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TIM OLS, VICE PRESIDENT OF SUPPORT SERVICES
CARLE FOUNDATION HOSPITAL

Sprinting to Healthcare Cost Reduction

The Carle Foundation Hospital, the primary teaching hospital for the University of Illinois College of Medicine at Urbana-Champaign, recently found a better way to cope with the major issue facing the nation’s healthcare industry:

How to reduce costs while improving patient care and satisfaction?

There is no more recognized problem in America today than escalating healthcare costs, especially in hospitals. The problem is in the nature of the healthcare business, where thousands of price points are subject to weekly escalation while patient demands and liability risks continue to rise.

In most cases, the opportunity for cost savings rests in finding new solutions to old problems. As Carle Foundation officials discovered, fixing a relatively small number of persistent problems quickly can save money in a hurry.

**Action Workout™
Eases the Pain of
Costly Problems
at a
Leading Hospital**

CARLE FOUNDATION WORKOUT RESULTS

- 4 Workout Teams Deployed
- More than 100 Ideas Analyzed
- 32 Solutions Implemented
- \$361,000 in First-Year Savings

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SPRINT TO RESULTS
ACTION WORKOUT™

Finding a Complement to Standard CQI Tools

Carle Foundation, like most hospitals, is not a newcomer to quality initiatives. As Roger Klink, an electrician in engineering services, noted, “We’ve had CQI (*Continuous Quality Improvement*) efforts going on for the past six years. Commitment to quality isn’t the problem.”

What was a problem at Carle was unrelenting pressure to reduce costs without tarnishing the hospital’s reputation for the highest standards of patient care.

Tim Ols, Carle’s Vice President of Support Services, explained, “We have a number of reengineering efforts underway on patient care processes, but these can take years of study before realizing results. We needed to attack the day-to-day processes that are less patient sensitive, but no less costly to perform.”

Ols felt that the traditional CQI approach was not the answer. To get at the costs related to mundane issues like supplies or workforce utilization, Ols wanted a way to efficiently tap frontline employee know-how. Both managers and employees considered CQI tools, while effective for cross-functional process redesign, as too complex and time consuming.

Ols found a potential solution when he attended a national purchasing group meeting and saw a demonstration of the **Action Workout™ System**, a highly reliable process for rapidly turning employee know-how and creativity into bottom-line results.

Ols was impressed with Action Workout’s packaged, “process in-a-box” for converting management goals into results, using small teams staffed by managers and frontline employees.

Action Workout struck a chord with Ols because he knew cost cutting in a hospital works best when individual employees are “in the game.” In hospital organizations, the difference between controlled costs and red ink often lies in how individuals go about doing their jobs.

The Power of Speed and Simplicity

Ols invited Leap Technologies, developers of Action Workout, to Carle for an overview and demonstration. Mike Pecoraro of Leap Technologies recalled, “We were excited to present Action Workout to a healthcare provider organization. Our experience in other service

industries gave us confidence that Action Workout could make a real difference at Carle.”

In fact, employee involvement in continuous improvement has been an elusive goal for most healthcare organizations. In spite of significant investments in quality principles and tools training, most hospitals report that less than 10% of their workforces are actively engaged in CQI.

Carle Human Resources Director Kathy Howell recalled, “I sensed immediately that Action Workout could help us. Hospitals are busy places; Action Workout’s system of short team meetings and individual assignments fit our culture perfectly.”

The idea of making it easier for employees to share ideas and take ownership of solutions is a hallmark of Action Workout, first used at the General Electric Company under Jack Welch to “bust up” bureaucracy and speed change.

The first Workout programs used a large “town hall” meeting approach to elicit greater employee involvement. It worked well for GE, but was difficult to replicate.

Leap Technologies benchmarked the GE experience and advanced the concepts of speed and simplicity into a small team Action Workout Process — more flexible, more reliable and affordable for any organization seeking business improvement through employee involvement.

Carle’s management team made the decision to put Action Workout to the test on several chronic cost and patient satisfaction problems. As Ols noted, “Carle has had a long-term commitment to CQI. Action Workout was a natural extension of our efforts. It gave us a way to get more action more quickly.”

Sprinting to Action

Pecoraro met with the Carle management team and four high priority improvement opportunities were targeted and converted into 60-day Workout Team assignments, including:

- Reducing agency nursing expense
- Shortening hiring cycle time
- Decreasing engineering maintenance costs
- Improving record coding accuracy in therapy services

These team assignments were tied directly to specific department financial goals.

CONTINUED ON BACK

The four teams were launched over a two-day period using Action Workout's fast-start team meeting protocol. This structured, fast-paced meeting moves teams of five to seven people from concept to action in three hours or less.

In addition, the fast-start meeting is a critical first step in Action Workout's unique team process in-a-box approach. The Action Workout Kit, containing detailed meeting guides, posters and easy-to-use tools, allows teams to "learn as they go" over Action Workout's 60-day fast track.

The Carle Workout Teams followed the regimen of short weekly meetings and shared workloads by completing individual assignments between meetings. Results followed quickly.

One team focused on reducing the heavy costs and administrative burden of agency-provided nursing. Many hospitals are struggling to balance the widespread nursing shortage while providing full nursing coverage.

Carle Director of Nursing Deborah Maust, the team leader for the Agency Cost Reduction Team, commented, "Before we had a chance to use Action Workout, our nursing administration had run out of ideas. But by assigning staff nurses from different sections to the Workout Team we came up a long list of new ideas. In the end, we put eight solutions into motion."

Maust said the solutions ranged from making informal agreements with new hires to stay on for at least two years to a special incentive program for nurses signing up for extra shifts. Additionally, a web site was created to post open shifts and new criteria were set for bringing in agency-based nurses.

"We had been dealing with the agency nursing problem for about a year," Maust said. "When we first heard of Action Workout, we had a feeling it might produce some new ideas, and we were right."

Major Savings in Different Places

The Carle Foundation's four Action Workout Teams implemented 32 solutions and watched results steadily drop to the bottom line. Projected first-year savings are now set at more than \$360,000, according to Ols. He noted, "There are a lot of positive things in place that we didn't have before."

The experience of the Carle Workout Team working on engineering costs was typical. Manned by employees from the paint, electrical, mechanical and power plant departments, this team found major savings in simply changing long-standing procedures.

Team Leader Roger Klink recounted, "In one case, we reviewed the records and found that we could save 10-20% on paint simply by changing to a new vendor located nearby. That saved us \$4,000 a year."

Klink continued, "In another instance, we discovered we were routinely changing two bulbs in large lamps instead of changing them as needed."

Klink and his team members ultimately added up \$34,000 in annual savings.

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Klink's experience reflected the positive reaction from each of Carle's Workout Teams. Participants were surprised by the operational simplicity of the program, yet impressed by the results.

Klink said, "As a team leader, I knew we were getting a lot of good stuff. But until we actually documented it, I had no idea how well we had done."

Making Action Workout a Permanent Part of the CQI Equation

The first reaction to any new improvement methodology by executives and quality professionals alike is often negative. "Why

add another set of concepts and tools to the mix when we are not using the improvement process already in place to its full potential?"

At the Carle Foundation, leadership recognized that, when it comes to business improvement, one size doesn't fit all needs. As Ols pointed out, "We needed a way to expand participation and drive real results to the bottom line quickly. Action Workout filled the gap in our CQI strategy."

Based on the success of its first Action Workout Sprint, Carle has certified internal Workout Team Coaches and is integrating Action Workout into its CQI initiative. It's a giant step toward winning the ongoing battle to reduce costs *and* improve patient care.

ACTION WORKOUT

Adding Speed and Results to Healthcare CQI

Action Workout was the key driver for expanding employee participation in Continuous Quality Improvement at the Carle Foundation Hospital, producing major cost savings without sacrificing patient satisfaction. The success was achieved because Action Workout is the best method to take advantage of any healthcare provider's greatest asset: A motivated, committed workforce.

Action Workout solved a series of longstanding, stubborn problems at Carle that yielded hundreds of thousands in savings after a focused 60-day sprint to action.

By acting on departmental priorities set by management and executing with know-

how from employees working closest to the problems, Action Workout converted common sense into answers.

The Action Workout process avoids the common barrier of "lots of talk and little action" that hampers and eventually destroys most business improvement initiatives. Action Workout can solve any persistent business problem... **and it delivers solutions in fewer than 60 days without complicated training or expensive consultants.**

Workout's unique 60-day **Fast Track** delivers tightly-structured meetings and easy-to-use tools to help motivated employees. By moving to results rapidly, employees see their ideas actually used to produce a payoff on the bottom line. This "local ownership" of success builds morale, along with profit.

Action Workout also offers a coach

certification program so organizations can conduct future Action Workout sprints without unnecessary cost. This additional service makes the Action Workout System the method of choice for speeding to results "from the outside in."

Across the nation and beyond, Action Workout is solving hundreds of business problems, from cost reduction to customer service challenges. More than 100 organizations have taken these exciting sprints to results, saving millions of dollars in the process.

For more information about Action Workout and how it can help your organization sprint to results, call 1-800-254-6805 to schedule a briefing. Or visit our website at www.actionworkout.com.