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Fresh Thinking

About Hospital

Productivity

*Start with Alignment,
End with Success*

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Guidance to Help You Evaluate How Workforce Productivity Might Help Your Hospital

This whitepaper is the third in a series that address many facets of hospital workforce productivity. The series is being developed for hospital leaders who see the potential for improving productivity and financial stability without sacrificing quality of care or staff morale.

If you have immediate questions, call any of the authors: Cary Gutbezahl, MD; Shawna O'Neill or Eric Dam at 513-241-0142.

If you missed the previous two whitepapers, send an email to [**info@compass-clinical.com**](mailto:info@compass-clinical.com) and we will return our Hospital Productivity Kit for your use in evaluating a workforce productivity process that can lead to greater employee satisfaction, patient experience and financial stability.

Start with Alignment, End with Success

Many hospital executives have an eye on reducing their labor costs, but they don't want to lay people off and create morale problems. Getting started right in an effective cost reduction program can help executives avoid this difficult choice. Labor cost reductions of 3% to 5% can be achieved and sustained. Compass Clinical Consulting has found that organizations adopting new approaches and attitudes to productivity are able to achieve cost reductions that grow over the years – *while actually improving staff morale and commitment.*

The Organizational Readiness Evaluation

Like any change initiative, trying and falling short of success represents a substantial threat to the organization. Failed productivity improvement projects tend to become embedded in the memory of the hospital. “We tried, but it didn't work” becomes a big obstacle for future productivity initiatives. Make sure you get ready for a successful change initiative.

By planning for success, executives can increase their likelihood for achieving the savings they seek. Prior to getting started on a productivity project, we recommend an organizational readiness evaluation.

The first question of readiness involves the degree to which the leadership is aligned behind a project as complex as productivity improvement. To gain widespread support, the leaders of clinical services, ancillary and support services, medical affairs, finance and human resources should share and articulate a unity of purpose. They need to make sure

that all stakeholders understand that the project is not a cost cutting exercise, but is an opportunity to redesign processes and reallocate resources to achieve cost, quality and patient satisfaction goals.

Without buy-in to change culture and processes, the likelihood of producing durable productivity improvement is low. Recognizing and addressing the conflicting concerns that usually exist between management and care providers is an important step in this process. For management, the compelling reason for change often grows out of a financial concern, but care providers are concerned about losing the ability to deliver the best care. Both concerns must be addressed openly in the early in the planning discussions so that everyone is on board and ready to move forward as a team. To ensure long term results, the new processes must fit in the culture of the organization. Consequently imposing cookie-cutter solutions on top of your existing organization will almost inevitably lead to discord and ultimately to failure.

Calculate Resistance to Change

To produce durable change you may need to change the culture, yet most organizations have cultures that resist change. Cultural change is not easy, and does not occur because the CEO makes an announcement. Changing a culture requires planning messages, reinforcing those messages, and removing obstacles to adopting the new culture. Planning incremental change helps to ensure success. The physicians and employees must see how the transformation meets their individual interests.

The Formula for Successful Change

$$A = B - R$$

Acceptance = Benefit of Change - Resistance

Acceptance of change is important to the success of any project. Any change that is associated with loss causes resistance to the change. Most people change if they see the change as an opportunity. But perceiving change as a threat can produce resistance or short-term behavior change, that can not be sustained over time. Leaders need to provide clear communication about the benefits of the change, the opportunity it presents, and showing how it can positively affect each stakeholder (*wiifm* – “what’s in it for me”) to increase the acceptance score.

The acceptance level will be low if you do nothing to affect the resistance.

Leaders should develop a formal documented plan to address the stakeholders to be affected by change, and it should address the four major types of resistance to change:

- **Technical** – those people with feelings of inadequacy or lacking competence will fear change because it could put their employment at risk. Your strategy for increasing acceptance of change calls for building their confidence level through education and cross-training, as needed.
- **Political** – those people who sense a real or perceived loss of power or control. They need to be won over by demonstrating how they will gain rather than lose.
- **Cultural** – those people who like the organization the way it is today and feel that change will alter their sense of ownership. Your approach is to ensure that they will have input and involvement in the change process.

- **Emotional** – those people work themselves into frenzy or experience emotional paralysis at the thought of one more change or additional workload. Show how the change process can be supportive of their needs and how it can actually reduce work by changing how the work gets done.

Identify All Critical Stakeholders

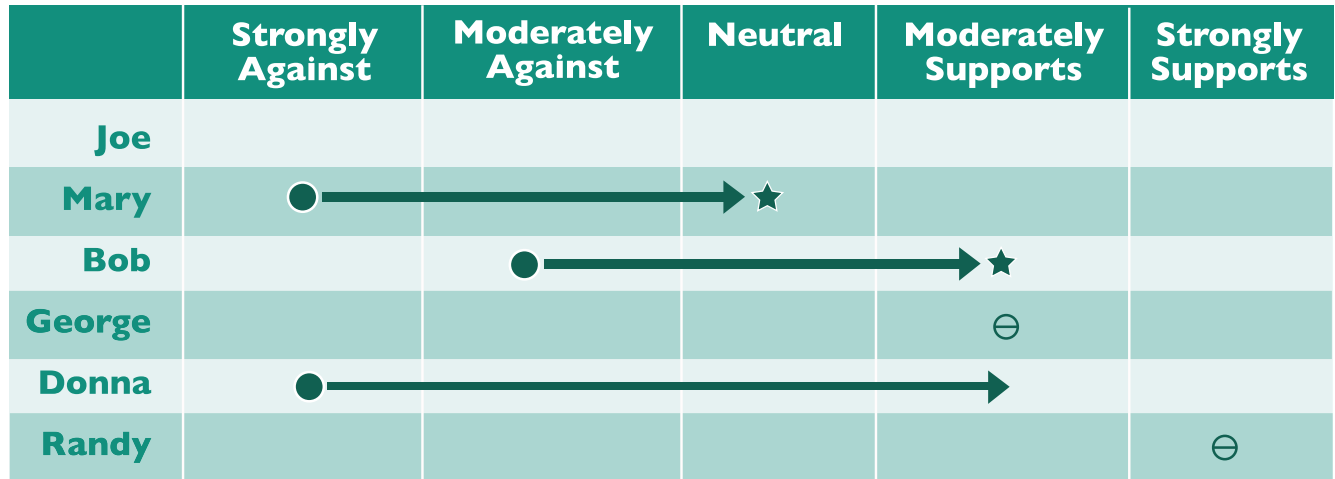
A stakeholder is someone affected by the solution or someone needed to implement the solution. It is important to identify where each stakeholder is today (present state) and where you need them to be (desired state) for the project to be successful.

- **Strongly Supports** – this group will help make change happen and they will do what you ask enthusiastically. They will help other stakeholders take action and will help you close the gap of resistance from less committed people.
- **Moderately Supports** – this group will be supportive of the change process and do what is asked, but usually won’t go out of their way to proactively push.
- **Neutral** – this group likely does not see the change process as being important to them. They will let it happen but are not likely to become involved.
- **Moderately Against** – this group will be passive, and their procrastination when called upon to take action can stall important tasks in the change process.
- **Strongly Against** – this group will work actively against the change process and may even try to recruit others to oppose forward movement.

Determining Project Stakeholders

In the chart below, each gap defines someone who is resistant to change. Not every stakeholder needs to be strongly supportive, but the gaps between present state and desired state should be closed or tightened for the change to be successful.

Visit www.compass-clinical.com/stakeholders to download a spreadsheet version of this chart.



- where the stakeholder is today
- ★ where you need the stakeholder to be for success
- ⊖ stakeholder who is already on-board

Planning for Acceptance

One way to gain broader acceptance is to expand the focus of the project from improving productivity measures to adopting a broad and balanced set of organizational performance metrics. The ability to measure a variety of hospital performance metrics is important when the hospital deliberately intends to enter a period of organizational change. It shows concern for protecting the interests of all stakeholders. As the project gains momentum and costs begin to come down, there are many constituents within the hospital that need to be reassured that quality and satisfaction are being maintained or improved. It is important for these constituents, especially for those who are not interested in productivity, to trust that what they are passionate about will not be threatened.

An Operations Dashboard (such as the one on the next page) can be used to break down

resistance and move stakeholders towards the desired state of support. The metrics will quickly detect undesirable consequences that the project may have triggered. The Operations Dashboard also demonstrates organizational responsibility and recognizes that changing one dimension can affect others unless they are all monitored and managed simultaneously.

Monitoring Progress with an Operations Dashboard

The Operations Dashboard balances employee metrics, patient quality metrics, and business practices.

An important measure of the project's success is the overall hospital employment level. Early indications that the productivity improvement project is having the desired effect will reinforce enthusiasm for and maintain focus and energy on the effort.

Operations Dashboard

Best Place to Work			Best Patient Experience			Best Business Practices		
Employee Satisfaction	East of Work	Employee/ Leadership Development	Quality / Performance Improvement	Patient Safety	Patient Satisfaction	Workforce Productivity & Labor Costs	Overall Financials	Supply Cost
Examples: Survey Score (Annual) Turnover Rate (Monthly) Vacancy Rate (Monthly) # of Existing Employees Dissatisfied / Total # of Exit Interviews (Monthly)	Examples: Minutes spent every end of shift to complete work (Monthly) # of calls made to Central Processing, Sterile Processing, and Pharmacy for missing items (Monthly)	Examples: Hours of Education Time / Employee (Monthly) Performance Review Scores (Annual) # of Competencies Passed / Total # of competencies (Monthly)	Examples: AMI Beta Blocker at arrival % Patients Received (Monthly) CABG Propyl-lactic antibiotic received within 1 hour prior to surgical incision % Patients Received (Monthly)	Examples: # of Sentinel Events (Monthly) # of "Near Misses" (Monthly) # of Medication errors / # of Medications delivered (Monthly)	Examples: Survey Scores (PI, OP, ED) (Monthly) Management Rounding Survey Scores (Monthly)	Examples: Total FTEs - Actual to Budget (Monthly) FTEs / AOB (Monthly) Salary Costs / Total Operating Expense (Monthly) # of Departments with < 95% Achievement on Biweekly Productivity Report (Monthly)	Examples: Operating Margin - Actual to Budget (Monthly) # of Admissions, Patient Days, Outpatient Visits, & Emergency Room Visits - Actual to Budget (Monthly) ALOS - Actual to Budget (Monthly) Days in AR (Monthly)	Examples: Days in Inventory (Monthly) Supply Cost / Total Operating Expense (Monthly) Pharmaceutical Cost / Total Operating Expense (Monthly)

Visit www.compass-clinical.com/dashboard to download this chart

Anticipating the Issues

Preparing for organizational culture change requires honestly addressing your leadership and organizational capabilities. Ignoring your weaknesses will undermine every organizational initiative. Hospitals that address these issues in one organization-wide initiative find that the benefits spill over to other areas. Early progress is an important momentum and confidence builder.

The following questions are examples of the issues that need to be identified and addressed because they often prevent project success:

- Are you ready to be a champion, set the direction, and maintain focus on this high priority?
- Is there senior level commitment to take the journey?
- Do you have staff to dedicate to the project or are you expecting the team leaders and implementers to do the redesign in addition to their current work assignments?
- Are you ready to be inclusive and comprehensive in your productivity improvement initiative, or are there preconceived ideas that some sectors of the organization are already targets and some sectors are excluded from consideration?
- Are you willing to communicate openly and honestly?
- Are you ready to identify and neutralize risks to the project's success?
- Are you ready to establish project time frames and responsibilities and ensure that the time frames and assignments are achieved?
- Do you have access (internally or externally) to project management expertise and experience?
- Are you ready to measure aggregate early organizational success?
- Do you have timely, reliable, accurate metrics that are pertinent to productivity measurement & monitoring?
- Do you have the ability to set reasonable targets?
- Are you ready to invest money and time in education?
- Are you ready to invest money and time in planning and reporting processes and implementation tools?
- Do you currently have teams that work effectively?
- Are you willing to tackle difficult process changes and breakdown silos within the organization?
- Are your policies and procedures current, clearly stated, and consistently enforced?

Change Requires Commitment and Focus

Preparing the organization for success by comprehensively evaluating the hospital's readiness for change is an important early step. Aligning leadership, employing broad and balanced performance measures, reviewing organizational strengths and weaknesses, and identifying sources of support for and resistance to the change will enhance your chances for significant results. Sometimes the help of those outside the culture is needed to recognize what is not obvious to those inside the culture.

Getting Ready – Reaping the Rewards

An organization that achieves durable results from a significant change initiative becomes an organization that is prepared to embrace change in the future. With well-designed preparation, you can improve hospital labor productivity while managing quality, and patient satisfaction.

Additional Reading on this Subject

The Compass staff have assembled an additional reading list for those interested in learning more about reducing the cost of delivering safe, quality healthcare. This list is available on our Workforce Productivity Resource Page at www.compass-clinical.com/productivity.