

Choosing the Future

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Transformation, Part I

Busy hospital senior management teams are paddling as fast as they can just to comply with the latest Third Party Payer mandates and stay afloat. For many, hampered by ever-growing demands on their time, “productivity improvement” simply means identifying and applying the latest workload-based department staffing standards. Once new standards have been identified, department managers are expected to implement them.

Today labor costs still account for more than 52% of hospital operating expense and must be managed. However, managing labor costs requires more than establishing arbitrary productivity targets. Management teams that are serious about achieving dramatic cost reduction and performance improvement should read on.

Systematically Apply These Seven Guaranteed Improvement Steps...

1. Complete a systematic inventory of the factors that affect the work of the department using the taxonomy of four factor categories shown below.
2. Score each factor as to its effect on performance.
3. Select those factors that appear to have a negative effect on performance for further evaluation.
4. Narrow the focus further by rating each selected factor’s effect on the critical outcomes of quality, physician satisfaction, patient satisfaction, employee relations, community image, and cost.
5. Select the factors with the greatest negative impact for potential management action.
6. Develop recommendations for resolving selected factors.
7. Present those recommendations to senior management.

...To These Performance Limiting Factor Categories

After working exclusively in the field of organizational performance improvement for more than 30 years, we have learned that the factors that limit human productivity in the clinical setting will always reside in the four factor categories listed below

1. **Systems and Work Process Factor Category.**

- Definition: A work process is a series of sequential steps resulting in a desired outcome. A system is a series of related processes.

- Examples: The admitting and room assignment system; appointment systems; the floor buffing process; the medication administration process; the post surgical recovery process .etc, .
 - *Special Note: The Hospital Information System is not a “system” for the purposes of this discussion. It is a resource (see below) used to automate processes.*

2. Resource Factor Category.

- Definition: A resource is a physical or electronic tool consumed or applied in the performance of standard processes.
- Examples: The physical plant (particularly workflow design, layout, location, and adjacencies); the hospital’s Information (Computer System); supplies, technology and other equipment; human resources (including their competencies and skill sets).

3. Organizational Factor Category:

- Definition: These are the techniques and structures the hospital uses to deploy its resources to perform the work required by its mission.
- Examples: Hospital and department organization charts; planning and coordination techniques; task allocations to departments, shifts, and staff; work and employee schedules; and the various ways used to communicate and share information. Factors falling into this category include whether the number of organizational levels existing between the "top" and the "bottom" (within and outside of departments) is appropriate, whether or not the span of control is consistent with the management style, and whether or not the organization can anticipate and prepare for change.
 - Leadership and Management Skills and Focus form a critically important subset under organization. These involve the respective roles, functions, and focus of the governing body, executive management, medical staff leadership, department managers, and supervisors. Factors included in this category run the gamut from placing decision-making at the appropriate organizational level (delegation) to maintaining the distinction between governance ("Are we doing the right things?") and management ("Are we doing things right?") to insuring that responsibility is commensurate with authority, and vice versa.

4. Hospital culture Factor Category:

- Definition: Cultural factors are defined by the beliefs and expectations of patients, the community, medical staff, management, and department employees and by the behaviors that flow from those beliefs and expectations.
- Examples: The medical staff’s assumptions about its relationship with the hospital, the focus and values of management, and employee beliefs about what constitutes a fair work load.

Next week: Transformation, Part II

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