

# Prime Movers

CATEGORY- Overall winner & most improved purchasing operation - step change

WINNER- Nuffield Hospitals

## **Nuffield Hospitals is the overall winner of the CIPS Supply Management Awards 2006. Steve Bagshaw hears how the team achieved it**

Mention consultants to most procurement professionals and you get a look of slight anguish. But raise them in medical circles and the response is one of hushed reverence. The senior clinicians are "like gods", the most holy of sacred cows whose Solomon-like wisdom should never be doubted, let alone challenged.

That is unless you are the procurement department at Nuffield Hospitals, who through a combination of top-level backing, technical knowledge, charm and co-operation have got the 8,000 consultants (who influence 70 per cent of operating costs) on their side. This has been key in their pursuit of achieving Project Prime, a transformation of procurement for the private healthcare provider.

But this has not been the only revolutionary change at Nuffield since Matt Oxley, associate director, property & procurement, joined the organisation in March 2003.

As part of "Prime", he has recruited an almost completely new team, implemented a £24 million, three-year savings programme, secured that buy-in from the top - the chief executive and group finance director even wanted to be in the photographs - and extended procurement's remit to every area of the business.

But back to those consultants - how did the buyers dare take on that depth of knowledge and gravitas?

"One of the things we did was create clear specifications to understand exactly what the consultants were making use of and what they thought was important to do their job," says Harri Mandhar, senior buyer, pharmaceuticals. "For example, for an anaesthetic machine somebody would want 'x' and somebody else 'y', so we tried to define exactly what the components of the machine would be, what exactly they needed those components for and used the suppliers to tell us what the key parts of their machine are."

This enabled the buyers to gain a greater technical understanding of the equipment they were to purchase. But that was not the end. "Then we asked user groups of theatre staff and nurses what that consultant likes and narrowed down the elements to gain an understanding of how we can pitch suppliers against each other."

### **Getting compliance**

A great idea, but the buyers also had to bear in mind the good relationships suppliers often enjoy with the consultants. "Getting between those two groups is often very hard," recalls Mandhar, "but we broke down a specification of the equipment so we couldn't be foxed by what the consultant would say. It made it easier to have the dialogue. We could speak their language."

While they have very high levels of compliance, pockets of resistance remain. "We continue to face the claims of 'this is what I want, this is what I do and what I need to do the job'," says Andrew Jones, project manager, property. "They always want the best."

"We have 90 per cent compliance," adds Oxley, although he acknowledges this has been a hard slog.

"Product knowledge was what we knew we had to improve on. To challenge their position we had to challenge the product knowledge.

"We have to understand what sets one manufacturer's product apart from another. We asked for valid clinical reasons and published data to support the argument [for a piece of equipment]. Through sharing information with the general managers of our hospitals [Nuffield has 41 in England and Scotland] we can say '80 per cent of the consultants are already using this equipment, and are you challenging their clinical judgement?'. By doing that we can turn the whole thing on its head."

That is why the user groups were so valuable. "Staff from the operating theatre could establish whether the decision to go for a particular piece of kit was based on clinical efficacy, buyer issues or supplier preference."

For Lisa Dolman, senior buyer, hospitals services & equipment, speaking to people from the start made a huge difference. "Early communication is key to the whole process. Setting up stakeholder involvement early is crucial because if you involve the decision-makers, you have got clinical staff to back up your decision."

And this approach, she says, is vital for subsequent endorsement. "If you involve people in the whole process, they are your support when you present the decision to the rest of the hospital group. It helps when you have to tell the hospitals which products they need to use."

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## The people dimension

Project Prime has seen big changes for stakeholders and suppliers, but also a huge internal transformation in the buying team. Just two people have been retained from the team Oxley inherited.

Kerry Aspinwall, purchasing manager, hospitals services & equipment, is one of them, and she has been wowed by the changes. She says: "Previously we were perceived to be in an ivory tower, telling everybody what to do. Now people are giving us ideas - 'have you looked into this area', and so on.

"Even in those days, individual hospitals would decide whether the [buying decisions we made] were mandatory or not." In her view, communication was the key.

For the newer recruits the importance Nuffield attached to the profession was telling. "At the recruitment phase we thought Project Prime would be a success by the way it was sold to us early on," says Dolman.

Naomi Parkin, senior buyer, hospitals services & equipment, agrees: "I was impressed that the chief executive mentioned procurement in the annual report. That isn't the norm. That made me interested."

For Oxley, recruiting the right staff was the turning point. "It wasn't when I got funding or the management board on side, it was when the team came together. I realised what a great job Purcon [the recruitment consultancy] and the purchasing managers had done for us, because the team just gelled.

"For the team to be up and running so easily was brilliant. Everybody came with different ideas and energy to drive it forward. And everyone was supportive of everybody else's ideas.

"At the end of the first year, we were making good savings - up to 50 per cent in some cases - where the general managers in hospitals could see it on their bottom line." Then, he says the external recognition really kicked in. "It wasn't until the value of our goods and services as a percentage of revenue came down that we broke the back of it," Oxley recalls. "It was official. Procurement was making a difference.

"The general managers started to pat us on the back, or took me aside at meetings to say 'your team is doing a fabulous job', and 'I am seeing it on the figures now'." The team has so far delivered more than half the £24 million.

"To win them over is no small feat. Many of them have been around for a long time and have seen many people come in and think they could make a difference. They were cynical at first."

So what next for the Nuffield team? "We have been approached by another healthcare group with a view to providing services for them, so maybe that is the next stage in our development."