

Providence Sacred Heart achieves strategic margin improvement by implementing a Transformation Management System

Providence Sacred Heart is a 628 bed, critical access hospital in Spokane, Washington. The senior leadership found themselves faced with a changing payer mix, declining reimbursements and admissions. Couple that with mounting bad debt and the hospital was facing some tough roads ahead. In spite of numerous performance improvement initiatives, the senior leaders found themselves needing to improve execution and increasing the speed of the organization in order to achieve \$80 million in margin improvement.

Providence Turns to CBA for Rapid Margin Improvement via the 100-Day Workout, Rapid Cycle Testing and other CBA Methods

Providence Sacred Heart's senior leadership wanted to implement rapid and sustainable changes that ensured improved operational methods while rapidly gaining margin improvements to reach their goals. Previously, Providence had spent considerable time and resources training managers on Lean Six-Sigma. However, in spite of corporate support, the prior three years utilizing these methods had not yielded the tangible financial gains they desired. They turned to CBA to improve accountability, create an environment that valued action, create the right goals and team structures through the 100-Day Workout. The 100-Day Workout structure provided an excellent platform for a hospital-wide initiative that promoted interdepartmental collaboration. It also provided the opportunity to identify the real issues and demonstrate the effectiveness of solutions through extensive rapid cycle testing. This allowed the team to test their ideas in an open environment and share results. With the CBA team's help, Providence embarked upon optimizing capacity, improving in-quality staffing, developing systems for quality waste recovery, developing action targets and receiving mentoring in Rapid Cycle Testing to create a culture that values experimentation and increases speed to sustainable results.

Performance Improvement that Works: With the support of CBA, Providence required every manager and senior leader to be responsible for monthly action targets to ensure that two changes were made that produced tangible financial gains. The teams began assessing, developing, and every manager began implementing 2 changes per month resulting in aggressive changes to positively impact improvement as well as optimize capacity. The teams reduced barriers to patient access, and engaged managers as franchise owners to empower them as leaders while also improving communication. In addition, a strong emphasis was placed on patient retention.

Implementation of Rapid Cycle Testing: Caldwell Butler & Associates mentored the Providence team on Rapid Cycle Testing, transcending their original beliefs that created solutions based on false assessment of the root cause. The end result was identification of true solutions that minimized patient leak in ancillary departments while improving scheduling and hand-offs. CBA also lead the teams through exercises to hard wire the gains.

Providence Sacred Heart Needs

- Achieve \$80 million in margin improvement
- Decrease time to implement changes
- Discover a better way to implement performance improvement initiatives
- Align teams for sustainable transformative management systems

Methods Applied

- 100-Day Workout Structure
- Rapid Cycle Testing
- Action Targets
- EXCEerator
- Capacity Optimization

Demonstrated Statistically Significant Results of Providence Sacred Heart Implementation

Measurable Benefits:

- \$64 million in improvement on a \$980 million budget validated by Providence Sacred Heart's finance department
- Managers implement 786 total Quality Waste Recovery plans during the first 100 Days.
- These changes positively impacted multiple areas including:
 - \$11,110,406 in Out of Quality Staffing
 - \$4,764,576 in Material & Information movement
 - \$3,235,891 in Waiting
- \$9,492,478 in In-Quality Staffing by adjusting to peak & trough demands, creating a formal process to standardize, use substitution, and consolidate functions and job classifications.
- \$7,207,192 in Supply Chain improvements.

Intangible Benefits:

- Rapid Cycle Testing altered the existing belief system to create a culture that values speed and a bias to act.
- Changes were driven by managers in contrast to forcing solutions from a corporate level. The net impact was to build a greater belief in change.

For more information see ACHE Congress 2014 presentation delivered by Elaine Couture, MBA, BSN, RN Chief Executive



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Caldwell Butler & Associates, LLC

Caldwell Butler and Associates is exclusively committed to margin improvement and operational excellence for healthcare. Our proprietary systems utilize a comprehensive approach that achieves maximum ROI and margin improvement while creating sustainable business practices. Our clients receive rapid and tangible financial results utilizing our Transformation Management System, which focuses on creating a top-performing healthcare system by identifying top performers via 360° Assessments and Proprietary workshops developed to meet your unique healthcare needs. For more information, review our website at www.caldwellbutler.com.

Unlike traditional consulting firms, Caldwell Butler & Associates believes on-site mentoring and apprenticing 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 creating a transformation management system for operational excellence.

Caldwell Butler & Associates specializes in:

- Designing accountability structures
- Increasing speed to execution and bias to act
- Ensuring that changes result in tangible ROIs
- Effective use of advance quality methods
- Methods of reducing departmental silos and increasing inter-department collaboration
- Methods for anticipating and overcoming resistance
- Improving prioritization and focus of organizations