

Supply chain and the boardroom collaborate to drive disruptive change

Corewell Health drives savings by investing in cross-functional innovation projects

Corewell Health's supply chain and sourcing organization continuously seeks new savings opportunities. Historically, the organization relied on traditional approaches like reviewing contract data and renewals, as well as working with business leaders to construct multi-year savings plans to meet budget targets. However, rising costs and other headwinds prompted supply chain leaders to think outside the box to generate more substantial savings. Because supply chain often has a difficult time getting a seat in the boardroom, it is hard to influence disruptive and innovative change. Most radical suggestions are met with skepticism and pushback because they carry the potential to dramatically alter existing business practices. This highlights the fact that in many cases, the goals of an individual stakeholder or business unit leader can be different than the goals of the overall health system.

Collaboration to foster innovation

High-level discussions are required to move disruptive and innovative cost-saving ideas forward. To get these ideas in front of decision-makers, Corewell Health launched "disruptive strategies" meetings with chief stakeholders including the financial officer, chief operating officer, chief information officer and market presidents. Initially created as monthly meetings, the group now meets quarterly for 50 minutes. During that time, the cross-functional group of leaders typically review four innovative suggestions for radical cost savings or efficiency improvements. According to Bill Selles, Senior Vice President of Supply Chain, the goal is to have two ideas approved to move forward, or to receive the backing of the executive team to seek further exploration. Many of the ideas are large projects that require a full-time project manager.

Achieving cost transformation

Corewell's executive team has embraced the idea of being open-minded about innovative solutions that present expense reduction opportunities. One of those ideas is standardizing value-added resellers, a concept that had been met with tremendous resistance from business unit leaders in the past. The supply chain team had attempted several times to standardize, only to be turned away from business unit leaders who had deep relationships with vendors. However, with the CIO in the room, the process change was quickly approved at the first meeting.

At the first meeting, the group presented three additional topics that had a good chance to be quick wins to gain momentum for the initiative. Those included:

- A preferred consultants spend reduction program. The goal was to consolidate the number of consultants on the preferred list and to build in a workflow that requires higher level leadership approval for requests that deviate from the list.
- Using a third party to help manage educational and professional development expenses and compliance.

"Historically, it has been difficult for sourcing to make an impact in terms of strategy when it comes to making disruptive changes because we are not able to get in front of the right stakeholders."

– Bill Selles, Senior Vice President, Supply Chain, Corewell Health

- An optimization model to reduce and manage direct access from supplier representatives and salespeople across specific spend categories and potentially transition some of what the rep owns in house. With the three market presidents – all of whom are physicians – in the room, it generated intense discussion. The group saw enough merit for supply chain to continue refining this proposal for consideration as it becomes further defined, with intention to pilot in 2024.

The disruptive meeting series has helped sourcing teams to move beyond traditional operating mindsets, including competitive bidding and some level of demand management, and to embrace cost transformation as part of the sourcing responsibility.

Corewell Health is also examining further scaling its reprocessing initiatives, which can result in significant savings. The topic generated rich dialogue and is undergoing further physician collaboration while also considering how to best work with suppliers to ensure the program is successful.

Continuing the momentum

Buy-in came relatively easy because the C-level understands the financial hardships faced by supply chain and the health sector in general. Selles' group spends a lot of time preparing meaningful ideas that ignite rich discussions. All ideas are thoroughly vetted before each meeting, and an in-depth pre-read occurs before each meeting.

With the top six executives in the room, the group reviews four disruptive strategies at each meeting, including major outsourcing initiatives. Generally, the executive team seeks the same speed to value that the supply chain leaders desire.

Corewell Health keeps track of each project through a master file that includes all of the strategies presented, including a high-level description of the opportunity, difficulty level of implementing, projected cost savings, sourcing team ownership and key stakeholders. The document is reviewed regularly, and each director is tasked with providing updates on the projects chosen to move forward.

About Corewell Health

Corewell Health is a not-for-profit health system that provides health care and coverage with a team of 60,000+ — including more than 11,500 physicians and advanced practice providers and more than 15,000 nurses providing care and services in 22 hospitals, 300+ outpatient locations and several post-acute facilities — and Priority Health, a provider-sponsored health plan serving more than 1.3 million members. Through experience and collaboration, Corewell reimagines a better, more equitable model of health and wellness.

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Vizient provides solutions and services that improve the delivery of high-value care by aligning cost, quality and market performance for more than half of the nation's healthcare providers. Vizient provides expertise, analytics, advisory services, and a contract portfolio representing more than \$130 billion in annual member purchasing volume, to improve patient outcomes and lower costs. vizientinc.com.

“In preparing for a disruptive strategies meeting, thorough preparation is essential. Our overview of the current state and opportunity narrative must be concise and thoughtful in order to fairly represent the topics we address.”

– Andrea Pouloupoulos, Vice President, Procurement
Corewell Health



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As the nation's largest member-driven health care performance improvement company, Vizient provides solutions and services that empower health care providers to deliver high-value care by aligning cost, quality and market performance. With analytics, advisory services and a robust sourcing portfolio, we help members improve patient outcomes and lower costs.