



Central Vermont Medical Center Faces Financial Challenges

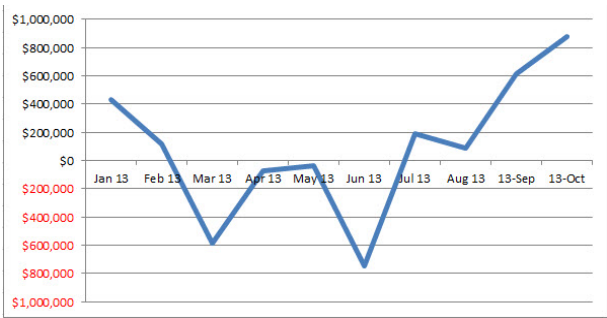
Central Vermont Medical Center, a locally owned and operated, not-for-profit medical system with 130 acute care beds, was facing the prospect of a reduction in force of 30 FTE stemming from reductions in admissions and declining reimbursement. Rather than continuing to rely on benchmarks, Lean-Six Sigma or slash and burn methods, senior leadership elected to deploy a comprehensive quality-based approach to restore the organization to its margin requirements. For the long term, the goal was to prepare for healthcare reform by increasing the organization's agility and ability to execute transformational improvements. They believed that speed would be their competitive advantage in the coming months. They wanted to improve accountability and inter-departmental collaboration while focusing on changes that would produce tangible financial gains.

Central Vermont Medical Center Needs

- Restore profitable operating margins
- Increase speed and agility in the organization
- Reduce waste throughout the organization
- Improve the deployment and use of labor

Central Vermont achieves a \$1.7M Month in Validated Margin Improvement

Central Vermont Medical Center initiated their turnaround by focusing on their directors and managers on the elimination of quality waste. They mobilized the entire organization by implementing a strong accountability structure called the 100-Day Workout. The 100-Day Workout provided a systematic approach to implementation to ensure that progress or its absence was instantly visible and any delays in implementation were overcome. During their second 100-Days, the team focused on improving staffing utilization through a quality-based approach called In-Quality Staffing. Managers were asked to define the meaning of quality staffing (right people, right place, right time, right skill mix) and measure on an hour-by-hour basis the number of hours of each day they are achieving their own definition.



Establishing Action Targets: The executive team issued 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 Central Vermont team on implementation of methods that increase speed and reduce 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: CBA 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.

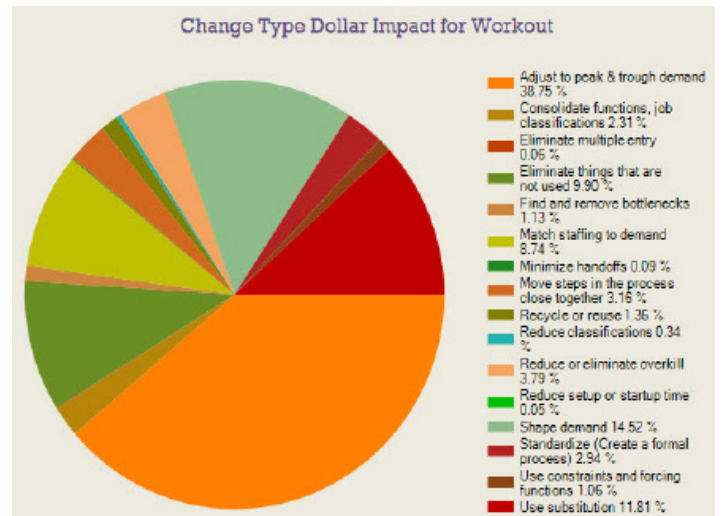
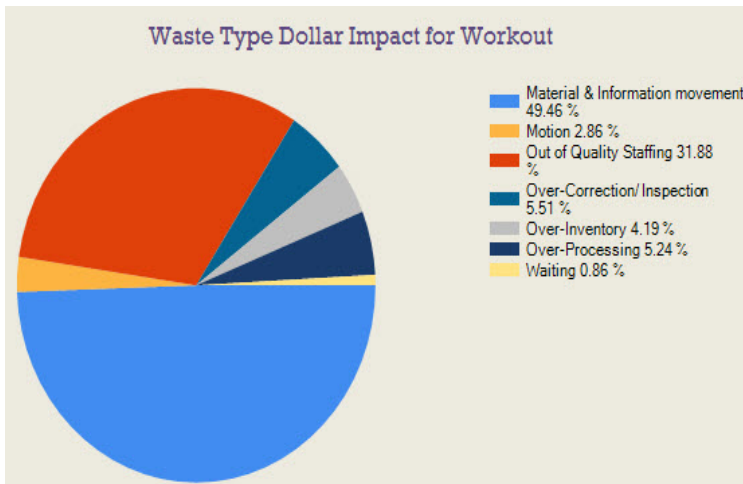
Parallel Senior Leader Workout: CBA worked with the senior leadership team to organize a parallel Senior Leader Workout and assisted in prioritizing and tracking initiatives. CBA provided a list of 45 proven strategies from its popular course Living on Medicare Rates. They achieved consensus on what were the most important priorities to be completed in the next 100 days and proceeded accordingly.

Results: CVMC leadership responded 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.

Demonstrated Statistically Significant Results of the CVMC Implementation

Measurable Benefits:

- Over \$2.4 million in validated savings through company-wide participation



Intangible Benefits:

- Improved speed of execution and bias to act
- Dramatically increased collaboration between departments
- Established a direct connection between quality, safety, budget and margin improvement
- Improved team efforts in anticipating and overcoming objections

Methods Applied

- 100-Day Workout Structure
- Rapid Cycle Testing
- Action Targets
- EXCELerator
- 84 Proven Change Concepts for quality waste recovery
- In-Quality Staffing
- Launch a parallel Senior Leader Workout



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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