. To date the APG has realized over \$2,750,000 in sustainable annual cost-saving improvements as well as a significant number of successful non-financial quality focused improvement initiatives for the membership organizations.

The APG is a multi-organizational group operating in an environment comprised of different cultures, languages, provincial jurisdictions, unions and clinical expectations. To ensure a strong grounding in the principles of Continuous Quality Improvement, the group established the following guiding principles very early on in the process:

- Develop a partnership grounded in respect and trust
- Practice open and honest communication
- Maintain the self esteem and confidence of the team
- Practice evidence based decision making
- Lead by example
- Build a framework that is transferable
- Be customer focused and build strong partnerships with both internal and external customers
- Focus on the work process
- Where possible incorporate best or leading practice into solutions
- Ensure solutions are balanced (try not to compromise quality for cost)
- Ensure accountability through measurement
- Ensure sustainability through shared learning

The APG is working hard to establish and maintain a Leading Healthcare Supply Chain Management Model. The group's members have demonstrated a successful track record that continues to gain respect and credibility among our peers. The Summit - Leadership in Public Procurement Award will increase the APG's national profile enabling additional opportunities to share learnings through conference presentations and publications.

The APG has worked hard too purposefully, and diligently; apply the Continuous Quality Improvement Process to create significant, measurable and sustainable benefits for all of the partners within the group. We have created a Quality Program that is somewhat unique in that it brings together six individual organizations from three separate Provinces to maximize the power of teamwork and shared learnings to the benefit of everyone involved.

One of the true measures of success is when learning's are transferred, and others begin to realize gains through emulating the model on which you have worked so hard. To date seven (7) of our peer organizations across the country have recognized the strength of this model and have begun to implement similar programs in their own organizations.

It is our hope that the evaluation panel for this award shares the excitement and enthusiasm we have for the potential of this model to make a difference in the Health Care Supply Chain.

Note: Detailed and comprehensive documentation is available upon request for any of the projects completed to date.

2. PROJECT DESCRIPTION

The five healthcare organizations and their prime medical supplies distributor previously named formed a partnership relationship with the intention of leveraging their collective experience and resources to achieve significant improvement in their respective healthcare supply chains. At the very beginning of this relationship the APG established their desired objectives.

Program Objectives

- Decrease the total delivered cost of managing the collective supply chains of the group.
- Increase the quality of service between manufacturers, distributors and the hospitals
- Increase the quality of service between the hospital Materiel Management Departments and their internal customers
- Ensure the improvements are sustainable in the long term through the measurement of Key Performance Indicators (KPI's) and a strong change management program

The APG wanted the results of their efforts to be sustainable over the long term and to ensure this they developed and used the following strategies right from the onset of their first project.

- Identify opportunities across the entire supply chain.
- Develop internal ownership and partnerships by engaging cross-functional teams to achieve results
- Follow a regimented Business Process Re-design model
- Use strong change and project management techniques to implement recommendations

The primary participants for this project were the respective heads of the Materiel Management function for each participant hospital, the regional Vice President and Manager from Source Medical, the respective Territory Managers and an overall Project Manager.

Please refer questions regarding this submission document to:

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3. - Project Experience to Date

The APG has been extremely satisfied at the progress made to date on their supply chain improvement initiative and with our success at continually meeting our stated objectives. We have been able to produce significant and sustainable results for all of our member organizations from both a cost saving and quality of service perspective.

The cross-functional nature of our approach which strives to involve all key stakeholders has enabled benefits to be realized in other areas of our member organizations. The transferability of our methods and tools has enabled them to be adopted and used by other hospital departments to realize benefits outside supply chain applications.

Also as stated earlier, a true testament of success is when others adopt and use your approach to help drive improvements in their own organizations. To date the following organizations have adopted this model in one variation or another:

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| • Vancouver Island Health Authority | • Regional Health Authority 3
New Brunswick | • District Health Authorities 1,2,3
Nova Scotia |
| • McGill University Hospital
Quebec | • Vancouver Coastal Health
Authority | • Regional Health Authority 4
New Brunswick |

4. - Contribution to Key Criterion

Measurable and Significant Benefit

One of the principle points that we are trying to communicate with this submission is that significant and sustainable benefits can be realized through the application of Teamwork, Business Process Re-Design Methodologies, Project Management and Measurement. The successes delivered by the model developed by the APG are very much grounded in the cumulative successes realized by each individual project undertaken in each separate organization. However for the purposes of this submission we will try to demonstrate the overall results through the following table:

<i>Objective</i>	<i>Measure</i>	<i>Outcome</i>
Reduce total delivered cost of supply chain	Total dollars saved	- To date over \$2,750,000 has been taken out of the APG supply chain.
Increase quality of service between health authorities and suppliers	Performance scorecard # of supplier related improvement initiatives	- A vendor performance scorecard tracking 12 key measures has been implemented with our partner distributor – Source Medical. - To date there are six vendor related improvement initiatives either completed or in progress.
Increase quality of service between Materiel Management Department and end user customers	# of internal improvement initiatives	- To date there are 20 internal improvement initiatives either completed or in progress. - Over 67 additional improvement initiatives have been identified through the planning process.
Sustainability	Shared learning's # of transferable templates, models and processes	- To date 11 key individuals have been trained in project management. - To date 12 key individuals have attended a change management seminar. - Templates, process maps, project plans and report formats have all been standardized and documented to make them 100% transferable to any other healthcare institution. - Source Medical, has developed the program into a marketing tool and to date they have engaged six other major organizations across Canada in a similar initiative with several others under evaluation.

One very critical component to be able to claim success through this initiative has been the insistence on establishing and measuring Key Performance Indicators for each and every project undertaken. One of the very 1st steps we take on for every project is the establishment of baseline measures and a methodology for continuing to capture them on an on-going basis. Baseline measures may be retrospective in nature going back several months and establishing a trend line or day forward to track the improvement into the future. The approach is usually dependent on the availability of historical data.

High Degree of Innovation

The APG has and continues to develop the components of its supply chain improvement model to enable ongoing and continued growth and improvement. The core components of the model are: Developing an organized structure, Developing a model for change, Building in performance optimization and Developing realistic work processes.

4. - Contribution to Key Criterion (continued)

High Degree of Innovation (continued)

Structure

The multi-organizational nature of the Atlantic Partnership Group, coupled with the improvement goals that were set, requires a very strong and robust leadership model in order to function at the following three distinct levels:

- Multi-organizational
- Individual Health Authorities
- Individual Projects

The following table demonstrates how this three-level leadership occurred:

<i>Leadership Level</i>	<i>Delivery</i>	<i>Membership</i>	<i>Role</i>
<ul style="list-style-type: none"> • Multi-organizational 	<ul style="list-style-type: none"> • Steering Comm. 	<ul style="list-style-type: none"> • 5 MM Directors • Distribution Partner • Project Manager 	<ul style="list-style-type: none"> • Ensure the basic principles of COI are maintained • Maintain the focus on the objectives • Develop a model for change • Establish an environment of trust and respect • Manage the pricing and standardization side of the program • Receive and monitor project progress from individual members • Ensure accountability through ongoing measurement of results and key performance indicators • Ensure individual learnings are shared among the partnership group
<ul style="list-style-type: none"> • Individual Health Authorities 	<ul style="list-style-type: none"> • Management Team 	<ul style="list-style-type: none"> • Member of the Hospital Executive Team • MM Management Team • Project Manager 	<ul style="list-style-type: none"> • At least 1 VP was assigned to each project as an executive sponsor to provide profile and leadership. • Identify opportunities and priorities in their organizations • Remove barriers, provide guidance and provide resources to the various project teams • Receive and monitor project team progress and reports • Communicate results to Atlantic Partnership Group, Senior Health Authority Management and global organization
<ul style="list-style-type: none"> • Individual Projects 	<ul style="list-style-type: none"> • Project Teams 	<ul style="list-style-type: none"> • Cross functional membership key to the process being improved • Project manager 	<ul style="list-style-type: none"> • Ensure the basic principles of COI are maintained • Responsible for carrying out the individual improvement projects following the methodologies established. • Responsible for measurement and tracking of project results • Responsible for reporting to the management Team

Developing the Change Model

This submission is based on a structure and model that has delivered several successful projects and results. To be truly successful, the group had to develop a model for change that was consistent enough to ensure accountability and transferability yet flexible enough to be adapted to the unique needs of each organization and process. The core components of this model included:

- Development of a multi-year business plan for participating members.
- A consistent set of deliverables under a regimented project management structure
- Adoption of a consistent business process re-design methodology
- Adoption of a philosophy of accountability through measurement

4. - Contribution to Key Criterion (continued)

Performance Optimization

A core understanding that needed to be shared by every project team was to focus on the processes being assessed and not the individuals or departments involved. A second core understanding was that the fundamental business process could be improved with proven techniques. Each project was kicked off with an orientation session, which included at least one member of the senior executive management team to reinforce the importance of the project to be undertaken by the group and to confirm that the project had support from Senior Executive. By helping the stakeholders focus on the process being re-designed and not the individuals involved, we were able to overcome this performance barrier. Once a common understanding of the project was reached, the team was able to undertake the process re-design. This was accomplished by educating the team on a proven Business Process Re-Design methodology and managing that methodology with a strong and regimented Project Management program. In addition to showing the teams the methodologies to be applied, it was agreed that whenever work was being done in one of the focus areas, a team member from another area would partner with the subject matter expert to learn all aspects of the process. As the project continued, strong relationships were developed among the team members. What often started as many separate groups, evolved into one cross-functional team working together to improve a core Business Process.

Work Processes

Project deliverables were managed along five key milestones which can be broken down as follows:

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|-------------------------------------|-----------------------|---------------------------|
| 1. - Project Kick-Off / Orientation | 3. - Process Redesign | 5. - Monitor and evaluate |
| 2. - Current Assessment | 4. - Implementation | |

The flow of this methodology is as follows:

- Define project scope, focus and success points, establish baseline measures and educate the team to the chosen methodology through the orientation and kick-off phase.
- Use broad-ranging focus groups, workshops, interviews, process mapping, root cause analysis and environmental scans to engage all stakeholders in the assessment of the current processes and to identify the opportunities.
- Utilize the subject matter expertise on the team to identify causes and potential solutions, vision the new process and develop a gap analysis.
- Utilize the subject matter expertise on the team to design and test the new processes.
- Implement new processes
- Develop an ongoing process for monitoring and evaluation to ensure accountability and sustainability.

Transferability

A key guiding principle for the APG was that its work be transferable to other healthcare organizations and sustainable into the future. This transferability and sustainability was required at multiple levels - within each organization, within the partnership and for organizations outside the partnership. These 2 critical components are managed by:

- Ensuring transferability of all work by creating:
 - Methodology templates
 - Creating generic workshop and focus group models that can be adapted to any setting
 - Creating consistent project documentation that can be shared
 - A selection commonly used measures
- To ensure the improvement process could be transferred to other parts of the organization and sustained over the long term, cross functional teams made up of both customers and providers of the supply chain process being reviewed were used for virtually every project. Partnership Group.
- To share learning's and transfer successes among the partnership members a formal communication structure was established.

4. - Contribution to Key Criterion (continued)

Transferability (continued)

- On a more global basis, the group realizes that they may expand to include other organizations at some point. To this end, there is a structure and process in place that is easily transferable to new members, enabling them to get up to speed as quickly as possible.
 - Also on a global basis, it is important to share successes with colleagues in other organizations.

Advancing Professionalism in the Community

The APG community is primarily the Canadian Healthcare Sector. To function as a responsible community member we have to continually work together to share the learning's we achieve for the benefit of both ourselves and the sector as a whole. This enables others to take our successes, further develop and refine them and share their results with others. To this end the APG is now attempting to communicate its model through a number of professional organizations and associations. The program is actively promoted by the members (including Source Medical, who have actually included it as part of their marketing program) at provincial and national meetings, at national conferences. Based on this promotional activity, a number of organizations across Canada have expressed interest in setting up their own model. In fact, as stated earlier some organizations have already begun implementation of components of the program. In addition to this promotional activity, some other actions taken to advance professionalism and share learning's are as follows:

- Preparation of this submission for the 2005 - Summit Leadership in Public Procurement Award
- Committed to present this program at the Canadian Public Procurement Council Conference in Halifax, Oct. 2006.
- Prepared and submitted a proposal for the National 3M - Healthcare Quality Team Award - 2005
- Planning a response to the call for practitioner presentations for the 2005 PMAC Symposium on Supply Chain Management
- We will be responding to the call for presentations at the 2006 Association for Healthcare Resources and Materiel Management of the American Hospital Association (AHRM) conference.