From partitioning to global networking: is there a critical size for purchasing groups?

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Health Shared Services BC

A not-for-profit shared services organization created by and for BC's six health authorities to enhance value to the health system through the effective and efficient delivery of support services.

- BC's Health Authority Spending: approx. $12B
- Encompassing:
  - Acute Care Facilities: 88
  - Community Care
  - Long Term Residential Care
  - Provincial Programs (Cancer, Renal, Transplant, etc)

HSSBC’s Value Proposition

↑ Opportunity
↑ Predictability
↑ Capacity
↓ Cost
↓ Risk

Note: Numbers are for Fiscal Year 2011/12 (ended on March 31, 2012.)
HSSBC Experience with size

Scope of Service

- Full Supply Chain accountability
  - Requisition to Cheque
  - Supplier to bed-side
- Sole Purchaser for six health authorities

Pros

- Increased buying power
- Leverage scale
- Integrate Supply chain
- Reduce cost of sales
- Fewer suppliers
- Centres of excellence and expertise

Cons

- Reduced:
  - Nimbleness
  - Responsiveness
  - Sensitivity to unique needs
  - Autonomy
- Increased complexity
- Fewer Suppliers
HSSBC experience - outcomes

- Over $230 Million Procurement Savings
- Reduced commercial risk
- Improved quality of service
- Contained cost of service

- Change fatigue
- Frustration over:
  - Loss of autonomy
  - Loss of relationships
Enabling elements for success

- Strong Customer Service
- Strong Governance
- Shared Benefits
- Effective Change Management
- Aligned Technology & Infrastructure