



Hospitals in Need of Leadership Injection

Are you the hospital CEO you were hired to be? Do you have a strategy for reducing your cost per patient day by 20 percent? Or for improving your customer satisfaction ratings by 33 percent? Or the determination to attempt either or both?

If you're like most hospital CEOs, you don't have a specific plan for significantly improving your results over the next year.

"Hospital CEOs face daunting challenges, yet they are among the most risk averse executives we've encountered in business," asserts Terry Maher, senior operations manager for USC Consulting Group's healthcare practice. "To be sure, they are under the gun from a whole slew of constituents - the hospital board, physicians, nurses, patients, the community, and, in some cases, the press - just waiting to pounce on every misstep. But that doesn't get them off the hook.

"If I could speak to a hospital CEO today, I'd say, 'Your challenges to improve patient satisfaction and to reduce costs

are not going to go away. You simply cannot continue to do things in the same old way over and over and expect a different outcome. You must do something different.

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"If you don't have a tangible game plan designed to improve your patient satisfaction scores, reduce your patient cost per day, improve your patient statistics,

can you honestly look in the mirror and say that you are managing responsibly?"

Change is the prescription necessary for meeting the financial challenges faced by hospitals every single day. Mr. Maher notes that many for-profit institutions are running at break-even at best and CEOs are constantly feeling the pressure. Not-for-profit CEOs are getting the same heat, simply because, no matter how altruistic the intent, these institutions require money to run, as well.

"Every hospital CEO, whether at a non-profit or for-profit, has two challenges: One is to attract clients - in other words, patients and physicians - and the other is to control costs," says Mr. Maher. "If you asked one of these executives if he'd like to reduce his cost per patient, he'd say, 'You're darned right I would.' If you asked him if he'd like to improve his patient satisfaction scores, he'll respond the same way.

"But, if you ask him if he's willing to make the changes necessary to meet those goals, even if he upsets some of

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his constituents in the process, he'll hedge every time."

Mr. Maher contends that it has been too easy for CEOs to simply do nothing rather than upset the apple cart. Part of this reticence to act is grounded in the nursing shortage of the past few years. Hiring and retaining nurses has been an ongoing struggle for most healthcare institutions, so making any changes that might be seen as negatively affecting that group - which could include even those changes that improve the quality of their work environment - are frequently avoided.

Another issue is the feeling among consumers and third-party payers that hospitals simply charge too much for their services - primarily because they are so inefficient at providing those services. And Mr. Maher doesn't think that belief is unfounded, noting that such cost drivers as escalating insurance premiums, unpaid claims and bad debts are unrelenting.

"There are any number of positive changes that can be made in a hospital setting to improve patient satisfaction, employee satisfaction and the bottom line. But it takes a USCCG to facilitate that change.

"The employees themselves have the knowledge and the experience to know where changes can and need to be made. The reality is that they're so bogged down in the day-to-day operations - just getting the job done - that they don't have the time to bring about change, nor do they have the objectivity and determination to make the changes that would have the most compelling impact."

Diagnostic Helps Build Consensus

We are not unsympathetic to the plight of hospital CEOs," says Mr. Maher. "Often the most difficult hurdle to

overcome is inertia. That's one reason we developed a service called DeltaScan® to help senior administrators build consensus for change among and between their various constituencies."

DeltaScan® (see page 4) is a diagnostic tool that examines, in stages, the organization, the delivery of care, and managing the delivery of care. It identifies key issues and opportunities for improvement that enable hospital management to quickly assess and set strategic and

operating priorities. It also benchmarks an institution against key financial measures and "best in class" operating practices.

"With this kind of information in hand," according to Mr. Maher, "we've found that our clients have felt more empowered to act decisively on behalf of their institutions and have made enormous strides in improving them."

A recent *Wall Street Journal* article (To Fix Healthcare, Hospitals Take Tips From Factory Floor), addresses a current trend toward training sessions for hospital executives designed to help improve their operations in much the same way that manufacturing companies have. After five days of immersion in the techniques of

Lean methodology (defined as quickly delivering a variety of products with minimum use of materials, labor, space and equipment), these folks were expected to return to their respective jobs and apply the Lean approach to their own institutions.

Mr. Maher shakes his head. "It's an impossible assignment. After five days away from the job, these people have to catch up. Then they have to figure out how they're going to talk everyone else into taking on a project that involves what appears to be a lot more work in order to work more efficiently. Then they have to remember all the details of what they learned in those five days and determine the best way and the best order to apply them. And still do their own jobs. It just doesn't work in reality."

What does work is retaining a process improvement firm like USCCG, with the industry expertise and clinical know-how to implement the kinds of changes that quickly hit the bottom line.

Reality Check

Wendy Keuneman, the orthopedic unit nurse manager at Methodist Hospital in San Antonio, Texas, a former USCCG client, attests to the success of such an approach. In a presentation to her board she said:

"I have spent the last 14 years of my career here at Methodist Hospital. Throughout my time here, I have been aware of things that could be better, ways that we can be more efficient, things that we can improve on. But I didn't know how to go about making those changes. I don't have the time or the tools to make those improvements.

"I was grateful and excited when our administration enlisted the services of

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"Your challenges to improve patient satisfaction and to reduce costs are not going to go away."



Hospitals continued

USCCG to help our hospital reduce costs while improving service and quality. Their team became an extension of our staff and an integral part of our management team. They don't just sit in a room reading reports and looking at financial statements. Several of the consultants are registered nurses, so they have been in scrubs and out on the unit with the staff."

Ms. Keuneman then described in detail many of the changes that were made as a result of USCCG's work. Some were as simple as reassigning nurses to patients in close proximity on a unit so that nurses were not wasting time running from one end of the unit to the other. Not only did this block assignment approach allow more productive use of nurses' time, it greatly improved patient satisfaction. For example, patients in semi-private rooms were assigned the same nurse so that both patients and physicians could rely on only one person instead of the two different nurses who had been assigned to the two patients before. It also allowed a reporting consolidation at shift changes; one day shift nurse could pass along all the necessary patient information to one night shift nurse. Previously, several different day shift nurses would make reports to one night shift nurse and vice versa, which dramatically increased the possibility of mistakes.

"Another thing the consultants did," reported Ms. Keuneman, "was help us realize the improvements that can be made to the ancillary departments that support nursing," like the pharmacy, linen supply and meals providers.

"Quality hospital care requires the integration of an extraordinary number of processes at the point of providing

value to the customer, in this case the patient," explains Mr. Maher. "You have the primary care provider, the bedside nurse, food service, housekeeping, transportation, pharmacy, radiology, therapy services, among a myriad of other services, and every one of those must come together with every other process in a fully integrated, fluid way at the point of delivery to the patient. That is a big, big challenge. Hospitals traditionally have been dealing with it,

"Quality hospital care requires the integration of an extraordinary number of processes at the point of providing value to the customer, in this case the patient."

but only at an extremely high cost. This is where Lean becomes so valuable. By streamlining and improving the delivery of care, it hits both the top and bottom line."

Lean Application

From the janitor to the CEO, Lean is process analysis, process streamlining, process coordination and understanding how it all works at the point of delivering service to the customer. USCCG sees its role as the "irresistible, objective force" that can help every person and

every process align for the benefit of the patient and the financial health of the hospital. Lean brings a discipline to process so that quality service is delivered consistently and cost effectively.

Mr. Maher cites another example. "At one hospital nurses were routinely faxing requests for medications to the pharmacy, but for some reason many of the faxes came into the pharmacy blank. That resulted in the nurses having to call or make a trip to the pharmacy, which they did on a regular basis. But because there was no research on why this was happening, there was no remediation. The issue was not resolved until USCCG uncovered the problem in process analysis.

"In some businesses you can say, 'OK, you're not going to get your pizza on time.' But in a hospital, a nurse simply cannot tell a patient that they are not going to get required medication. She will overcome the problem in her own way, time and again, but the root cause is still there day in and day out."

These look like simple problems easily overcome by anyone with common sense, but, as Mr. Maher demonstrated, with the number of processes that must be coordinated in the hospital setting, the challenge can be overwhelming.

"USCCG has the experience and the players to inject the Lean strategies into hospital operations that will produce positive results on numerous fronts. It just takes a CEO who is willing to write the prescription for long-term solutions to ever-present challenges."

For more case histories and detailed information about USCCG's Lean Methodologies, visit their website at www.usccg.com.



Consulting Firm Going Prospecting

USCCG to exhibit at MINExpo '04 in Las Vegas

USC Consulting Group's mining practice will again exhibit at the world's largest mining show, held every four years in Las Vegas. Attended by upwards of 35,000 mining executives representing nearly every country, MINExpo is the ideal place to introduce new products and services. This time around USCCG will debut a capacity resource planning system it has developed to help its mining clients identify resources required to optimize profit at different levels of production. Senior executives will be on hand September 27th-30th to demonstrate the features and benefits of the system in booth # 8420.



DeltaScan[®]

An analytical tool for hospitals that focuses, in stages, on the organization, the delivery of care, and managing the delivery of care.

The Organization

DeltaScan first looks at key elements of the organization including:

- Structure and decision-making process
- Span of control and workload analysis
- Observable behaviors, practices and skill levels
- Strategy deployment (linking strategy to daily decision-making, goal-setting and priorities)
- Management and supervisory effectiveness (diagnostic surveys)

The Delivery of Care

Then DeltaScan examines the delivery of care in several dimensions:

- Assessment of process targets (quality, service, speed and cost)

- Are specific process targets defined?
- Are specific process targets known and understood?
- Assessment of process effectiveness
- Core process mapping
- Core process optimum performance
- Consistency of practice vs. formal and informal protocols
- Matching of tasks, skills and licensure
- Linkage of licensure value vs. actual services performed
- Multi-skilling vision and reality
- Care team vision, comprehension and actual practice
- The physical environment
- Design for patient accessibility
- Design for care giver effectiveness
- Equipment, materials and supplies

Managing the Delivery of Care

Finally, DeltaScan focuses on managing the delivery of care:

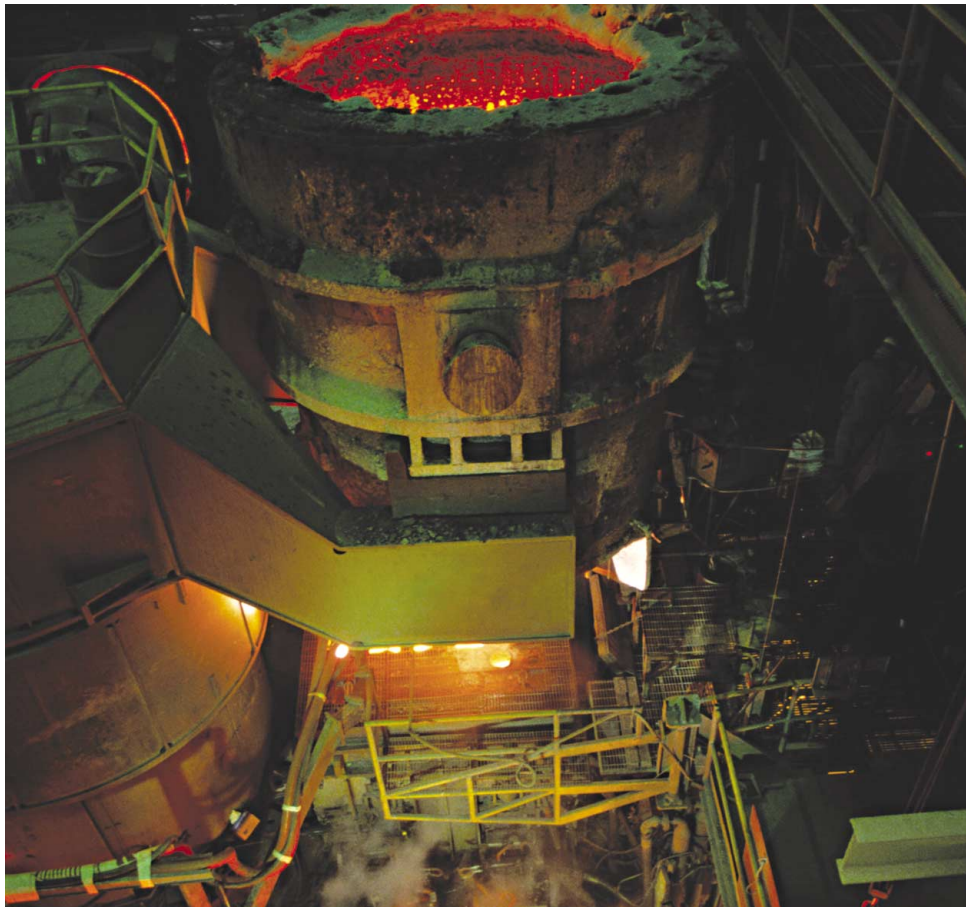
- Metrics definition, adoption and importance to change
- Resource and demand planning
- Continuous improvement programs
- TQM programs
- Reporting methods and practices
- Standard operating procedure and protocols
- Meeting content, timing and effectiveness
- Inventory and physical asset management
- Corrective action process
- Managed care contract administration
- Assessment of current managed care contracts
- Review of collection and payment practices



USCCG Metals Practice Forging Ahead

Significant positive change has resulted in a healthier domestic steel industry. A stronger dollar, reduced surcharges, lower freight costs, a record high domestic steel price premium to the international market, tariff elimination and a more balanced Chinese supply-and-demand have put pressure on North American metals manufacturers to improve their operations “while the going is good.”

This recent resurgence has led USC Consulting Group to split its previously combined mining and metals practices into two separate groups to further sales, marketing and delivery efforts. Headed by J. Michael Spratt, USCCG’s new metals practice is anything but. With current and former clients including Alcan, Algoma, Impact Forge, INCO, Russel Metals Inc., Outokumpu American Brass, and others too numerous to mention, the group is very experienced when it comes to improving fully integrated sites, mini-mills, smelters, finishing mills of all types, and distribution centers.



USCCG HQ Address Change

Reconstruction of the highway interchange adjacent to its headquarters office in Tampa, FL, has resulted in an address change for the process improvement firm. Effective immediately, the new address will be USC Consulting Group, 3000 Bayport Drive, Suite 1010, Tampa, FL 33607. The firm’s phone and fax numbers remain unchanged: 813-636-4004 and 813-636-5099, respectively.

Letters to the Editor

Metrics invites readers to share their thoughts with us in writing. If you’ve got a comment to make, observation to share, issue to raise, or simply would like to request that we cover a specific topic in a future issue, please e-mail us at metrics@usccg.com or write to us at *Metrics*, c/o USC Consulting Group, at our new address. (See related story on this page.)

We look forward to hearing from you.





First we make it work. Then we make it last.®

For more information contact us at 800-888-8872 or www.usccg.com

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