



Gartner®

Healthcare Supply Chain Top 25 for 2024

U.S. health systems demonstrating excellence in supply chain management

Healthcare supply chains matter. When done right, supply chains improve the health of a community through enabling cost-effective, reliable and socially responsible delivery of products and services that impact patients.

The 16th annual Gartner Healthcare Supply Chain Top 25 ranks the 25 leading supply chains among U.S. health systems. The lessons from leaders are designed to guide the supply chain transformation needed to improve patient outcomes and control costs.

The methodology for the 2024 ranking is 50% qualitative data and 50% quantitative data. Qualitative data comes from two independent panels — a peer panel and a Gartner analyst panel. Supply chain leaders and academia are eligible to be on the peer panel. Gartner balances peer voters across geographies, health systems, manufacturers, distributors and industry experts. All panelists consider specific capabilities that improve human life at sustainable costs. Additionally, analysts review any Supply Chain Research Information Packets (SCRIPs) submitted by eligible health systems (SCRIPs are optional). Quantitative data comprises quality of patient care, bond rating, environmental, social and governance (ESG), and risk management.

This report excerpts from the Gartner Healthcare Supply Chain Top 25 for 2024 research. Gartner clients may access the complete research in its entirety on gartner.com.

Key Themes

Through Gartner Healthcare Supply Chain Top 25 research, we note what leading organizations are focusing on, where they are investing time and effort, and what can be applied broadly. The following three key themes rose to the top this year for leaders in healthcare supply chains.

2024 key themes



Resurgence of Clinical Alignment



Expanding Span of Control



Accelerating the Digital Supply Chain

Source: Gartner



Resurgence of Clinical Alignment

Clinical alignment has always been important, but it is gaining renewed attention in the postpandemic era.

Investment Is Key

Gartner research shows that only 3% of the total supply chain budget, on average, goes to clinical alignment staff. However, many of the Top 25 health system supply chains invest a higher percentage in efforts to work more closely with clinical areas. These efforts include managing preference/procedure cards, controlling inventory, and tracking costs per case.

Collaboration Improves Quality of Care

Partnerships are forming between supply chain and executive leadership. Governing teams — which usually include the chief medical officer, chief operating officer and hospital president — aim to enhance care consistency and improve supply chain support.

Control Towers and Visibility Help Alignment

Advancements in control tower technology and inventory visibility are helping to ensure product availability, risk management and a focus on patient outcomes.

Homecare Focus Enhances Patient Outcomes

Leading health systems are improving supply chain services in an omnichannel manner. These services include offering preadmission and postrelease kits to reduce hospital stays and readmission rates.



Expanding Span of Control

The term “span of control” is a vital concept in the supply chain field, and its intent should be preserved. However, for most health system supply chain leaders, span of control is more about collaboration. Building strong relationships with end users and senior leadership instills confidence and invites the supply chain to support improvements in patient care, service delivery and cost reduction by implementing standardized processes. This involves actively listening to end users, establishing specifications for products or services, sourcing, delivering, and ensuring accountability within the organization.

According to Gartner research on benchmarking independent of the Healthcare Supply Chain Top 25 process, supply chain expenses account for 39.1% of the total cost of delivering patient care in an average health system. However, the average span of control for supply chain across all health systems is only 72%, indicating that 28% of the spending remains unmanaged centrally.

Expanding the influence of the supply chain on traditional areas of spend requires a focus on key categories such as pharmaceuticals and purchased services, as well as emerging areas like partnering with the IT department. Several health systems have recognized new areas of spend that were traditionally not under supply chain’s purview but where they have achieved savings and other improvements (e.g., clinical contingent labor initiatives). Furthermore, some expense categories traditionally outsourced by health systems are now falling under the supply chain umbrella (e.g., shared services like security).



Accelerating the Digital Supply Chain

Gartner research indicates that the allocation of supply chain operations cost to technology solutions and analytics functions amounts to only 8% and 5%, respectively, of the total supply chain budget.

Despite these limited budget allocations, there is a strong focus on leveraging technology to optimize supply chain operations.

Initiatives include integrating ERP systems with downstream systems like point-of-use technology and procedure-card management; implementing warehouse automation systems; and utilizing robotics, digital shelf labels and AI-driven solutions for inventory management. These efforts aim to streamline processes, improve efficiency and reduce manual intervention.

The availability of technology solutions has positively impacted all supply chain functions, including sourcing, procurement, logistics and clinical value analysis. Analytics solutions have gained widespread adoption, with almost every organization implementing either a homegrown or vendor solution. These solutions are designed to analyze supply chain costs, enhance contract compliance and provide better visibility into clinical areas.

Supply Chain Masters Lead the Way

These Masters have attained top 5 composite scores in the Gartner Healthcare Supply Chain Top 25 for at least seven out of the last 10 years (2014-2024).

Mayo Clinic

- In retail operations, Mayo Clinic's supply chain has successfully transitioned to an omnichannel service, connecting clinical pathways such as neuropsychology and women's health to a scalable, discrete and accessible platform for acquiring clinically preferred products.
- In 2024, Mayo expanded its central service center model to improve supply predictability and reduce cost in the Phoenix, Arizona, market.
- The organization is exploring drone deliveries in two markets, codevelopment of control tower applications and optimizing the lab supply chain to expand its span of control.

Intermountain Health

- Intermountain Health has implemented process optimization at scale in the supply chain, utilizing point-of-use technology to optimize storeroom inventory throughout the system.
- In 2024, one of Intermountain's three regions expanded its flagship distribution center by 40,000 square feet, providing additional space for medical supplies, emergency preparedness and expanded pharmaceutical services.
- Intermountain has made significant advancements in service and digital supply chain capabilities, including establishing a control tower team and implementing a RAPID process (Request, Analyze, Process, Inform and Decide).

Cleveland Clinic

- Cleveland Clinic has prioritized supply chain operational model realignment and is sharing best practices across all locations. Collaborative efforts between the sourcing and analytics teams have resulted in enhanced analytics that provide real-time insights into compliance performance.
- The scope of the supply chain's responsibilities has expanded to encompass areas such as capital equipment, facilities, IT, pharmacy and marketing.
- Cleveland Clinic has made remarkable progress in establishing a robust risk management program. Initiatives such as the dual vendor program, location risk balancing and supplier performance measures, including on-time, in-full (OTIF) metrics, have been implemented.

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Turn the page to read excerpted profiles of the health systems ranked 1 – 10. Gartner clients may access the complete research in its entirety on gartner.com.

01

AdventHealth

AdventHealth has claimed the top spot in Gartner's ranking, moving up two places from last year. This \$19 billion health system excelled in quality of care, received positive feedback from peers and analysts, demonstrated strong ESG practices and achieved a perfect score of 10 out of 10 in risk management. AdventHealth's achievement is significant, as it becomes only the fourth health system to secure the overall top position in our ranking.

AdventHealth's supply chain has grown rapidly, ascending from the 10th spot to claim the No. 1 position. The organization has invested heavily in talent and built a solid foundation across its enterprise.

Historically, AdventHealth has focused on three core pillars: financials, process reengineering, and people and relationships, supported by technology and sustainability subpillars. The organization's commitment to sustainability is evident through its signing of the Department of Health and Human Services Health Sector Climate Pledge and its vision for sustainability as a sound business strategy shared during industry presentations by its CSCO and CFO.

AdventHealth has also shown leadership in expanding its span of control to include facilities management and construction. Through its facilities condition appraisal (FCA) process review, covering 46 sites and 80 buildings across nine states, AdventHealth has addressed challenges and improved capital fund management and alignment with sustainability goals.

In early 2024, AdventHealth fulfilled its promise of jointly investing in a 300,000-square-foot service center with its primary distributor partner. This collaborative investment enables efficient delivery of medical products to AdventHealth's Florida market and supports additional services such as a mail-order pharmacy for system employees. The new service center leverages automation, promotes effective product management, optimizes bulk purchases and enhances overall resiliency.

AdventHealth is making substantial investments in its talent development program, nurturing its workforce through supply chain leader training, intern and resident programs, university partnerships, and collaboration with GE Biomedical Engineering. These initiatives attract, retain and develop the future supply chain team for AdventHealth.

Stanford Health Care

Stanford Health Care moved up two spots to No. 2 in Gartner's rankings this year due to strong peer and analyst opinion scores and perfect scores of 10 for ESG and risk management. With \$10 billion in revenue, Stanford has adopted a strategy based on digital innovation, purpose-driven procurement, intraoperational excellence and clinical integration.

In 2024, Stanford launched Supply Chain 3.0, integrating digital transformation, robust supplier onboarding, procedural analytics tools and a third-party supplier management tool for diversity and sustainability. Stanford's supply chain leader received the Bellwether League's Dean S. Ammer Award for healthcare supply chain performance excellence in 2024.

Stanford successfully completed its ERP transformation, with its supply chain leading enterprise change management across all entities and functions. Digital enhancements included a supplier portal, contract life cycle management platform and RFID-enabled inventory management system. The analytics team developed an AI-enabled procedural analytics solution that yielded financial benefits and opportunities for standardization and contract negotiation.

On the ESG front, Stanford established a team to reduce Scope 3 emissions. This team implemented a sustainable procurement policy, sustainable sourcing playbook and initiatives to track savings and sustainability.

In the coming year, Stanford will complete its reprocessing initiative to reduce emissions and landfill waste. It will also focus on building a roadmap for supplier diversity with a goal of reaching \$1 billion in spending with diverse and local suppliers in five years.

Bon Secours Mercy Health

Bon Secours Mercy Health (BSMH) jumped seven spots to No. 3 based on higher scores in the ESG and quality-of-care components, as well as in analyst opinion. BSMH is a \$12 billion, 48-hospital system in four U.S. states and is Ireland's largest nonprofit provider.

Advantis Health Partners, a BSMH subsidiary, focuses on innovative supply chain strategies for other health systems. In the last three years, BSMH built a new leadership team and has transformed its supply chain with analytics, adding 30 FTEs to its Insights team, which handles those analytics, and creating 40 actionable dashboards. This year, BSMH continued making strides in performance measurement with the development of metrics focused on savings, price benchmarks, fill rates, pharmacy distribution and customer engagement. BSMH also developed a cost, quality and outcomes (CQO) tool to address clinical variation and provide analytics to physicians.

BSMH launched an associate progression program for more than 400 frontline associates, resulting in 47 promotions. It also implemented a residency program for supply chain staff and a physician onboarding program that orients new physicians to supply chain processes. In the pharmacy supply chain, BSMH developed a vendor dashboard to monitor purchases. It also collaborated with a primary supplier to establish a critical product list for risk management that will allow the hospitals to remain operational in the event of a shortage or disaster.

In the future, BSMH will focus on sustainable sourcing strategies, optimizing CQO solution insights and enhancing its category management program.

Corewell Health

Corewell Health is ranked No. 4. It's a Michigan health system formed in 2022 through the merger of Spectrum Health and Beaumont Health. With revenue of \$10 billion, Corewell achieved this ranking with strong scores in ESG, risk management and analyst opinion.

Corewell's supply chain strategy is based on four pillars: culture, integration, value and ease. The culture pillar focuses on attracting and retaining talent, while integration centers on a clinically integrated supply chain. Value is built on sourcing and value analysis excellence, and ease focuses on digital capabilities.

Corewell's supply chain has served as a "Wave 1" integration leader and has set the bar for other functions by quickly assimilating teams, developing a forward-looking strategy and creating a plan to exceed value capture targets.

In 2024, Corewell implemented a procedure card management initiative to reduce supply waste, cost and operational burden while improving team member and physician satisfaction. This involved cleaning up preference cards and establishing a centralized, standardized process for maintaining them.

In ESG, Corewell established a supplier performance management team with annual diversity and sustainability goals. It focused on increasing spending with Tier 2 diverse suppliers in the construction space and made commitments to reduce anesthesia gas waste, increase alternative fuel vehicles, make the operating room more green and increase sustainable food purchasing.

Corewell successfully implemented a unit optimization initiative by standardizing supply storage within each hospital and improving how supply chain services those units. Through a data-driven approach and extensive staff training, it achieved a reduction in emergency orders, increased savings and improved team satisfaction.

In the next year, Corewell will be working with a solution vendor to manage backorders and substitutions. The main goal is to increase resolution rate and reduce manual touchpoints for supply chain and clinical teams.

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Banner Health

Banner Health reclaims its position this year at No. 5, maintaining its top 5 status for four out of the past five years. The organization has made improvements in quality of care, analyst opinion and ESG scores, and has benefited from the addition of a risk management component.

Banner Health is known for its advanced strategic planning and execution. This year, Banner Health extended its 20-year strategic plan to 2034, demonstrating a focus on long-term goals. Its strategic progression has shifted from an acute care focus to a clinical care focus and now to a focus on population health. Banner Health has also expanded its focus to include preparedness.

One of Banner Health's strategic goals is to become a high reliability organization (HRO) through collaborative relationships with suppliers. Banner Health is prioritizing this goal by using resiliency language and standards in its agreements with suppliers.

Banner Health has a strong span of control in its supply chain, with a high verticalization of services, such as custom kit packaging and biomedical engineering at its distribution center. It has added another distribution center in Arizona to enhance risk management efforts and improve overall service.

In alignment with its strategy and span of control, Banner Health has developed a more robust financial forecasting model for better alignment with the budgeting process. The system focuses on service line rate rather than product volume and service volume analytics to improve the connection of financial performance with supply chain.

In the ESG area, Banner Health has committed to increasing its spending with certified diverse suppliers to 2.5% by December 2025, up from 1.3% in 2023.

Northwestern Medicine

Northwestern Medicine rises to No. 6, with balanced strength across all score components, particularly in financial strength. This \$8.5 billion health system has consistently ranked in our Top 25 for four years, including the past two years in the top 10.

Northwestern has grown through acquisitions and plans a large organic expansion at the main campus and in several of its northern Illinois hospitals. The system has also expanded its supply chain capabilities in logistics and digital/data management. Earlier this year, CIO Views magazine recognized Northwestern's leadership in logistics, observing that Northwestern's "pioneering efforts in developing and implementing the Northwestern Supply Chain Operating System (NWSCOS), coupled with commitment to lean principles, advanced technologies like RFID, and Kanban methodologies, have set new standards for operational excellence and efficiency."*

On the digital front, Northwestern is improving procure to pay, electronic transactions and the bill-only process through technology and process investments. In 2025, it will open a procurement center for pharmaceutical spend, IT equipment and select medical surgical products. Pharmacy sourcing has already been centralized to the corporate office.

Northwestern keeps building collaborative relationships and shares them with the industry. Notable examples include recent partnerships with a distributor on expanding logistics capabilities, a technology vendor in the bill-and-hold medical device space and a manufacturer for recycling collaboration in the operating room.**

*"Mike Hopkins: A Transformative Leader Driving Innovation & Excellence in Healthcare Supply Chain Management," CIO Views.

**"Tackling Bill-Only Challenges," The Journal of Healthcare Contracting.

07

Rush University System for Health

Rush University System for Health — an Illinois-based academic health system with three hospitals and 213 clinics, valued at \$3.5 billion — improved in quality of care, ESG, and peer and analyst opinion, jumping six spots to No. 7 this year.

Rush's supply chain team is leading ESG initiatives and has created more than 60 new jobs for the local community through a distribution center partnership with its primary distributor. Through collaboration with InUrban Strategies and Tullman Community Ventures, Rush has placed more than 40 residents from underserved communities into sustainable-wage supply chain jobs, contributing to a talent pipeline for its frontline staff.

Rush successfully transferred 6 million pounds of linen to a new local laundry vendor on the west side of Chicago. This initiative has created 60 new jobs in the underserved community and has the potential to expand to more than 175 jobs.

The organization implemented new technology to improve data-driven capital planning and request and approval processes, resulting in significant savings from reduced acquisition costs and improved equipment sharing across the system.

The system has been a pioneer in implementing AI-based solutions and has enhanced functionality through data transparency with its primary distributor. Dashboards have been built to identify opportunities and decrease out-of-stock items. In the coming year, Rush plans to implement several digital solutions, including ERP, robotic process automation and AI-platform optimization.

BJC HealthCare has moved up to No. 8 this year, marking its 10th appearance in the Top 25 and third consecutive year in the top 10. Its strong bond rating, risk management score of 10 out of 10 and positive opinions from peers and analysts contributed to its ranking.

BJC has successfully integrated its recent acquisition of St. Luke's Health System near Kansas City under the brand "BJC Supply Chain Plus." The organization has implemented a clear supply chain strategy, organizing the system around value streams that prioritize the needs of end users such as nurses and operating room personnel. This approach optimizes the structure of the supply chain to support care delivery, including managing preference cards and aligning efforts with demand planning.

Three years ago, BJC formed a unique partnership with a national third-party logistics firm, which now handles 88% of the health system's product volume. This collaboration has led to the certification of two distribution facilities by the Warehouse Education Research Council (WERC), making BJC one of only two healthcare providers with this distinction.

Looking ahead, BJC's supply chain leadership is planning strategic moves to enhance value and effectiveness over the next five to 10 years. Recent initiatives include leading the home medical warehouse in 2024 and partnering with a local integrated delivery network (IDN) to establish a cooperative laundry facility. These moves aim to reduce costs and ensure continuity of service.

CommonSpirit Health

CommonSpirit Health improved its ranking by 13 spots to come in at No. 9 this year. Its ascendance was due to higher quality-of-care scores and perfect 10 scores in ESG and risk management. With \$37.5 billion in revenue, it is one of the largest health systems in the ranking, operating across 24 states with 137 hospitals and more than 2,200 care sites.*

CommonSpirit's supply and service resource management (SSRM) group oversees the supply chain across the network. It aims to be clinically driven and partners strategically with other business units. The group functions according to standardized practices, consolidated contracts and integrated international sourcing.

In terms of ESG, CommonSpirit is a leader and considers suppliers' carbon disclosure ratings as part of its standard operating procedures. It has committed to achieving net-zero greenhouse gas emissions by 2040, with a goal to cut emissions in half by 2030. This will be accomplished through technology adoption, collaboration with supply chain partners and evaluating investment portfolios for climate impact and energy efficiency.**

CommonSpirit is also focused on increasing visibility in supplier diversity spend and improving transparency through better reporting by top spend vendors and distributors. Additionally, it plans to expand its group purchasing organization, Edgewise, which provides services to members beyond CommonSpirit.***

*“One Care System, Thousands of Caregivers,” CommonSpirit.

**“CommonSpirit Announces Industry-Leading Commitment to Reach Net-Zero by 2040,” CommonSpirit.

***“CommonSpirit Announces Plans to Expand In-House GPO,” CommonSpirit.

Advocate Health

Advocate Health ranks No. 10 this year, marking its 12th year on the list and fourth year since merging into a \$32 billion health system. Strong peer and analyst opinion scores, along with high scores in risk management and ESG, support its rank.

Advocate is in the second year of a merger between two health systems in the South and upper Midwest. Progress has been steady, with a focus on serving patients and clinicians across the system.

Governance and strategic reliance on the supply chain are strong points for Advocate. The organization uses an inverted pyramid accountability model, allowing decision making at all levels. This model, along with a strong sourcing function and group purchasing organization, is expected to deliver more than \$100 million in savings for the second consecutive year.

Despite the complexities of the merger, Advocate's supply chain has implemented innovations and process enhancements. It has reduced its technology ecosystem from 12 applications to five and partnered with a vendor for a generative AI solution to simplify transactions. Additionally, its Center for Business Diversity and Entrepreneurship was launched to support growth and inclusion at scale.

Actionable, objective insight

Explore these additional complimentary resources and tools on supply chain management:



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