

Arnold palmer hospital's supply chain essay sample

[Economics](#)



Arnold Palmer Hospital, one of the nation's top hospitals dedicated to serving women and children, is a large business with over 2, 000 employees working in a 431-bed facility totaling 676, 000 square feet in Orlando, Florida. Like many other hospitals, and other companies, Arnold Palmer Hospital had been a long-time member of a large buying group, one servicing 900 members. But the group did have a few limitations (Heizer & Render, 2011). For example, it might change suppliers for a particular product every year (based on a new lower-cost bidder) or stock only a product that was not familiar to the physicians at Arnold Palmer Hospital. The buying group was also not able to negotiate contracts with local manufacturers to secure the best pricing (p. 411). Effective supply-chain management in manufacturing often focuses on development of new product innovations and efficiency through buyer/vendor collaboration. However, the approach in a service industry has a slightly different emphasis. How does this supply chain differ from that of a manufacturing firm?

Manufacturing firms focus on development of new product innovations and efficiency and at Arnold Palmer Hospital, they focus on supply chain innovation and accomplishing service and their economic goals (Heizer & Render, 2011). What are the constraints on making decisions based on economics alone at Arnold Palmer Hospital? The vendors were buying products that the staff did not necessarily prefer and the vendor cancelled some of the products that the medical staff found useful in the hospital. They would change suppliers for a particular product every year. The buying group was not able to negotiate contracts with local manufacturers to secure the best pricing (p. 412). What role do doctors and nurses play in supply chain

decisions in a hospital? How is this participation handled at Arnold Palmer Hospital? Doctors and nurses usually do not play a role in any supply chain management decisions. They use the products that the hospital provides and sometimes they make suggestions for a better or economical product.

They formed the Healthcare Purchasing Alliance and also formed a Purchasing group and assigned representatives from every department in the hospital to give advice on what products and vendors to use. They focus on ways to drive down cost, reduce inventory and improve their healthcare service. It is handled by committees (Medical Economic Outcomes Committee) and subcommittees consisting of medical and nursing staff. Dr. Smith just returned from the Annual Physician's Orthopedic Conference, where she saw a new hip joint replacement demonstrated. She wants to start using the replacement joint at Arnold Palmer Hospital (p. 413). What process will Dr. Smith have to go through at the hospital to introduce this new product into the supply chain? She will have to gather data on the replacement joint, do a thorough analysis comparing what they are currently using compared to what advantages both medically and economically the new replacement joint offers.

She will have to bring it before the Medical Economic Outcomes Committee and seek their approval. If they approve it for use, then they have to look for a vendor whose goals are in line with theirs and sign a formal contract. At Arnold Palmer Hospital, supply-chain opportunities often manifest themselves through the Medical Economic Outcomes Committee (Heizer & Render, 2011). This committee (and its subcommittees) consists of users (including the medical and nursing staff) who evaluate purchase options with <https://assignbuster.com/arnold-palmer-hospitals-supply-chain-essay-sample/>

a goal of better medicine while achieving economic targets. For instance, the heart pacemaker negotiation by the cardiology subcommittee allowed for the standardization to two manufacturers, with annual savings of \$2 million for just this one product.

References

Heizer, Jay H., and Barry Render. Principles of Operations Management. Boston: Pearson Education, 2011. Print.