

# **HSCN**

## **Perspective of a CEO**

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# A CEO Perspective

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Our world has changed

- Will it go back?
- Will it get worse?

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What are the givens?

- Hospitals still need products
- Doctors still want to introduce new things
- Research/teaching will still happen

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- How has purchasing evolved?

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# A CEO Perspective





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## Budget challenges



“More budget cuts. One gown per room. Who wants to wear it first?”

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- Hospitals create/join buying groups





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Hospitals start distribution systems

- St Josephs' London
- Hamilton Health Sciences
- Hospital Logistics Inc

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## Reality of the Current Environment

- Focus on accountability
- High scrutiny
- Pressure for quality
  - Process improvements (Lean, standardization)

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## Reality of the Current Environment

- We hospitals are “BAD”
  - We waste money on consultants and purchases
  - Ceo’s make too much money
  - We are too easy a target
- So, who cares that Ontario spends one of lowest amounts per capita in country?

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Because we are bad

**BPS Procurement Directive**

**BPS Expenses Directive**



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- What politician would introduce a law to lower financial controls?
- What politician will restructure part of a hospital?
- Will they go further?

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- Impact of procurement directives
- Old way and old relationships backfire
- Criticism of hospital for any issue
- “Value Adds” vs. whole value

**What can we do together?**

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## Vendors to Doctors

- Does not allow a Hospital to set its priorities
- Does not work with new guidelines

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- **So, where are we going?**
  
- **Will we go back?**



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## Reality of the Current Environment

- Tight budgets
  - Increases will not be large
- Union contract pressure
  - Salaries 60-70% of budget
- Can only get so “efficient” in direct clinical care
  - Med Surg 10%
  - Drugs 10%

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- Will the shared services blow up?
- Will there be one shared services organization for Ontario?
- **What is the tipping point?**

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## What do Hospitals Need?

- SAFETY
  - Bar codes/ product identifiers
  - Location identifiers
  - Centralized access to accurate and complete product data
- Remove waste
- Improve staff productivity
- Improve quality for same cost

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## How do Vendors Need to help?

- Reduce risk
- Improve OUR Quality
- Enable
- \*\* GS1 global standards



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## What do Vendors Need to do?

- Develop new relationships
- Ensure buying group understands how you bring value above
- Ensure tenders allow for evaluation
- **NONE of us just want to buy product**

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Reality is

Healthcare value chain (new business models?)

