



Yavapai Regional Medical Center Prepares for Healthcare Reform

Yavapai Regional Medical Center, a locally owned and operated, not-for-profit medical system located in the Southwest, encompasses two campuses with a total of 200 + acute beds. The leadership team elected to embark on the goal of preparing for healthcare reform with an emphasis on preserving their operating margin. Senior leaders were seeking an approach that would transform their culture by increasing accountability and the overall speed and agility in the organization to meet the rapid pace of change.

Yavapai Turns to CBA for Over \$2M in Validated Savings

CBA began working with the Yavapai Regional team by mobilizing the entire organization by implementing an accountability structure called the 100-Day Workout. Hospital leadership elected to focus on Quality Waste Recovery as their first effort. Managers were challenged to identify waste and changes to work processes that would produce tangible margin improvement when implemented. The 100-Day Workout provided a systematic approach to implementation to ensure that progress or its absence was instantly visible and the delays in implementation were overcome.

Action Targets: The senior leadership team issues action targets for everyone in the organization, including members of senior leadership. Every manager, director, and senior leader was committed to completing two quality-driven changes per manager per month that would move the hospital toward their financial goals. This had the effect of creating a sense of urgency and demonstrating the commitment to change that permeated the entire organization.

Implementation of Rapid Cycle Testing: CBA mentored the Yavapai team on the implementation of methods that increased speed and reduced barriers to change. An experimental mind set was fostered through the introduction of Rapid Cycle Testing. This methodology delivered the benefits of reducing the fear of failure, creating a culture that values experimentation, and increasing the speed of the organization.

Implementation of Waste Categories: Caldwell Butler & Associates provided a general introduction to Lean concepts and provided an easy-to-understand overview of 7 categories of waste. By the end of day, one each manager had recorded several ideas and was expected to have 8 plans recorded that they could fully implement in the next 100 days.

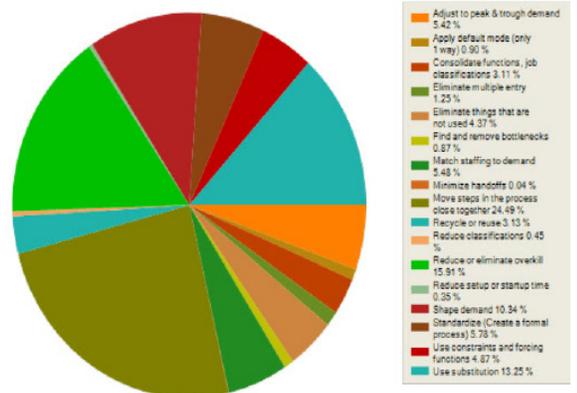
Comprehensive Planning: CBA-guided senior leaders as they embarked on a parallel 100-Day Workout in which they prioritized their current and proposed efforts into a comprehensive plan. They achieved consensus on what were the most important priorities to be completed in the next 100 days and proceeded accordingly.

Results: Yavapai Regional Medical Center leadership responded to this challenge by creating 468 separate plans to improve margin. By the end of the first 100-Days, they had implemented 69% of the plans and had achieved \$2.4M in CFO validated savings. An additional benefit of the 100-Day Workout was a dramatic increase in the amount of collaboration between departments' priorities to be completed in the next 100 days, and it proceeded accordingly.

Yavapai Regional's Needs

- Maintain profitable operating margins
- Ensure solid preparation for healthcare reform
- Reduce waste throughout the organization
- Increase speed of implementing improvements in work processes

Change Type Dollar Impact for Workout

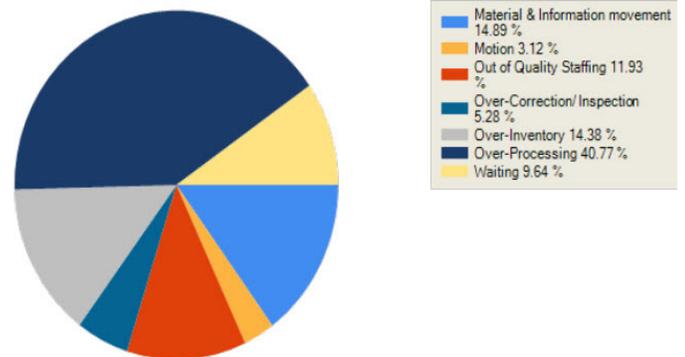


Demonstrated Statistically Significant Results of the Yavapai Regional Implementation

Measurable Benefits:

- Over \$2.4 million in validated savings through company-wide participation
- Quality Waste Recovery efforts generated 314 plans representing over \$2 million in margin improvement, including:
 - \$705K plus on Material & Information movement
 - \$682K plus on Over-Inventory
 - \$612K plus on Over Processing
 - \$511K plus on Out of Quality Staffing

Waste Type Dollar Impact for Workout



Intangible Benefits:

- Dramatically increased collaboration between departments
- Improved team efforts in anticipating and overcoming objections



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Caldwell Butler & Associates, LLC

Caldwell Butler & Associates is an innovative firm specializing in strategic deployment of Lean-Six Sigma resulting in cost position improvement, financial turnarounds, and patient throughput optimization. Caldwell Butler & Associates has assisted hundreds of clients increase productivity, maximize patient throughput, and improve patient satisfaction.

Our team is exclusively dedicated to healthcare and brings extensive practical experience in hospital operations to each project. Our knowledge of the healthcare environment allows us to implement effective performance improvement programs tailored to the specific needs of your organization. Caldwell Butler & Associates is the trainer of choice for both the American College of Healthcare Executives and the American Society of Quality. During the past decade, Caldwell Butler has personally trained thousands of senior hospital executives in the effective healthcare application of Lean-Six Sigma.

Unlike traditional consulting firms, Caldwell Butler & Associates believes on-site mentoring and apprenticeship are the most effective methods for achieving sustainable gains in performance. Our on-site programs empower your employees by providing them with the tools to attain new levels of performance. We offer proven techniques and methods for enhancing personal accountability, monitoring progress of initiatives and tracking your ROI on each project. Where most consulting firms are satisfied with finding "identified savings," Caldwell Butler & Associates works along side your team throughout implementation thus providing you with a sustainable process for managing the entire productivity improvement cycle.

Caldwell Butler & Associates apprenticeship and mentoring programs include:

- Effective use of aggressive benchmarking data
- Proven techniques for non-negotiable goal-setting
- Methods of identifying waste and generating cost savings strategies
- Creation of implementable 100-Day Action Plans
- Flawless execution of performance improvement projects
- Creation of internal tracking methods for enhancing personal accountability