

A decorative graphic on the left side of the slide, featuring a vertical black line, a horizontal black line, a purple square, and a yellow square.

Lean Healthcare Services

Prepared for
Wisconsin's Healthcare Service
Providers - April 2006





Major Points

- ▶ Why Lean Healthcare?
- ▶ Taking Quality to the next level
- ▶ What benefits can it bring?
- ▶ Where is it working now?
- ▶ How do we get started?
- ▶ Next Steps

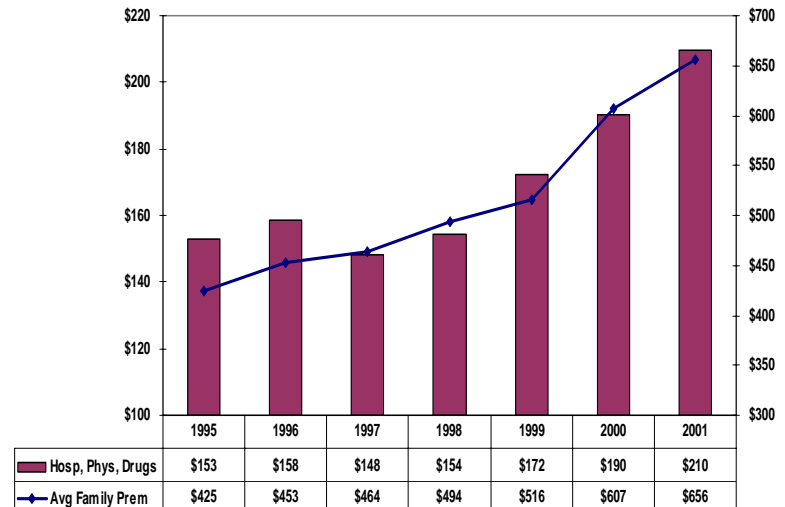




Why Lean Healthcare?

- ▶ The industry has addressed quality at higher cost
- ▶ Lean Healthcare borrows what made Toyota the best - high quality and low waste
- ▶ Lean healthcare attacks waste to reduce cost for healthcare at continued high quality levels

Overall trend in Healthcare Costs and Premiums





Lean Thinking Is Different From Past Quality Programs...

- ▶ Simple changes to work methods make huge contributions
- ▶ It is owned by people doing the work
- ▶ It reduces workload rather than increases it
- ▶ It is easy to understand and implement
- ▶ It not only makes your firm more competitive, it makes your firm a better place to work





Lean Thinking

“Waste” describes the elements of “production” that add no value to the service or product required by the customer.

- ▶ Historically, firms have been organized based on functional silos and poorly defined processes – they are loaded down with non-value-added waste.
- ▶ Lean Thinking demands an organizational culture that is intolerant of *waste in all forms*.





Categories Of Waste

Process Waste

- ▶ Correction Loops
- ▶ Unnecessary Steps
- ▶ Undefined Paths
- ▶ Undefined Roles

Cycle Time Waste

- ▶ Unnecessary Delays
- ▶ Approval Cycles
- ▶ Low Value Meetings
- ▶ Lack of Information
- ▶ Slow Transactions

Product Waste

- ▶ Missed Target Costs
- ▶ Design Errors
- ▶ Missed Synergies
- ▶ "Point Designs"

Resource Waste

- ▶ Multitasking
- ▶ Lack of Prioritization
- ▶ Misaligned Incentives
- ▶ Unnecessary Tasks
- ▶ Firefighting/Expediting





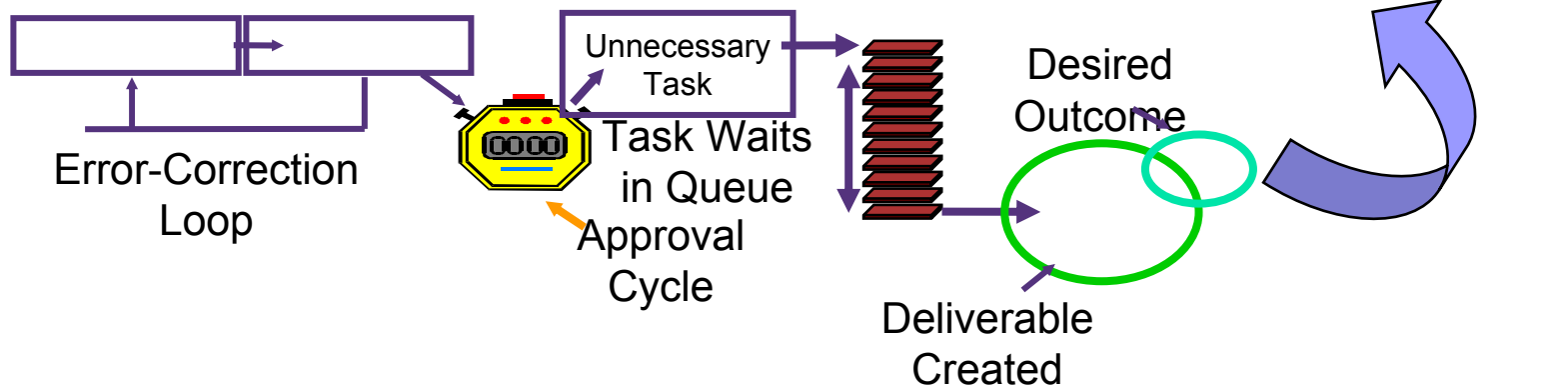
Methods Of Lean Thinking

The methods of Lean Thinking provide an efficient way to reduce operational waste, save time, save cost, and extend capacity of valuable resources

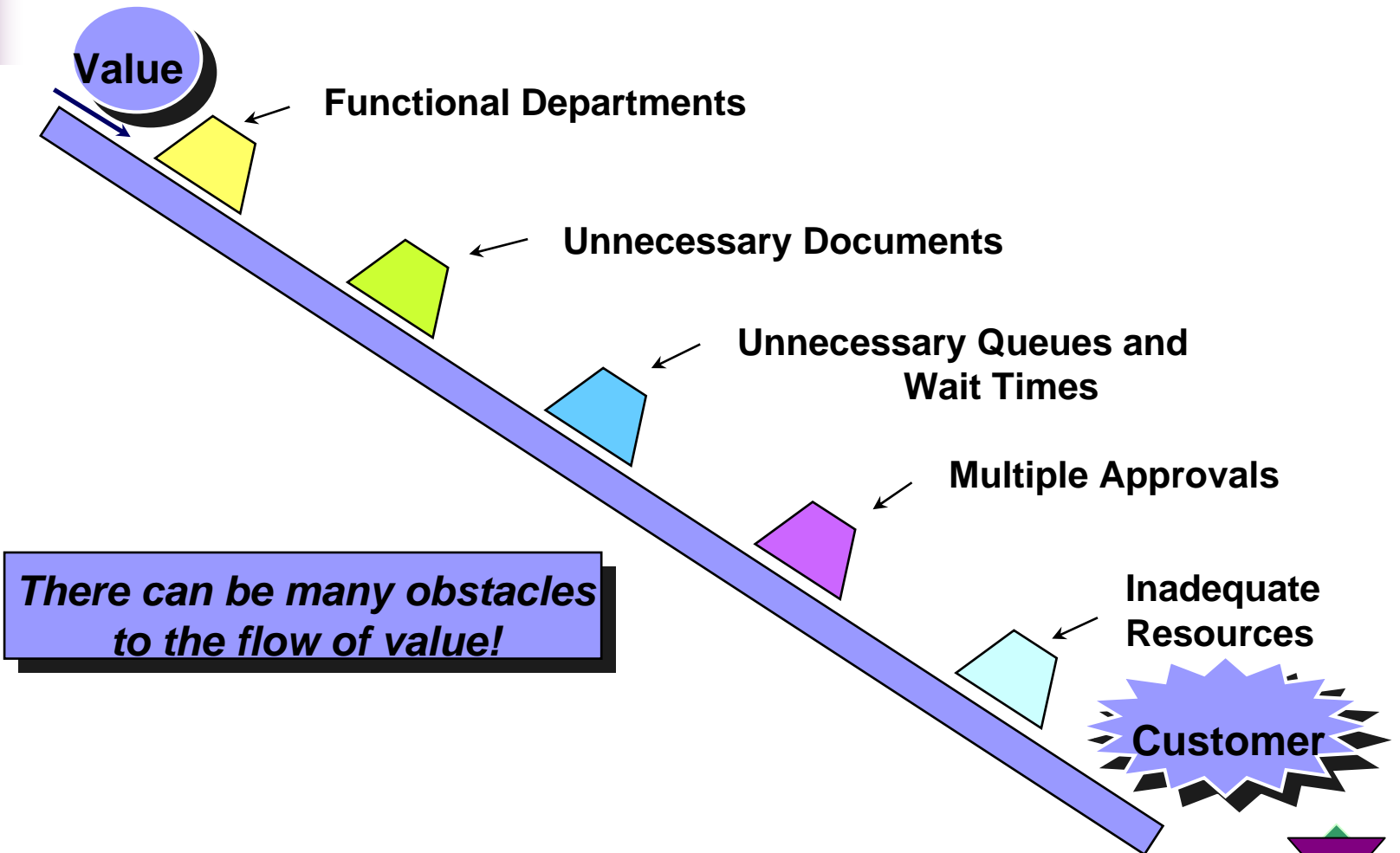
...and a lean value stream for the same process:



A typical waste-filled value stream...



Eliminate Obstacles to the Flow of Value



There can be many obstacles to the flow of value!





Benefits of Lean Healthcare

- ▶ **MRI processing time**
20% increase in patients throughput per day.
- ▶ **Elimination of entire processing areas**
Opportunity to remove one of the two labs - process all specimens through one lab instead of two without any new equipment expenditures.
- ▶ **Waiting Times**
Found that techs in x-ray areas were waiting for up to 30% of their time, now they can use their time more efficiently and service the patient faster.
- ▶ **Overtime**
Eliminated overtime by reducing the batch sizes and creating flow.
- ▶ **Lead-Time**
Reduced lead-time for test results from 8 hours to between 2-3 hours by decreasing batches and eliminating waste activities.
- ▶ **Motion**
Delivery personnel were spending most of their time walking (up to 50%) to deliver specimens. A new schedule significantly reduced motion waste.
- ▶ **Equipment Uptime**
Improved equipment uptime - On average 3 pieces of equipment down per week. Now through the use of TPM, they haven't had any down time in 8 weeks.
- ▶ **Space Savings**
Using 5S, one lab freed up enough space to add three more needed stations without increasing existing floor space.
- ▶ **Processing Improvement**
One area doubled their processing volume with marginal increase in staff and has sustained it for the last 6 months.
- ▶ **Rework Elimination**
Originally 66% rework - now virtually none.





Lean also reduces Mistakes

- ▶ Mistake proofing can be incorporated into lean events to eliminate errors
- ▶ Result is reduced waste and increased quality





Lean Healthcare is Working Now

- ▶ Extensively in Europe
- ▶ Mayo and Cleveland Clinic
- ▶ Lean Healthcare West is working in Pacific Northwest and Iowa
- ▶ HPK Group is working extensively in Florida
- ▶ ThedaCare is working in Wisconsin
- ▶ Why not here for you?...





How Do We Get Started?

- ▶ We can perform an initial review to estimate the potential value you might gain from a Lean program that might include:
 - ▶ Kaizen events to develop quick improvements
 - ▶ Identifying gaps between expected performance and actual performance
- ▶ Stage a Kaizen event to give you and your stakeholders a quick sense of the value this will provide to your organization





Next Steps

- ▶ Call for an assessment to understand how Lean Healthcare can benefit you

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