



# Ask An Expert

## **Creativity: A Vision for Supply Chain Transformation**

*Next in a series on the Impact of Health Care Reform on Supply Chain Management*

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For several months I've pushed the message that the time to transform health care is now. The passage of federal health reform demands a re-evaluation of every process and person involved in the delivery of care. But transformation requires creativity, and recent reports suggest that American creativity is waning. While intelligence scores have risen with each generation according to researchers at William & Mary University, there seems to be a reverse trend for creativity. If you agree that the essence of creativity is devising new combinations from old elements or ideas previously thought unrelated and combining them to make a useful association, then you understand why creativity will be essential to the transformation of health care.

Health care supply chain executives, for example, will need to take on far more responsibilities. The complexities associated with supply chain decisions — reduced reimbursement, the medical device tax, processes that impact product selection and utilization, and payment reductions for health care acquired conditions, to name a few — are increasing exponentially. With limited resources making it more difficult to sustain current business and work on new projects, old approaches are becoming less and less relevant.

Being creative is not necessarily about inventing something totally new. It's about making new connections, collaborating, or looking at a traditional business from a fresh perspective. Creativity requires an inquisitive, open mind and the willingness not to take nothing for granted. At times it requires the courage to reject the traditional views of how things are done and employ a more holistic approach, viewing the supply chain from end to end. By necessity, we have frequently been department-centric, trusting an approach to forecasting that has become incompatible with truly successful supply chain management. We need to replace inflexible, poorly integrated systems with enterprise-wide systems that not only capture data, but can translate that data into actionable, intelligent information that improves real-world operations. Perceptive managers realize that future measures of success will necessitate creating value for "customers" across the health care delivery spectrum — both internally and externally.

With 2011 fast approaching, C-Suite executives continue to wrestle with questions about how they will operate in a health care world that seems to grow more volatile, uncertain and complex by the day. Many agree that the incremental changes of the past are insufficient to succeed in the future. Most believe that organizations with the foresight to co-create products and services with customers (i.e., the medical/clinical staff, the patient population, the community), and integrate customers into core processes, will be the future success stories. Put more simply, creative leadership and operational dexterity can turn potential adversity into competitive advantage.

The supply chain executive with a creative vision that combines strategic and tactical change will prove invaluable in the era of health care reform. Leaders must address the growing need to foster a collaborative process for addressing initiatives, one that crosses traditional boundaries and creates a blueprint for change that will require a rigorous assessment of the entire supply chain from supplier relationships to internal operations, from the marketplace (patients, payors, and communities) to the industry as a whole. Current practices must be weighed against best practices, and the gap between them must be closed.

In the coming years, as health care reform implementation gets under way, the most successful supply chain executives will possess the vision to realize that the traditionally fragmented responsibilities of managing supply chain activities are no longer viable. They will transcend the traditional product, functional and geographic boundaries that interfere with the delivery of quality care. They will be flexible, make midcourse corrections, demonstrate superior communication and leadership skills, and translate creative concepts into a financial commitment. Far more than simply having vision, tomorrow's leaders must be creative visionaries.

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