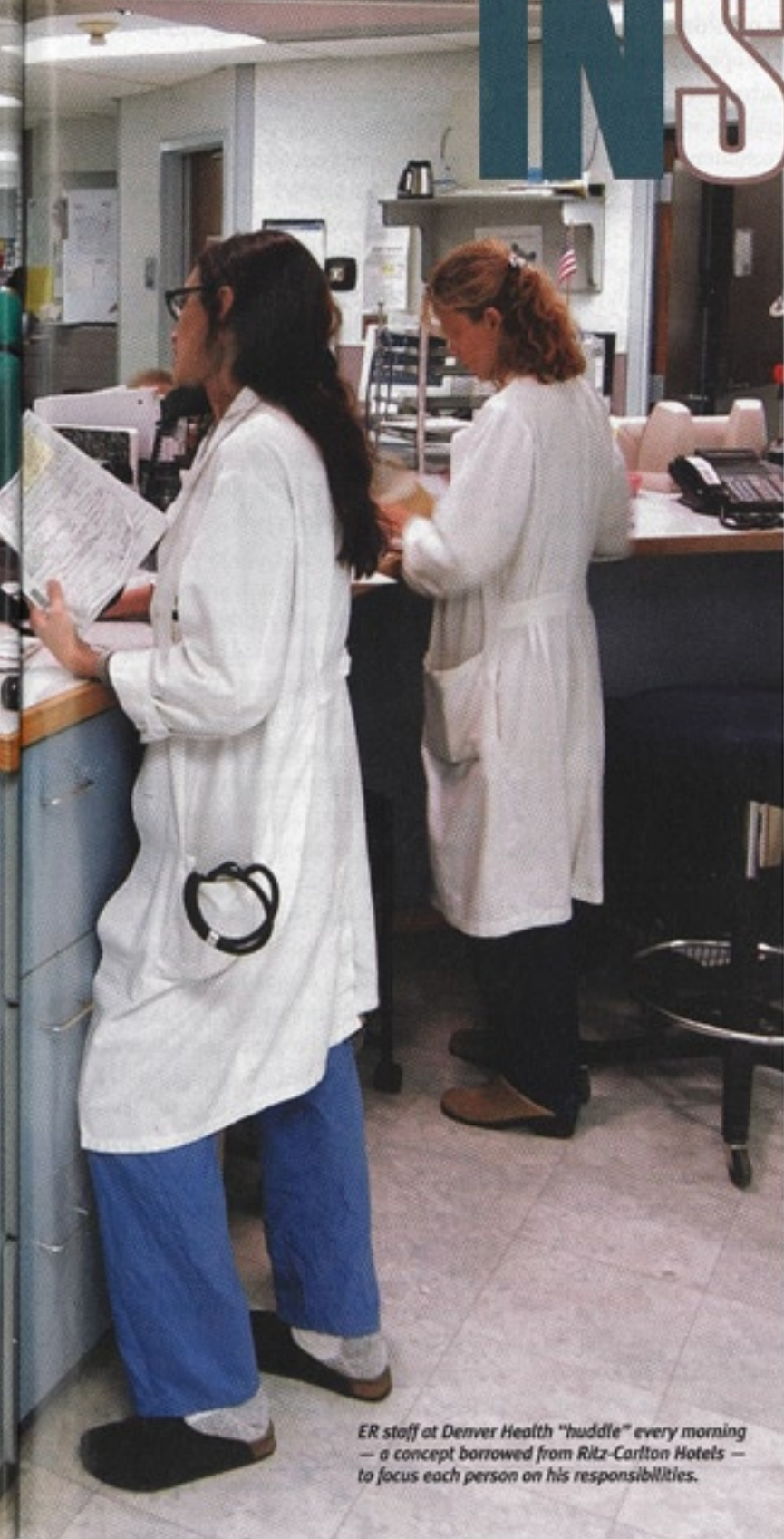


OUTSIDE INSIGHTS

What Dr. Gabow Learned from FedEx and Ritz-Carlton

by Pamela L. Moore



ER staff at Denver Health "huddle" every morning — a concept borrowed from Ritz-Carlton Hotels — to focus each person on his responsibilities.



Patricia Gabow, MD, is passionately devoted to caring for the poor, but she couldn't keep

doing it as she had been.

Gabow is chief executive officer and medical director for Denver Health, an urban integrated delivery system that functions as Denver's safety-net provider. Last year, Denver Health provided \$240 million of uncompensated care to the uninsured in 2003 — 42 percent of its total budget. Something had to give.

Knowing better than to expect more revenue, Gabow figured the only solution was to provide care more efficiently. And since the physicians there are no neophytes when it comes to streamlining care — they already use an EMR, computerized physician order entry, and schedule group visits — Gabow looked in a new direction. With help from a \$350,000 grant from the Agency for Healthcare Research and Quality, she sought advice

focused time with supervisors. Supervisors find huddles help resolve minor issues early, saving time at regular departmental meetings for more strategic discussions.”

Insights from outside

You needn't be operating a big health system to take advantage of Gabow's approach. Practices of all sizes can benefit from concepts common in other indus-

leads management education and research firm Hammer and Company in Cambridge, Mass., agrees.

“Major improvements in performance in any industry are frequently motivated by getting insights from outside that industry,” he says. “Usually, everyone within an industry is more or less within spitting distance of each other. ... If you're going to have a major improvement, it's going to come from taking an idea from elsewhere and giving it a twist to make it work in your world.”

At the very least, an outside perspective provides hope that things can improve in the world of healthcare, where, as *Physicians Practice* readers are quick to tell us, frustrations run high.

With that said, here's your guide to some hot business principles that can help you step out of the same old, well-worn tracks and onto a new path.



“Sometimes your eyes don't open up until you get out of [your] environment ...”

— Bill Crouse, MD

from leaders in nonhealthcare industries as part of an effort to redesign Denver Health's processes. Executives from FedEx, Microsoft, Siemens, and Ritz-Carlton soon were wandering Denver Health's hallways.

“We've been doing things the same way in hospitals since I was in medical school,” Gabow explains. “Healthcare needs redesign, and innovative, successful, non-healthcare institutions have much to teach us as we begin this effort.”

Among the applicable concepts that emerged was the huddle. “It's a concept that emanated from Ritz-Carlton,” says Gabow. “Huddles are short meetings that occur with the unit team at the beginning of the workday to reinforce values and identify key issues for that work period. They are carried out with participants standing and they last less than 15 minutes. They are not rounds, nor are they intended to be problem-solving sessions. The idea is to get the team on the same page before the workday or shift begins.

“The areas that are using huddles — from the IT department to individual clinics — find that employees value the

tries. Sure, running a private practice isn't like running an automobile factory or a shipping business — or even a hospital. But sometimes an outside perspective is just what it takes to help you see where old approaches have gone stale and to come up with new solutions.

“Sometimes your eyes don't open up until you get out of [your] environment and you look at other industries and see how well-run businesses operate,” says Bill Crouse, MD, a family practice physician for over 20 years who now works as global healthcare industry manager for Microsoft. “You realize how much pure waste there is in healthcare.”

Like most other industries, healthcare tends to be insular. We think healthcare is different from other businesses — and it surely is. But in many important ways, healthcare is a business and experts in safety, quality, efficiency, and customer service — to name just a few — from other fields have some things to teach us.

Michael Hammer, who earned an international reputation for his work in business re-engineering in the '90s and

Go for lean

“Lean” manufacturing processes have been trendy in nonmedical business circles since 1990, when James Womack et al. published *The Machine That Changed the World*. Drawing on principles gathered from Toyota's very productive plants, Womack explained how to remove waste from any business process to get better quality in less time.

“He coined the term ‘lean’ to indicate doing more with less,” explains Jeffrey Liker, a professor at the University of Michigan, codirector of its Lean Manufacturing Certificate Program, and author of the recently published *The Toyota Way: 14 Management Principles From the World's Greatest Manufacturer*.

At first glance, it may seem absurd that anything Toyota does could apply to your practice. “It is very difficult to get physicians to understand and agree to try [lean] because it's regarded as an industrial model,” says John Long, MD, a faculty member of the Lean Enterprise Institute (LEI), in Brookline, Mass.

But physicians — even those in smaller groups — are using the concept to good effect, especially abroad. For example, The Herrestad Clinic in Uddevalla, Sweden, examined its patient visits, from when a patient arrived until the medical records were written and signed by the physician. This process used to take an average of 71

minutes; now it takes 36 minutes. Without working harder or longer, the practice went from 650 patient visits a month to 850, according to Long, who assisted the practice in incorporating the lean approach.

"Different companies have done different things [with lean]," says Liker, "but

there is a lot of richness in the tools. It's like the blind man and the elephant; you can grab the trunk and get something good or grab the tail and get something good." It works for any repetitive process, he says.

So how can you take advantage of lean thinking? The sidebar below provides

Lean Management for Your Practice

Following are some highlights of lean management principles, abstracted with permission from Chapter 4 of *The Toyota Way* by Jeffrey Liker. We've added our suggestions for applying them to your practice. To read the full chapter of Liker's book, visit the Tools area of www.PhysiciansPractice.com.

- **Lean Principle:** Base your management decisions on a long-term philosophy even at the expense of short-term financial goals.

What It Means for You: Too many groups base all their decisions on monthly or quarterly financial statements. Don't overlook the long-term emotional and financial rewards in investing for the bigger picture. Sure, that EMR may cost a bundle right now, but it is apt to save you money over the following months and years. And try to clearly state your long-term goals for the practice. Most practices don't have a clear vision.
- **Lean Principle:** Be responsive to day-by-day shifts in customer demand.

What It Means for You: When do patients need you most? Monday mornings? Weekday evenings? Schedule practice hours and stagger staff accordingly. Why have all of your nurses hanging around when Thursday afternoons are usually slow? Why have billers work a standard 40-hour week when the last week of the month is their busiest and adds up to overtime?
- **Lean Principle:** Level out the workload, including the stop-and-start approach of batching work.

What It Means for You: Physicians and other clinicians can try the "fourth exam room" approach whereby, after every third appointment, you catch up on dictation and answering phone calls. Encourage other staff not to leave work for the end of the day/end of the week when it is less likely to be completed at all.
- **Lean Principle:** Use only reliable, thoroughly tested technology that serves your people and processes.

What It Means for You: Before you invest the time and money in any technology, develop a concrete list of what you expect the tool to accomplish for you and how you intend to use it. Too many practices end up with unused bells and whistles.
- **Lean Principle:** Respect your extended network of partners and suppliers by challenging them and helping them improve.

What It Means for You: Instead of getting frustrated by inefficiencies at your hospital, offer advice and get involved in making improvements. Educate your referring network about clinical breakthroughs or how they can manage low-level problems themselves. Tell your pharma reps what you need to know and how you want to hear about it instead of just taking what they offer.
- **Lean Principle:** Go and see for yourself to thoroughly understand the situation. Solve problems by personally observing rather than theorizing based on what people or computer screens tell you.

What It Means for You: Don't be a stranger to your staff. Meet regularly with them; understand how things get done. Put yourself in your coder's or scheduler's shoes. When they say something doesn't work, listen. Work cooperatively with them. For example, if you want to start doing a new procedure, explain it to them and work with them to select the proper code.

some highlights, plus how they translate to your practice. But the most important tool is "value stream mapping." It works like this:

- First, pick a process you want to improve, such as scheduling a new patient appointment or tracking lab orders.
- Next, work with staff to draw a very detailed map of the current process. Using employees is important — no one knows the process better. Chart out every step and time each one. Where is the process held up as people wait for information? How long does the total

process take? (Some practices have even put pedometers on physicians to measure the steps they take looking for data, a nurse, or supplies.) And measure the quality of the output — however long it takes, are you getting the outcomes you want? Your goal is to identify problems in the flow. "You can't improve a process unless you get your hands dirty," Liker maintains. "Really get in there and understand the process." Otherwise, it can be hard to recognize waste.

- Now, look for steps you can eliminate or combine. Outsiders can be very use-

ful in identifying waste. What steps do not add any value? Are there ways to reduce handoffs, to build bridges where breakdowns commonly occur (for example, between the front and back office)? Ask "why?" as many times as you need to: Why is there this problem?

Why is it done like that? This will help you to push past superficial solutions.

Lean manufacturing is like putting your overgrown processes on a diet. But it also involves a cultural change, shifting everyone's focus to performing the mission of the organization, rather than protecting their turf.

The Ritz-Carlton Service Basics

Unlike most medical practices, the Ritz-Carlton has very concrete expectations for customer service — and builds its entire company around them. Here are some highlights; where appropriate, we've changed "guest" to "patient" or "hotel" to "practice" to illustrate how they easily translate.

- To create pride and joy in the workplace, all employees have the right to be involved in the planning of the work that affects them.
- Each employee is empowered. For example, when a patient has a problem or needs something special, you should break away from your regular duties, address, and resolve the issue.
- Whoever receives a complaint will own it, resolve it to the patient's satisfaction, and record it.
- "Smile — we are on stage." Always maintain positive eye contact. Use the proper vocabulary with our patients: "Good morning," "I'll be happy to," and "My pleasure."
- Be an ambassador of the practice in and outside of the workplace. Always talk positively. Communicate any concerns to the appropriate person.
- Use proper telephone etiquette. Answer within three rings and with a "smile." Use the patient's name when possible. When necessary, ask the caller "May I place you on hold?" Do not screen calls. Eliminate call transfers whenever possible.
- Take pride in and care of your personal appearance. Everyone is responsible for conveying a professional image.
- Think safety first. Each employee is responsible for creating a safe, secure, and accident-free environment for all patients and each other.
- Protecting the assets of the practice is the responsibility of every employee.

Deep-down change

If lean has emerged as the new cool in business trends, re-engineering, which has also been around for about a decade, remains the old standby. But now it has a new twist.

A decade ago, Michael Hammer started a crusade to find "new and better ways to get work done." His 1993 book, *Reengineering the Corporation* pushed businesses in many industries to reshape themselves, knocking down vertical units in favor of structuring around processes. Instead of a billing office with staff focusing on different aspects of the process, for instance, imagine one empowered coordinator handling billing from collection of copayments to denial management.

Re-engineering was big for integrated health systems in the go-go '90s, but never really affected outpatient practices. Now, Hammer's latest extension of that concept — operational innovation — could make a world of difference at the clinic level.

Operational innovation means radically changing — not just improving — the way you do things. In a medical scenario, it wouldn't necessarily mean changing clinical approaches, but the administrative apparatus that surrounds them.

"It's real innovation and creativity," Hammer explains. "It's a major departure

from traditional ways of doing things in order to come up with breakthrough performance."

He cites the example of a medical center that wanted to improve referrals for cardiovascular surgery. When a physician called to schedule a patient for surgery, it took nearly a day just to assign a bed. Rather than wait, referring physicians would route their patients elsewhere. So the medical center in question now allows physicians to send patients to the hospital before a bed is assigned. It takes the patient some time to get there, and the hospital assigns a bed while he's en route, or even while he's getting lab work done. "This has generated at least 10 percent more surgeries" with no increases in costs, Hammer reports.

In your practice, operational innovation might mean a shift from managing patients and business on a transactional basis — check-in through check-out — to managing patients' health over time. Imagine structuring the care of a patient with chronic disease for a period of several years, starting on the day of her first exam. Or rearranging processes so dramatically that patients arriving for appointments can be roomed and seen without the need for a waiting room.

To achieve such fundamental change, you have to break loose from your existing operating standards. Get creative. Hammer suggests starting with some broken process and asking:

- What results the work delivers
- Who performs the work
- Where the work is performed
- When the work is performed
- Whether the work needs to be performed
- What information is required to get the work done
- How thoroughly the work is performed

Each question offers an opportunity for change.

"This approach forces you to think holistically about what you do and gives you a platform for being creative and innovative," Hammer says.

The next technology

Of course, technology has long been used to make healthcare more efficient. But today, "technology" for physicians is all about the electronic medical record. Why stop there?

"We've used computerization in healthcare to make the paper chart electronic ... but the primary goal with computing in other industries is not to store things and retrieve them but to actually get tasks and jobs done," says Don Rucker, vice president and chief medical officer for Siemens Medical in the U.S. "It's a very different philosophy in most of the rest of the world."

For example, while an ATM stores data about your account, its real goal is to accept a deposit or give you cash. FedEx and UPS use barcodes and scanners to route packages, not just to let customers know where a package is. This is the direction technology is going in other industries.

In healthcare, "our business is getting resources to patients," Rucker says. Computerized physician order entry helps physicians actually accomplish work by sending orders right to the staff that need to fulfill it. But other complex workflows in healthcare are ripe for technological improvements as well — imagine automating the steps involved in scheduling elective surgery. It's no different from what mortgage companies have done to speed up the mortgage application process, says Rucker.

Checking for OR availability, confirming insurance coverage, even educating patients for informed consent can be done automatically with the right systems in place. Indeed, couldn't they be done better without human interaction? Who needs the involvement of the operator at the

health insurance company, who doesn't have any idea about coverage? Why not e-mail patients a digital movie all about the surgery and its risks that they can review at their leisure, rather than asking a rushed surgeon to review all the relevant data?

And there's still a lot of room for improvement in simply managing static data better. "We haven't invested in the tools" physicians and others in healthcare need to accomplish this, says Crouse, the former family physician. "I can't tell you how much time we waste just trying to get our hands on little pieces of information."

At Microsoft, to the contrary, Crouse's office is almost completely paperless. Through his computer screen, he can access everything he needs to conduct business for the company, interact with peers, or reach out to customers, as well as manage his 401(k), schedule time off, and plan travel. "If we can drive that kind of efficiency and productivity into healthcare, I think it could literally change the world and change the world for our patients as well."

Providing superior service

In healthcare, there is some focus on customer service. Many practices have patient satisfaction surveys that ask about wait times, parking convenience, and the politeness of staff.

But in other industries, customer service is about a lot more. It's not just a matter of being nice; it's about making service the core of the business — including how people are hired and compensated and what senior management spends its time on.

Before John Timmerman became vice president, quality and productivity for Ritz-Carlton Hotels about 13 years ago, he worked at the Cleveland Clinic focusing on quality and patient care operations — and so he has a good understanding of how the quality of service and healthcare go hand-in-hand.

Ritz-Carlton, of course, is world-renowned for its service quality. How do they do it?

"We've articulated our service standards into a mission statement, what we call a credo," he says. The credo is translated to 20 "basics" that inform everything about how the company works. (See *highlights of the basics — and how they apply to your practice — on page 30*).

Even senior management is expected to embody them. "The missing point sometimes in healthcare is making sure the senior leadership in the organization personally learn and communicate those standards in their relationships with their staff ... they have to own it," Timmerman says.

And repeat it and repeat it. "You can't communicate those values enough," he insists. Staff in each department at every Ritz-Carlton have daily line-ups (like the "huddles" Gabow describes on page 28) to

review the values and articulate what they mean for that department.

While a daily meeting may be too much for your practice, it's a great idea to take a few minutes in your regularly-scheduled staff meetings to single out someone who has done a great job bringing your mission to life, or even role-play how to best embody the mission in a common practice situation.

Ritz-Carlton even hires based on the basics. "You cannot train people to be warm and caring," Timmerman says. "We have no customer service training. It's our strong belief that it's part of your natural talent ... your DNA." Ritz-Carlton had an outside company identify the talents of its top and not-so-top employees, and now actually quantifies whether potential new hires meet the personality that will work best for each role in the hotel.

"You have to come to the realization that there are quality people out there;

they are just working for someone else. You have to be very proactive in your recruitment," adds Timmerman.

All staff rewards are built on the service basics, too. If managers see a behavior they like, they write a thank-you note to that employee. Each department head also has a budget to immediately give a financial reward — \$25 to \$100 — for putting the service basics to use. And every quarter, employees at each hotel nominate one of their peers, based on value system, for recognition. The winner is recognized at a banquet and usually receives a cash reward. Plus, those chosen for quarterly recognition are entered in a competition for the top five staff of the year. The annual winners get roundtrip, domestic airfare to any Ritz-Carlton for a week, plus cash.

In short, Ritz-Carlton took the time to articulate its service mission in very concrete terms and built its very structure around seeing it come alive. This is more than just posting a sign on a wall.

"We found that unless the value system becomes part of the leadership priority, you will not have customer service, and you'll continue to deal with all the fires that are burning in your organization. It takes a high level of commitment," Timmerman explains.

Of course, not every business trend translates well into healthcare. But there is no doubt that there's a trove of opportunity to use the ideas of outsiders to great advantage in your day-to-day practice. Certainly, you'll only get so far if all you do is focus on cutting overhead, improving coding, and pushing patients through existing systems at an ever-faster pace. Here's to a different way of looking at your world. ■

Pamela L. Moore, senior editor, practice management, for Physicians Practice, last wrote about the Spine Education Research Center in the September issue. She can be reached at pmoore@physicianspractice.com.

In Summary

Successful trends from other industries can give your practice a real boost. There's nothing like an outside perspective for creating new insights, change, and improved efficiency. Here are some ideas we think can help.

- **Lean management** — Map your processes to identify ways to do better quality work in less time and for less cost.
- **Deep-down change** — Ask what your real goal is, and creatively reorganize operational processes to meet that end. Explode standard approaches for how business gets done. One medical center saw a 10 percent increase in the number of surgeries — without increasing costs — just by changing its bed-assignment process.
- **Explore technology** — Technology isn't just about EMRs. The new model is to use technology to actually automate work and the tasks around work. Computerized physician order entry is one example.
- **Focus on service** — High-order customer service isn't just about a patient satisfaction survey or a training program, but about organizing a business around exceptional care. A model to follow is Ritz-Carlton Hotels, where "genuine care and comfort of our guests is our highest mission." Replace "guests" with "patients" and see how it translates.