



Fairfield Medical Center Looks for Fast-Paced Method to Achieve Operating Margin Goals

Fairfield Medical Center, a 220 bed not-for-profit medical system located in the Midwest, had been facing escalating margin pressures and set a goal of improving their operating margin by \$10 million by year's end. Years earlier, Fairfield had embarked on a quality journey and made substantial investments in their quality program. Selected members of the team were all trained in Lean-Six Sigma and were actively engaged in numerous efforts to improve the organization's operating processes. Yet senior leaders reported that they were not seeing the return on their investment in Lean Six Sigma, and the existing pace of progress was lagging behind their financial objectives.

Fairfield Turns to CBA for Rapid Implementation of Margin Improvement Efforts

CBA assisted Fairfield by changing the focus from tools and methods to mobilizing the entire organization and establishing an action-oriented approach. The first order of change was implementing a strong accountability structure to make progress or its absence instantly visible and demanding a corrective response when deviations from plans are unacceptable.

Action Targets: The next step in the process was the adoption of 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 Fairfield 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.

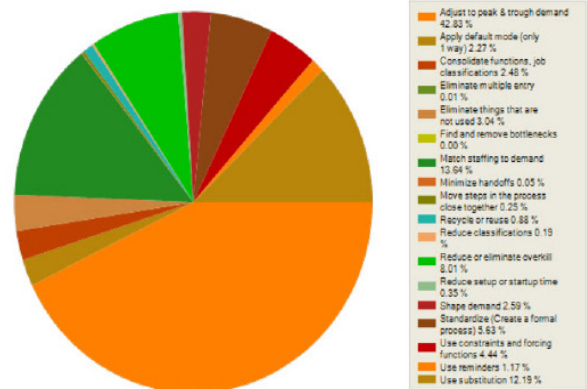
Comprehensive Planning: CBA guided senior leaders as they embarked on a parallel 100-Day Workout in which they prioritized their current and proposed efforts into a comprehensive plan. They achieved consensus on what were the most important priorities to be completed in the next 100 days, and proceeded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

Results: Fairfield Medical Center leadership responded to this challenge by creating 384 separate plans to improve margin, quantifying 272 plans, resulting in \$8.3M in expected overall savings. By the end of the first 100-Days they had implemented 93% of the quantified plans and had achieved \$2.5M in CFO validated savings. An additional benefit of the 100-Day Workout was a dramatic increase in the amount of collaboration between departments.

Fairfield Medical's Needs

- Achieve profit margin goals
- Solidify team for rapid change deployment
- Reduce waste throughout the organization
- Increase speed of making improvements

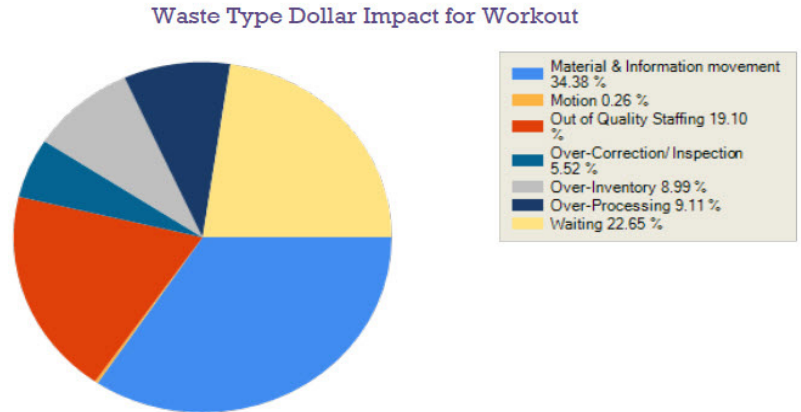
Change Type Dollar Impact for Workout



Demonstrated Statistically Significant Results of the Fairfield Medical Center Implementation

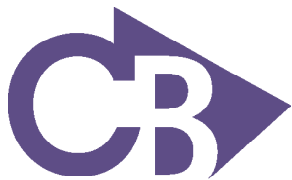
Measurable Benefits:

- Over \$7.6 million in expected savings through company-wide participation
- Quality Waste Recovery efforts generated 369 plans representing over \$7.6 million in margin improvement, including:
 - Over \$2.68 million in material and information movement
 - \$1.4 million in Out of Quality Staffing
 - \$702,000 plus in Over Inventory
 - Over \$1.7 million in Waiting



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