

PLAYBOOK

How to build a high-performance health system supply chain

High-performing supply chain and procurement functions are critical to ensuring that health systems can provide high-quality patient care and remain financially sustainable.

This playbook helps leaders benchmark their supply chain across five critical areas and identify actionable opportunities to reduce costs while creating greater value for their organization.

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Audience:

- Hospital and health systems
- Medical device

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Introduction

Supply chain and procurement leaders are operating in a complex environment. Persistent cost pressures, workforce and demographic shifts, and changes in care delivery are making it harder to control costs while ensuring staff have reliable access to the products they need.

Amid these pressures, Advisory Board and Staples surveyed over 100 health system procurement leaders to understand their top challenges and goals. We found that supply chain leaders are focused on five key priorities today: balancing margin and quality improvement imperatives, standardizing processes, building resilience, advancing environmental sustainability, and adopting AI. All data in this report is drawn from that survey, and we detailed the results in our report, [2026 State of Healthcare Procurement: Cost, Quality, and Resilience](#).

The next question supply chain leaders must ask is: “How do I position my organization to succeed on these priorities?”

To help, we created this playbook outlining five actions leaders can take to strengthen supply chain performance:

1. [Evaluate value holistically](#)
2. [Expand scope of standardization efforts](#)
3. [Build resilience and efficiency simultaneously](#)
4. [Embed environmental sustainability into existing supply chain goals](#)
5. [Build the data and governance foundation to scale AI across procurement](#)

How to use this playbook

Procurement leaders can use the performance grids within this playbook to assess current capabilities and identify where they have opportunities for improvement. For domains where performance lags, they should review the characteristics and practices of top performers to identify concrete actions to take next.

Importantly, leaders should not aim to improve every aspect of their supply chain at once. Transformation is most effective when leaders are disciplined and selective. Focus efforts on gaps that are both significant and addressable given organizational capabilities and market conditions.

01 Evaluate value holistically

The challenge: Health systems are under substantial margin pressure. But when health systems cut spending bluntly, they frustrate clinicians, disrupt workflows, erode quality, and trigger product failures — threatening the very savings they set out to capture.

What high-performance supply chains do: High-performing supply chains navigate competing pressures by adopting a holistic definition of value that balances financial performance with quality, operational impact, and vendor reliability. They apply these criteria consistently across the enterprise to drive higher-value purchasing decisions.

What actions you should take: Use the table below to benchmark your organization's approach to evaluating value. Identify where performance lags and use the practices of more mature organizations to pinpoint opportunities for improvement.

Actions procurement leaders take at each level of performance:

Domain	Basic performance	Intermediate performance	High performance
Assessment of value	☐ Review product price and basic safety standards	☐ Review total cost impact and clinical outcomes	☐ Review short- and long-term financial and clinical impact, operational impact, satisfaction, and non-product-related impact (e.g., vendor reliability and service)
Scope of authority	☐ Apply decisions to all functions within a single hospital	☐ Apply decisions to all hospital sites within the system	☐ Apply decisions to all hospital and ambulatory sites within the system (with a clear exception process)
Data sources	☐ Consider Group Purchasing Organization (GPO) and manufacturer-provided resources	☐ Consider manufacturer-provided reports, GPOs, and internal databases (EMR, ERP, etc.)	☐ Consider a wide range of external and internal sources; use health technology assessment tools and AI to analyze inputs
Evaluation timing	☐ Evaluate products when contracts expire or new products emerge	☐ Evaluate products during major contracting events and scheduled product category reviews	☐ Evaluate products as proactively as new evidence is released or internal use/impact data becomes available
Decision-makers and influencers	☐ Decisions made by physicians with some input from administrators	☐ Decisions made by a supply chain-led group of multidisciplinary stakeholders	☐ Decisions made by a supply chain-led group of multidisciplinary stakeholders with broad clinician engagement
Measuring value	☐ Measure direct impact of product use infrequently – if ever	☐ Measure cost savings retroactively	☐ Monitor utilization regularly alongside clinical, operational, and financial impacts

60%

Of leaders cite **rising costs** as one of their top three supply chain challenges



What to watch out for

Don't expand the definition of value without expanding the decision-making team. Evaluating value holistically requires input from stakeholders with different areas of expertise.



Leadership takeaway

Measuring value more holistically leads to longer-term wins on cost, quality, and operations.

02 Expand scope of standardization efforts

The challenge: As health systems grow, the need to consolidate vendors and SKUs becomes more pressing. But many organizations have already captured the most accessible savings, requiring leaders to look beyond traditional consolidation efforts for additional value.

53%

Of leaders list **standardizing vendors** as a top five critical factor in managing spend

What high-performance supply chains do: High-performing supply chains treat standardization as an ongoing discipline, not a one-time contract consolidation exercise for large areas of clinical spend. They expand efforts across product categories, monitor utilization, and standardize purchasing processes to improve consistency across clinical and operational workflows.

What actions you should take: Use the table below to benchmark your organization's approach to standardization. Identify where performance lags and use the practices of more mature organizations to pinpoint opportunities for improvement.

Actions procurement leaders take at each level of performance:

Domain	Basic performance	Intermediate performance	High performance
Target of standardization initiatives	☐ Standardize large areas of clinical spend	☐ Standardize large areas of clinical and non-clinical spend	☐ Standardize purchasing processes like value analysis, purchase order workflows, and RFP templates
Scope of authority	☐ Apply efforts to all functions within a single hospital	☐ Apply efforts to all hospital sites within the system	☐ Apply efforts to all hospital and ambulatory sites within the system (with a clear exception process)
Purpose of standardization	☐ Prioritize reducing product spend	☐ Prioritize reducing total costs and improving care and consistency	☐ Prioritize improving margin, efficiency, and consistency across the business
Standardization timing	☐ Occur when contracts expire or costs become problematic	☐ Occur during scheduled product category reviews	☐ Occur continuously as leaders monitor product use, variation, and spend
Clinician engagement	☐ Consult clinicians on implementing standardization decisions	☐ Include clinicians in evaluating products/vendors and implementing decisions	☐ Engage clinicians in co-leading opportunity identification, selecting products/vendors, and implementing decisions
Monitoring and compliance	☐ Monitor product use retroactively	☐ Monitor product use in real time and address compliance issues retroactively	☐ Monitor product use in real time and drive compliance proactively via education, workflow integration efforts, and exception management

What to watch out for



Don't aim for complete product or vendor uniformity. High-performing procurement teams recognize that appropriate variation is sometimes necessary in care delivery.



Leadership takeaway

Standardization creates value beyond reducing costs and contracts by simplifying workflows, improving compliance and driving greater consistency across the organization.

03 Build resilience and efficiency simultaneously

The challenge: Following the COVID-19 pandemic, health systems invested in building supply chain resilience to secure business continuity. While many have made progress, leaders have found that expanding supplier networks or carrying more inventory isn't a sustainable solution, as both approaches undermine efficiency and increase costs.

39%

Of leaders cite **inventory optimization** as a top supply chain objective

What high-performance supply chains do: High-performing supply chains build efficiency and resilience simultaneously. Viewing these imperatives as complementary efforts allows organizations to focus on inventory visibility, demand forecasting, supplier transparency, diverse sourcing, and proactive risk management in a way that supports margin improvement and business continuity.

What actions you should take: Use the table below to benchmark your organization's approach to supply chain resilience. Identify where performance lags and use the practices of more mature organizations to pinpoint opportunities for improvement.

Actions procurement leaders take at each level of performance:

Domain	Basic performance	Intermediate performance	High performance
Resilience priorities	☐ Stockpile critical supplies	☐ Enhance internal inventory management and demand planning	☐ Enhance internal inventory management and demand planning, and external transparency with vendors
Resilience investments	☐ Rely primarily on distributors and manufacturers to manage disruptions	☐ Invest in processes to prepare for and react to disruptions	☐ Invest in processes, technology, and additional staff to anticipate, prevent, and mitigate disruptions
Target of resilience efforts	☐ Apply efforts to supplies with recent shortage events	☐ Apply efforts to all supplies critical for patient care	☐ Apply efforts to all supplies critical for patient care and business operations
Vendor review	☐ Rarely evaluate resilience in sourcing and vendor reviews	☐ Evaluate resilience for critical supply categories and high-risk suppliers	☐ Evaluate resilience as a standard criterion for all procurement decisions
Clinician engagement	☐ Consult clinicians on how to drive compliance to decisions that build resilience	☐ Include clinicians in evaluating solutions and implementing changes that build resilience and efficiency	☐ Engage clinicians in co-leading opportunity identification, evaluating solutions, and implementing changes that build resilience and efficiency
Monitoring and reporting	☐ Rely on supply chain staff to monitor product availability as disruptions arise	☐ Invest in technology supply chain staff use to track product availability and report issues to supply chain leaders	☐ Establish a formal committee to assess disruption readiness and report issues to C-suite

What to watch out for



Don't try to build resilience by yourself. Strong supplier and clinical partnerships are critical to anticipating disruptions and responding effectively.



Leadership takeaway

Resilience isn't about carrying more inventory. It's about ensuring the right supplies are available when needed without adding unnecessary cost or complexity.

04 Embed environmental sustainability into existing supply chain goals

The challenge: Health system sustainability efforts accelerated in the early 2020s, but many organizations have scaled back these initiatives as leadership attention has shifted toward margin preservation and care delivery performance.

What high-performance supply chains do: High-performing supply chains integrate sustainability into broader supply chain priorities rather than treating it as a separate initiative. They reduce waste to help control costs, consider carbon footprint as part of supplier value assessments, and incorporate chemicals of concern into risk management and governance.

21%

Of leaders view **sustainability** as a top supply chain objective in 2026, compared to 31% in 2025

What actions you should take: Use the table below to benchmark your organization's approach to environmental sustainability. Identify where performance lags and use the practices of more mature organizations to pinpoint opportunities for improvement.

Actions procurement leaders take at each level of performance:

Domain	Basic performance	Intermediate performance	High performance
Environmental sustainability actions	☐ Reduce supply waste	☐ Reduce supply waste and implement recycling and reprocessing initiatives	☐ Reduce the organization's environmental impact by minimizing carbon footprint across sourcing, logistics, use, and disposal
Leadership accountability	☐ Spread responsibility across various roles and departments	☐ Dedicate a staff member (often within supply chain) to have consistent responsibility for environmental sustainability initiatives	☐ Create a multidisciplinary "green team" to decide on tactics, changes, and initiatives; assign accountability for success to an executive leader
Vendor review	☐ Rarely consider sustainability in sourcing and vendor reviews	☐ Evaluate sustainability as part of supplier assessments and RFPs	☐ Evaluate sustainability in sourcing decisions and regularly monitor supplier performance in meeting defined standards and reporting requirements
Clinician engagement	☐ Consult clinicians on how to drive compliance to decisions that advance sustainability	☐ Include clinicians in evaluating solutions and implementing changes that advance sustainability	☐ Engage clinicians in co-leading opportunity identification, evaluating solutions, and implementing changes that advance sustainability
Monitoring and reporting	☐ Monitor sustainability metrics intermittently	☐ Monitor sustainability metrics routinely and report progress internally	☐ Monitor sustainability metrics routinely and allow results to inform decision making and external reporting



What to watch out for

Don't view sustainability in a silo. Sustainability can directly support operational efficiency and financial performance.



Leadership takeaway

Sustainability in supply chain isn't about buying "greener" products. It's about reducing unnecessary consumption and waste.

05 Build the data and governance foundation to scale AI across procurement

The challenge: Nearly half of health systems have already incorporated AI into procurement, while many others are actively evaluating potential use cases. Yet leaders often struggle to realize measurable value from their AI investments.

48%

Of leaders say they have **adopted AI** into one or more areas of the procurement process

What high-performance supply chains do: High-performing supply chains build the foundation for AI before scaling its use. Before pursuing specific use cases, they establish governance structures, strengthen technology infrastructure, and invest in the data assets needed to support reliable, safe adoption.

What actions you should take: Use the table below to benchmark your organization's approach to AI adoption. Identify where performance lags and use the practices of more mature organizations to pinpoint opportunities for improvement.

Actions procurement leaders take at each level of performance:

Domain	Basic performance	Intermediate performance	High performance
AI use cases within supply chain	☐ Actively explore use of AI despite no current use within supply chain	☐ Use AI to add visibility into the procurement process (managing inventory, identifying alternate vendors/products)	☐ Use AI to support supply chain actions and decisions (streamline contracting and ordering, analyzing product value, recommending responses to disruptions)
Investment identification	☐ Identify opportunities via vendor marketing efforts or staff identifying one-off solutions	☐ Identify opportunities via staff identifying solutions that target core supply chain challenges	☐ Seek opportunities proactively as leadership identifies supply chain or organizational goals AI could help advance
Data strategy	☐ Implement AI without investing in data assets that support scaled impacts	☐ Share data assets across the organization to enable decision consistency for priority use cases	☐ Build a data ecosystem that has strong governance, clear use protocols, and real-time visibility to support AI applications
Governance	☐ Use and invest in AI without an oversight body or evaluation framework	☐ Develop a formal, supply chain-specific AI evaluation framework and decision-making process	☐ Integrate supply chain representatives into enterprise-level AI governance structures
Staff engagement	☐ Consult staff on how to most effectively implement AI investments into workflows	☐ Include staff in evaluating solutions and implementing AI investments into workflows	☐ Develop a culture of appropriate AI use in which staff co-lead investment identification, evaluation, and implementation planning
Impact monitoring	☐ Monitor use rarely; measure value anecdotally	☐ Monitor use intermittently and quantify impact on cost savings and efficiency	☐ Monitor use routinely and report enterprise-wide impact on cost, resilience, and patient/staff experience



What to watch out for

Don't roll out AI without defining clear measures of success, accountability, and a timeframe for demonstrating value.



Leadership takeaway

Success with AI won't depend on adopting it fastest, but on making data accessible and usable to transform supply chain processes.

4 foundational pillars of high-performing supply chains

Today's playbook builds on foundational pillars health system supply chain leaders have fostered over time and across initiatives. Regardless of which priorities leaders focus on, organizations must not lose sight of the role that building strong executive sponsorship, data foundations, clinician partnerships, and strategic supplier relationships play in improving performance across the supply chain.



Executive sponsorship: Executive support is critical to securing the resources needed to advance procurement goals. Position supply chain as a strategic enterprise function by demonstrating how its initiatives support priorities such as:

- Improved patient experience
- Enhanced outcome quality
- Greater staff satisfaction and retention
- Improved environmental impact and community engagement
- Reliable business continuity



Data foundation: Supply chain priorities will succeed or fail based on the organization's ability to harness data. Prioritize investments in data sets and technologies that allow supply chain to:

- Feed high-quality inputs into AI platforms
- Identify supply vulnerabilities
- Gain visibility into system-wide product spend and utilization trends
- Compare timely and robust product-specific data



Clinician partnerships: Clinicians are on the front lines of product use, making their engagement critical to the success of many supply chain initiatives. Gain clinician buy-in on supply-related changes by:

- Tying clinician performance to spend management
- Designing supply chain workflows and decision-making forums around clinician availability
- Creating dyad reporting structures in which operational and clinical leaders hold joint decision-making power
- Assigning clinician champions to support supply implementation and use by educating other clinicians or serving as a point-person for supply-related concerns and complaints



Strategic supplier relationships: Forming strategic partnerships with suppliers grants supply chains extra resources like data assets or subject matter experts that can help advance organization-wide goals. Identify select suppliers who are willing to commit to mutual performance improvement by:

- Aligning on shared metrics and objectives that result in success for both parties
- Investing in data sharing to uncover addressable opportunities for improvement
- Assigning clear ownership for managing the partnership rather than leaving relationship building as an ad hoc responsibility

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