

# Increasing Operating Efficiencies

by Justin Holland

When Asheville Radiology in Asheville, NC, added a fourth vascular surgeon and a second ultrasound machine, it triggered an incredible growth spurt. But it also intensified inefficiencies in work flow and patient processes within the center's vascular group. That's when Asheville Radiology's team did something seemingly unusual — they turned to their financial lender for guidance and, in doing so, were able to revamp their operating systems.

In addition to helping its customers tackle complex business issues by creating tailored financial solutions, the center's lender, GE Healthcare Financial Services, also shares its leadership and management best practices with its customers. Through its At The Customer, For The Customer (ACFC) program, GE teams work with customers to help them develop solutions for operational issues. The premise of this company-wide initiative is simple: help customers grow by helping them solve their most difficult business issues.

In the case of Asheville Radiology, the lending team worked closely with the radiology staff to hold a series of sessions with groups of employees. In particular, the team led large, key stakeholder meetings to begin solving bottlenecks, clarifying roles and responsibilities, and mapping new processes: one meeting was conducted with ultrasound technicians and

schedulers, one with employees manning the front desk, and one with the schedulers and surgeons. Based on the feedback from these sessions, Asheville Radiology was able to reorganize its front-desk schedule to distribute patient visits more evenly over the course of the week, eliminating waits for patients with appointments while last-minute walk-ins went ahead. Now the vascular group is seeing 80 patients a day, up from 60 when the program started. And because of its confidence in its new processes, the vascular group will not add staff when a fifth vascular surgeon joins the group.

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**Operational challenges**

Asheville Radiology’s forward thinking enabled it to understand a key lesson: In the face of dwindling reimbursement, creative operational solutions aren’t needed, they’re demanded. Trying to find ways to improve performance, companies look to drive down costs while driving up top-line growth. Increasingly, budgets are being tightened, employees are being laid off, and noncore assets are being sold. But all of this change begs the question: Are businesses missing the middle by not focusing on operations where the organization lives and breathes?

There’s no doubt healthcare facilities today are faced with increasing technical advances and global demands, and the pace of business will only continue to quicken. While companies spend so much time focusing on their top and bottom lines, enormous opportunities exist for growth in operational costs and efficiencies.

Healthcare systems, however, will still face the challenge of finding the time to do the analysis, make the required changes and continually improve and question

every process. Yet, the rewards stemming from meeting this challenge are numerous.

**So how does it work?**

Maintaining effective operations as Asheville Radiology does may sound simple, but maximizing operational efficiencies in our 24/7 economy can be difficult. The key is to break the path to efficiency down into four core areas: operational efficiency, financial management, leadership excellence and strategic development.

*Operational efficiency:* Increasing productivity and improving quality and consistency can seem overwhelming to healthcare facilities with declining reimbursements. But with an inside look from consultants and experts, learning to accept change and adding digitization can help improve productivity and quality.

Lean and Six Sigma may be buzzwords within the Fortune 500 business circles, but that doesn’t mean health organizations can’t leverage their principles to address their own financial challenges. Utilized to increase efficient “flows” that work for patients and clinicians, Lean principles improve patient care by reducing rework and waste. In similar ways, Six Sigma tools are also transforming management philosophy in healthcare. Six Sigma is a statistical approach that measures process capability—mainly in terms of accuracy and standard deviation. It helps companies strive for customer satisfaction by consistently meeting or exceeding their commitments. It can reduce double payments to vendors, savings in net income and produce effective billing and collections structure. This process, while tedious, increases customer satisfaction, improves productivity and builds a quality mindset within an organization.

Another tool for increasing organization efficiency is digitization. By enabling both the front- and back-end of a health organization through the Web, management can better monitor hospital operations. Digitization allows the creation of a consistent medium to communicate with employees as well as create a one-stop-shop repository for patient and employee information. This process also optimizes face time with the customer and increases employee communication.

*Financial management:* One of the most challenging tasks in improving operational efficiencies is developing a structured financial management system. Maintaining transparency, effective planning and financial analysis, can increase effectiveness in the areas of patient management, billing and collections or denial avoidance. GE’s way of achieving this seemingly impossible goal is through the Change Acceleration Process or CAP. CAP is a set of principles and tools designed to increase the success and

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accelerate the implementation of organizational change efforts. By creating a shared need for change, health organizations can understand and deal with resistance from key stakeholders and build an effective influence strategy and communication plan for change — a struggle for many healthcare organizations.

There's nothing better to improve financial management than to give it a good WorkOut™. GE's WorkOut is a team-based problem-solving method. A good WorkOut™ includes systematically scrutinizing a process or problem and developing solutions for a decision at the end of the meeting. Taking the organization through a workout creates a company culture that empowers employees to embrace and lead change. It also can reduce costs and simplify processes by eliminating bureaucracy and moving decision-making to the lowest level in the organization where a competent decision can be made. Taking any organization through a good WorkOut™ can seem daunting, but this exercise is sure to improve its financial heartbeat.

*Leadership excellence:* Assessing and recruiting top talent can be challenging for even the best hospitals and healthcare systems. That's why developing key training and education systems or succession plans is vital to an organization's internal operational efficiencies and success.

Using tools like 360-degree feedback to gather information on key leadership behaviors on everyone from direct reports to fellow team members to internal and external customers and suppliers can ensure that talent is leveraged correctly, regardless of the seniority of the position. Evaluating talent also involves taking a candid look at one's performance and consequent actions to leverage strengths and improve areas where development needs are noted.

Providing feedback on the performance, promotability and developmental needs of top management, and identifying at an early stage the high-potential talent to ensure appropriate development, ensures the effectiveness of the organization. In addition, providing consistent succession planning through employee reviews and suggestions for back-up planning for key management jobs can also promote an easy transition in operations once change is needed.

*Strategic development:* Finally, organizations must evaluate and plan their strategic growth. By incorporating short- and long-term planning into annual operational calendars, integrating strategic acquisitions or identifying areas to grow organically, an organization can see the financial and organizational benefits.

An organization's strategic development must include maximizing acquisition integration when acquiring a company. Preparing for and assimilating a newly acquired company or portfolio to ensure the acquired business will meet the growth and net income potential expected is one of the most important tools for successful post-acquisition integration.

Finally, developing a solid strategic development plan involves a series of year-round interactive strategic planning sessions among division leaders, functional leaders and initiative champions. The major components include performance review and succession planning, developing a three-year strategic plan, providing a short-term financial outlook and laying the groundwork for the annual operating plan and compliance review. The benefits ensure consistency in the planning approach across all functions and hospitals in a healthcare system, establish processes to retain and reward talent in an organization and provide structure for reviewing long-term growth plans of a hospital system.

## Conclusion

For healthcare facilities like Asheville Radiology, taking a good hard look at operating efficiencies can be a time and money saver. By turning to an unexpected source, their lender, they were able to eliminate waste and develop strategic practices. But for all healthcare groups, in order to survive in an increasingly competitive environment, operational efficiency will become as critical to a healthcare system's success as its quality of care. After all, little challenges in policy and procedure can quickly snowball to become major financial issues. ▲



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