

Rapid Hospital Cost Reduction



CHALLENGE: How to reduce hospital operating costs while maintaining high patient care standards.

SOLUTION: Use Leap Technologies' Rapid Action Team Process to productively engage hospital employees in Lean thinking and doing without breaking the budget and placing an unrealistic burden on schedules.



Rapid Action Teams for Hospital Cost Reduction

- Designed to get hospital employees “into the Lean game” of eliminating waste, implementing best practices and solving problems.
- Operates on a 60-day time clock with structured weekly meetings.
- Uses a disciplined, reliable approach that makes it easy to participate on a team and still complete normal job duties.
- Combines simplified Lean and Six Sigma concepts and tools with an action learning approach that generates energy and enthusiasm for doing improvement work.
- Supported with a packaged improvement kit and team leader training process that facilitates rapid deployment without loss of control.
- Ideally suited for hospitals without the means to build a large staff of full-time change agents or “Belts” but committed to engaging employees in continuous improvement.

Productively Engaging Frontline Employees in Rapid Hospital Cost Reduction

Carle Foundation Hospital, the primary teaching hospital for the University of Illinois College of Medicine at Urbana-Champaign, was looking for a cost-effective way to meet an ongoing challenge: *Reduce operating costs across the board while maintaining its commitment to the highest standards of patient care.*

While this challenge is shared by all hospital executives today, it defies easy solutions. In contrast to well-defined and proven practices for improving patient safety and medical outcomes, the prescription is less clear for hospitals that are facing increasing demand in the face of reduced payments and labor shortages.

While a handful of leading hospitals have been successful at deploying Lean and Six Sigma methods to improve efficiencies, many more have found the upfront training costs, additional staffing and time requirements of these approaches a difficult hurdle to straddle.

John Snyder, COO of Carle Foundation Hospital, and Beth Edrington, Director Internal Consulting and Performance Improvement, found a solution by deploying a better way to engage Carle Foundation employees in cost reduction and other Lean improvements.

Finding the Right Prescription for Employee Engagement

Throughout its history, Carle Foundation has been committed to maintaining pace with other top tier healthcare institutions in all aspects of its operations. Snyder and Edrington had spearheaded the introduction of Lean Six Sigma to the hospital with the goal of streamlining core patient care processes from admissions to clinical practices to discharge.

But as Edrington explained, “Just as we recognized that our traditional approach to improving patient care processes could be taken to a new level by applying Lean Six Sigma tools, we also felt we could do a better job of attacking the large volume of support processes that happen behind the scenes in our hospital every day. But we didn’t think we had the bandwidth to simultaneously attack both opportunities with the same approach.”

Hospital support processes easily number in the hundreds covering facilities management, supplies ordering and inventory management, workforce scheduling, performance reporting, equipment maintenance, hiring and more. Any one of these “behind the scenes” activities, when not in control and wasteful in execution, can have a huge impact on patient care, throughput, operating costs, workforce productivity and morale.

But how can hospitals mine these “behind the scenes” improvement opportunities at the same time they take on the heavy-lifting task of “leaning” core patient processes?

Carle Foundation found the answer in an innovative improvement methodology designed to complement Lean Six Sigma and other expert-driven improvement initiatives. The key difference in this approach: An easier and less time-intensive way to engage hospital employees in Lean “thinking and doing.”

The Rapid Action Team Process, developed by Leap Technologies, integrates concepts from Action Workout (*the fast-change method originally deployed at GE and later “productized” by Leap*) with basic Lean and Six Sigma disciplines. Rapid Action Teams are launched just-in-time with employees learning concepts and tools on a learn-as-you-implement basis. These teams of six to eight employees complete focused improvement assignments through structured, weekly meetings and individual assignments over a 60-day timeframe.

According to Edrington, “I sensed immediately that Rapid Action Teams could help us address more problems, engage more employees and complement our larger scale, data intensive Lean Six Sigma projects. Hospitals are busy places and the Rapid Action approach, with its system of short team meetings, learn-you-go tools and individual assignments, fit our requirements perfectly.”

Overcoming Initial “Tissue Rejection”

The decision to introduce Rapid Action Teams was not supported by all Carle Foundation Department Managers, particular those already engaged in Patient Risk

Management and Lean Six Sigma projects. Objections included: “We’ve got Lean Six Sigma projects underway – won’t this just add confusion? I just don’t think frontline employees will do the work, they’re stressed out as it is. This is too simplistic a solution for our world.”

Snyder’s persistence and the modest investment associated with launching and supporting Rapid Action Teams resulted in the decision to pilot test the method with a number of department managers who identified improvement challenges well-suited to employee-supported improvement.

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Following a prelaunch planning meeting with the sponsoring department managers, four Rapid Action Teams were targeted for launch to tackle the following improvement opportunities:

- Reducing the Costs Associated with Agency (*externally supplied*) Nurses.
- Finding Cost Savings in Engineering and Facilities Maintenance Services.
- Improving Record Coding Accuracy of Therapy Services.
- Reducing Hiring Process Cycle-Time.

The teams were launched over a two-day period with each Team Leader using the **Rapid Action Toolkit** – complete with meeting guides for all team members, templates, wall posters and supplies – to guide their team through a four-hour “Fast-Start Meeting” to introduce team members to their assignment, brainstorm ideas and prioritize those ideas for action.

Unique to the Rapid Action approach is the concept of energizing employees by encouraging them to share what they already know “right out of the gate” and then making it easy for teams to “pull” simplified Lean and Six Sigma concepts to refine ideas into well-designed solutions and action plans. The result is **Productive Employee Engagement** – leadership directed improvement goals with employee-generated and refined solutions implemented in rapid timeframes with minimal disruption to daily schedules.

Carle Foundation Hospital’s “pilot” Rapid Action Teams exceeded performance expectations. By following the discipline of short, weekly action meetings

and individual assignments, the teams tested and implemented more than 32 solutions within 60 days, including:

- Design of an intranet-based tool for posting open nurse shifts to encourage filling of open shifts by internal staff vs. more costly Agency Nurses.
- Implementation of streamlined preventive maintenance procedures to eliminate the need for contract labor with no risk to performance.
- Installation of automated controls for external lighting to reduce energy consumption.
- Establishment of hospital-wide standards for more timely review of new hire applications and improved qualifications screening and candidate feedback process.

The cumulative financial gains generated by these and other Rapid Action Team solutions exceeded \$225,000 on an annualized basis, nearly six times the out-of-pocket costs associated with running the pilot test. *(Consistent with the 5 to 10x ROI typical of Rapid Action Teams.)*

As impressive to Snyder and Edrington was the cultural impact. At the Report & Recognition Meeting that concludes every Rapid Action Team's "sprint to results", participants are asked to comment on their feelings before and after completing their 60-day experience. Team members were nearly unanimous in appreciation for the opportunity "to be involved and listened to by management" and surprised by the impact of their ideas once

tested and implemented. Team Leaders commented on the simplicity of the process and the ease of taking on the leader role.

As one of the more skeptical managers commented after the teams completed their presentations, "I was afraid this was going to be just another flavor of the month program and a waste of our time. It's clear to me now that there is a wealth of knowledge and creativity in our employees that a tool like Rapid Action Teams can help to unleash."

Taking Rapid Action Teams to the Next Level

Results from the pilot test created the momentum and confidence to expand the application of Rapid Action Teams to other hospital departments, tackling problems such as patient fall prevention, nurse overtime hours and supply costs from surgical supplies to services contracts.

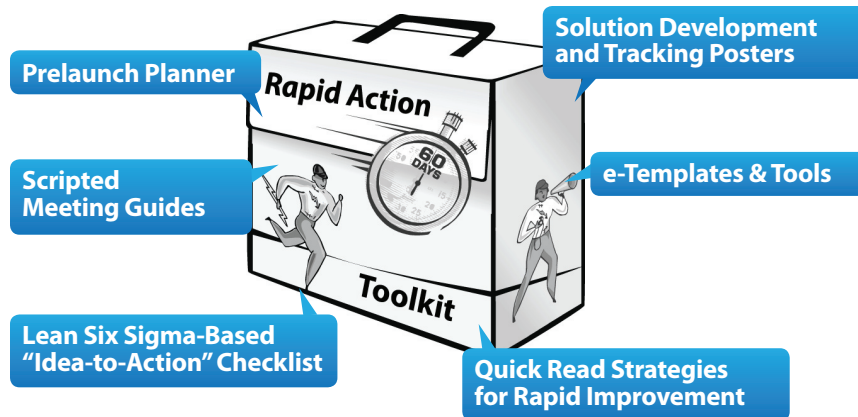
The impact is often dramatic, as demonstrated by a team of nurses who designed and implemented "staff friendly", but disciplined procedures to ensure nurses end their shifts on time. The result: Savings of more than \$500,000 on an annualized basis, a 50% reduction from the prior year.

Lessons Learned

Carle Foundation Hospital's experience with Rapid Action Teams is not atypical. However, reaping the benefits of this approach requires a shift in thinking and a different level of commitment from management.

The Rapid Action Toolkit

Tools and Strategies for Deploying Rapid Action Teams and achieving results in 60 days or less!



Carle Foundation Hospital Results Snapshot:

"Think & Do Lean" Pilot Rapid Action Campaign

Rapid Action Teams Deployed Over 60 Days	4
Employees Engaged	28
Solutions Implemented	32
Annual Cost Savings Realized	\$225,000

The fundamental shift is recognizing the difference between “engagement motivators” for frontline employees and full-time change agents such as Lean Six Sigma Black Belts. For the latter, there is strong motivation to master the tools and hone the skills learned in training. For frontline employees, the motivation to engage is stimulated by having the chance to share their pent-up ideas for improvement and is sustained by leadership support for implementation. Hospital employees want to make things better. They don’t want the process for making it happen to be a hassle.

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Leaders, particularly in high-stress environments like hospitals, will find employees more receptive to change by empowering them to improve things within their control without imposing the burden of complex methodologies better suited to more complicated improvements. The Rapid Action Team approach, while not a panacea, fills the gap between improvement suggestions that require little more than a leadership decision to enact, and complicated problems that pose large risk if action is taken without proper study and analysis.

As Carle Foundation Hospital’s experience shows, the opportunity for employee engagement-driven improvement is large. For hospitals with leaders who are willing to innovate and apply new approaches, Rapid Action Teams provide a profitable way to meet the challenge of Lean healthcare.

As Snyder says, “It all starts with a belief by leaders that their employees have something to contribute. The rest is just following the Rapid Action Process.”



Helping organizations improve FASTER!

Since 1993, Leap Technologies has worked with organizations across the globe to speed results through engagement-based improvement strategies.

Healthcare organizations such as Carle Foundation Hospital, Greene Memorial Hospital, HealthPartners, Kaiser Permanente, St. Mary’s Duluth, Pfizer and many more have deployed our Fast-Change Toolkits to productively engaging more employees in rapid cost reduction, best practices replication, and problem-solving while building internal continuous improvement capability.

When speed to results is critical, Leap Technologies is the resource of choice.

Interested in learning more about Rapid Action Teams for faster hospital cost reduction?

Call 800.254.6805 or email request@improvefaster.com to discuss the potential for a 60-day Rapid Cost Reduction Campaign in your organization.