



May 2008

Service-Line Planning: Design for Success

Thus far, we have discussed the case for service-line planning as a powerful alignment tool, as well as financial and market analysis that goes into defining a hospital's service-line portfolio strategy. This article addresses the planning phase when the specific service-line is developed. With physicians and hospital leaders continuing to lead the planning process, the team next needs to focus on making two critical decisions to set the stage for plan development.

First, the team must define a unique customer value proposition. A value proposition defines how the hospital serves its customers in a way that is different from competitor offerings. There are three value propositions to consider – customer intimacy (focus on relationship/service to patients and referring physicians), product leadership (focus on new technology, research, or service), and operational excellence (focus on access, convenience, and efficiency). Two things must be kept in mind regarding value propositions. First, they are not either/or propositions, and secondly, there are options within these three areas. While choosing to excel in one of the three areas, the service-line must continue to meet expectations in the other areas. And every organization is different—a service-line may choose to focus on product leadership, but the definition will likely differ from other organizations choosing the same focus.

With a value proposition refined, the team then moves to define the scope of services offered. This task addresses three aspects: What are we offering? When? Where are the services offered? This task is driven by both the value proposition and by what exists in the market. It is critical that the team also looks to the future. With an understanding of trends within the service-line, they can identify anticipated services. At this point, the team is ready to examine the current service delivery, which will help them identify gaps that exist relative to where they want to take the service in the future. This gap analysis will then serve as the basis for development of an action plan to design a new service or redesign an existing service.

In addressing these gaps, the team must consider three issues:

1. Ensuring a customer experience consistent with the value proposition
2. Achieving optimal efficiency
3. Appropriately utilizing cutting-edge clinical and information technology

We will examine each of these issues in detail. For illustration, we will continue to use and highlight the example from previous articles – a community hospital in a small city that is planning to increase orthopedic volumes. The planning team is led by one of the current orthopedic surgeons and the OR Director. Working with their team, they reviewed the market, their competition, and future trends. The team now knows that the service-line has a clear opportunity to focus on a value proposition that emphasizes customer service and ease of access. Their primary competition comes from an academic medical center in a nearby city – an organization known for its technology, but not considered either customer friendly or easy to navigate by patients or their referring physicians. With the value proposition established, they then define the scope of their services – specifically, the hospital and physicians will offer inpatient and outpatient procedures that are most in demand. They will add new services once they gain acceptance among similar-sized hospitals in their state.

Customer Experience

Creating a customer experience that revolves around the patient's wants, needs, and preferences is a powerful service-line differentiator that is increasingly effective in the consumer-driven health care market. This tenet is central to many continuous process improvement methodologies, but we will examine it from the Lean Six Sigma process improvement perspective. It is essential for the organization to define the value of the proposed service from the customer perspective - particularly, the unique qualities of the patient population of the specified proposed service-line. As an example, when Virginia Mason Medical Center in Seattle, Washington, determined that oncology patients, burdened with fatigue, valued simplicity, it stopped requiring them to navigate lengthy distances within the facility. Instead, they opted to bring services to the patients. The customer focus has allowed the organization to redefine the provision of their services to foster customer satisfaction and loyalty.

Understanding customer value can be accomplished in several ways. One way is to leverage patient-satisfaction survey information related to a service-line. Increasingly, organizations are opting to take a more direct approach to gain the customer perspective. Many are now developing ad hoc and ongoing patient focus groups. The focus groups seek to understand

what patients value and what dissatisfies them in the delivery of service. These focus groups can help an organization differentiate itself regarding its focus on patient and community needs. Often in the hustle and bustle of delivering health care service, it is hard to see the small and, many times, inexpensive things that can make all the difference to the patient and their family. Recently a member of our team sat in a patient waiting area, experiencing health care from a patient's-perspective. She saw there was only one chair at the surgery center admissions desk. Patient after patient arrived with a family member, who was often elderly and wanted to be with the patient or needed to help answer questions. The family members were left standing up, shifting their weight, and looking around for nothing more than a chair to sit on. Often simple comforts like, a cup of coffee, or a chair are all that is needed to enhance the care experience. Being in touch with what your customers value can be eye-opening and evolves over time with ever-increasing technological capabilities. In an age of cell phones, many today would not value a pay phone in the waiting area; however, WiFi may be incredibly valuable to a waiting family member.

Continuing our orthopedic service-line example, the work team conducted patient focus groups and came to understand that patients were providing demographic and insurance information for entry and validation in multiple systems four times in the course of care delivery. The redundancy was irritating to patients and clearly a form of waste known as rework. The focus groups further identified that patients with sports injuries, who were students or were working, had difficulty obtaining follow-up on physical therapy appointments after school or after work when most convenient for them.

Efficiency

Optimal efficiency is absolutely integral to the growth and success of the defined service-line, since it is the defining factor in increasing throughput/volume, containing cost, and reducing variances that undermine patient safety and quality initiatives. The Lean Six Sigma tool sets can provide rapid and sustainable improvements. Five principles of Lean Thinking are defined below and can guide you on your path to efficiency:

- **Define value from the patient perspective.** As discussed above, health care consumers have different values. A 50-year-old female with breast cancer may value seeing the most experienced oncologist. An elderly man on a fixed income may value reasonable costs. A busy mother may value an office visit with little waiting time.
- **Identify the entire value stream for each service or product.** A patient-service value stream includes all of the actions, both value-added (registration) and non-value-added (waiting), required to bring the patient from admission through discharge and follow-up.

- **Make value-creating activities flow efficiently by eliminating waste.** Identifying waste (duplicate work, waiting, etc.) throughout the service-line experience and reducing or eliminating it will provide service in the most efficient manner.
- **Let the patient pull the service.** Deliver services when the patient wants them—not before or after. In health care, this means providing access to services within an appropriate or desired time frame, such as allowing obstetrical patients to order meals when they want them rather than making them receive meals at the same time as all patients.
- **Pursue perfection through high-performance teams.** Perfection means that everyone is continuously striving to improve on a daily basis. The key words here are “continuously,” “daily,” and “everyone.”

Applying Lean principles helps to identify which processes need to be redefined and provides quick wins for organizations on the path to service excellence. In particular, by utilizing powerful tools such as lean value-stream mapping, focused on examining hospital processes from the customer-value perspective, the organization can start to identify strategies to reduce waste and create high-performance teams. Rarely do we find a health care organization that would not benefit from identification and reduction of excess inventory or work, medication errors, waiting times, and redundant capture of information.

One powerful aspect of efficiency improvement is its impact on facility needs. Quite often, hospitals see facility changes as a critical aspect of the service-line design process. However, by focusing on efficiency first, the hospital may be able to find ways to increase volume within its current plant and allow for smarter investments in facilities.

In the context of our example, the orthopedic services value stream was mapped to understand the process of care delivery from the point of identification of a patient need for care in the ambulatory clinic to the point of posting cash for all outpatient, inpatient, and follow-up therapy. Issues identified in the mapping process were the redundant capture of information and the availability of appointments for working adults and students after 2 p.m. The patient focus group also validated these findings. It was also noted that there were excess capacity during other hours of service and excessive movement for patients who had to travel to the lower level of the hospital to be measured for custom orthopedic braces or appliances supplied by a vendor. This vendor was also one of the sources of redundant data capture.

The decision was made to create a new shift from 12 to 8 p.m. to better serve the needs of students and working adults and address excessive staffing in the early-morning hours. Facility plans were reviewed, and a decision was made to

create additional space in the new physical therapy department expansion to include an area for the orthopedic brace vendor. Facility space was actually reduced because the brace vendor and the physical therapy department could now share a common patient waiting area, as well.

Technology

In an increasingly technological world, service-line planning must include technology assessment, which can differentiate the organization from competitors. Too often the focus is narrowly directed at purchasing and implementing innovative clinical equipment without proper examination of how various software tools and the electronic medical record can contribute to efficiency gains in data capture and communication. More importantly, utilization of electronic tools will also contribute to high-quality care and error reductions. Identification of technology gaps is absolutely central to competing in an increasingly electronic health care environment and is integral to the service-line planning. Industry research continues to reinforce that our patients want and value the conveniences and information technology tools can provide.

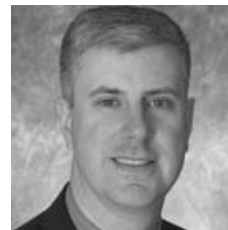
Finally, the example hospital made improvements to the patient experience by developing two additional system interfaces that would eliminate two of the sources of redundant data capture. First, the clinic practice management system was interfaced with the hospital's PACS system that had been implemented the prior year in Radiology. The second interface allowed patient demographic data to be shared with the orthopedic brace vendor. A HIPAA business partner agreement was established with this vendor, as well.

Conclusion

Along with the planning activities described above, the team will identify the key areas to be addressed in their action plan and any needed investments for implementation. These ultimately may include changes in staffing, streamlining of processes, recruiting of physicians, and implementation of facility changes, in addition to the areas highlighted above. With a clear picture of the service-line, the organization can also begin to define the structures to enhance physician alignment that we discussed in the first article.

Without a sound action plan, the hospital will have great difficulty achieving growth in its service-lines. We have identified the four critical aspects needed for rigorous and complete service-line planning — focusing on alignment, marrying market and financial analysis, achieving process optimization, and leveraging clinical and software technology. With these in place, the organization will then be ready to implement its plan, anticipate increased patient volumes, and realize increases in revenue. In a future article, we will discuss the value in using the Balanced Scorecard to implement and manage service-lines.

Robert Stephen is a seasoned health care professional with over twenty years of experience in the health care industry. He has worked with health care organizations of all sizes, delivering strategic and performance management consulting services. Robert applies cutting-edge business tools and analysis to provide real-world results for health care organizations. His specialized approach is called on by organizations seeking to strengthen their competitive position by developing and implementing innovative strategies.



Robert Stephen
703.250.2578
bstephen@wipfli.com

Juliya Buettner
414.431.9387
jbuettner@wipfli.com



Juliya Buettner is a highly motivated and versatile health care professional. Juliya has led operational and business process improvement initiatives, leveraging Lean and Six Sigma principles, while assisting organizations with performance management efforts. Her experience also includes grant preparation, strategic planning, contract process management, and service/program development.

Janice Ahlstrom is a director in Wipfli's Health Care practice. She has over 25 years of experience in the health care industry, helping health care providers select and implement enterprise clinical information systems. Janice works with clients to define and improve business processes with systems implementation, thereby improving performance and, ultimately, service to the patient.



Janice S. Ahlstrom
RN, CPHIMS
414.431.9352
jahlstrom@wipfli.com

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