

Managing quality in healthcare & Process-management in hospitals





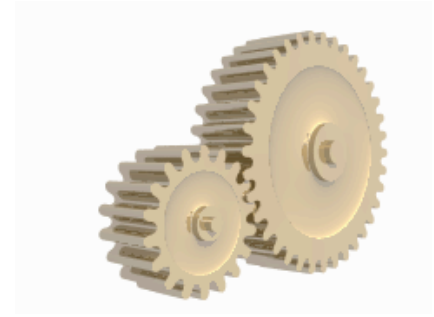
My professional background :

- 1982-2000: - Clinical work as **cardiologist** in France & Germany
- 2000-2004: -Responsible for **quality management & controlling** in a big hospital in Germany.
- **since 2004:** - Member of the **managing board** of a non-profit organisation (cts) running **4 hospitals** in Germany, Kindergardens + retirement homes.
 - Lead-assessor in a **quality benchmarking project** in 2004, 2005 and 2006 of all the hospitals in the country of **Luxemburg**.

Content :



1. Process management in services.
2. EFQM Process management in hospitals



1. Process-management in services.

- Process-management has a **long tradition** and a **wealth of experiences** in **manufacturing industries**.
- Process-management has in the last 10 years played an **increasing role** in **services**.
- But process-management in services can only be successful if taking into considerations the **specificity of services**.

...but what are the main differences between services and manufacturing?

a. Intangibility of services:

- **Communication obstacle**: what will exactly be done?
- **Variation in the expectations** of every customer.
- **Misunderstandings** about the nature of the service or the results expected.
- **Difficulties in setting a price**: what is an adequate price for a great service?

Intangibility of services: the consequences

- **Increased need of information:** the customer needs more informations and descriptions for something intangible like services.
- **The image of the service provider** is decisive in the customer's choice.
- **The expectations of the customer** should be brought back to a realistic level prior to the delivery of the service.

b. Simultaneity of production and consumption:

- **The producer** cannot check or correct the product prior to delivery.
- **The customer** cannot evaluate the quality before purchase.
- **The producer** must give instead other guarantees.
- **The customer** is present during all the time when the service is rendered.

Simultaneity of production and consumption: Consequences

- The producer can reduce the risk of poor quality services by an **increased training** of the workforce.
- During the service is rendered the **customer** has easily, a **feeling of loss of control**. The service provider is therefore well advised to actively **involve the customer**.
- The customer is present when the service is rendered: specific **training** of employees **in dealing with customers** needed.

c. Services are **perishable**:

No inventoring: goods **cannot be produced in advanced** and stored.

- Times of no-demand are **lost forever** .

- If demand exceeds capacity, **revenue** is permanently **lost** .

Services are perishable: the consequences

- Service industries should have a vital interest to **distribute demand more evenly over time.**
- Many services have developed with success such methods (restaurants, airlines, hotels, telecoms): **how can it be applied in healthcare?**
 - shift elective surgery by giving incentives to patients.
 - in times of high demand shift patients more evenly between neighbouring hospitals.
 - in times of low demand close whole departments or hospitals.

d. Services are **heterogenous**:

- The **quality of services** is never the same:
 - variations **in time** (Monday morning blues...).
 - variations **between employees**
- **Expectations** of customers may vary widely.
- **Perceptions** of customers differ – despite similar service quality.



Services are heterogenous: the consequences.

- A **highly trained** and skilled **work force** has less risks of wild variations in the quality of services rendered.
- Service companies have a **vital interest** to **know** better **their customers**:
 - before the service: to better know their expectations.
 - after rendering the service: to know their experience.

>>> Customer surveys play a vital part in the adequate management of service industries.

e. **Direct contact with customers:**

- The **staff** is at the same time **producer** and **sales** person.
- The service-company is in **contact** with the customers by its **own employees**.
- The **contact to the customers** takes place **in a setting** of the company's own choice.

Direct contact with the customers: consequences

- The company's **own staff** is the **best source of informations** about customers.
- **Employees satisfaction** is a **key factor for success** in services.
- The **contact** to customers **in** the company's **own setting** is an **advantage to be used** in dealing in real time with customer (patient) complaints.

f. Service: Core-product or add-on?

• To **increase the value of a product** in customer's eyes, a company has 3 possibilities (or a combination of them):

- Raise the **price**
- Raise the **quality of the product**
- Raise the **quality of value added services (VAS)**

• **Price sensitivity** and the relation between **product** and value added services (**VAS**) varies:



- **Manufacturing**: Except in premium segment **high price sensitivity**, product vs VAS are **well distinguishable**.



- **Services of lower complexity**: **medium price sensitivity**, products vs VAS in general **distinguishable**.



- **Services of high complexity**: **low-medium price sensitivity**, product vs VAS **often undistinguishable** even to the well informed customer.

f. **Complex services** and VAS: Consequences

Because services and value added services (VAS) are often **undistinguishable**:

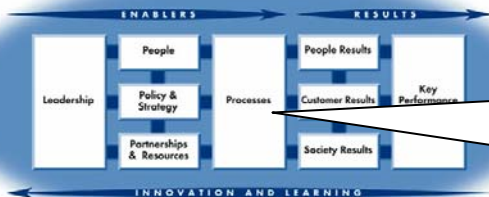
- **Raising the quality of VAS** is an easy way to increase the **image of the core services** themselves.
- **Increasing VAS** on offer helps generate **new revenues** from **VAS and core services**.
- **The quality of VAS and the quality of core services** have **internal interactions** (people): Raising the quality of VAS can often result in a secondary rise of the quality of core services.

2. EFQM Process management in hospitals



2. EFQM Process management in hospitals (1)

- **Process-management** is **no aim in itself** and is in the EFQM-model one of the tools to strengthen **competitivity** and to strive for **excellence**.
- EFQM **does not prescribe how process-management has to be done**, but rather describes what aspects of process-management should be addressed.



5a. PROCESSES ARE SYSTEMATICALLY **DESIGNED AND MANAGED**

5b. PROCESSES ARE **IMPROVED**, AS NEEDED, USING INNOVATION IN ORDER TO FULLY SATISFY AND GENERATE INCREASING VALUE FOR CUSTOMERS AND OTHER STAKEHOLDERS

5c. PRODUCTS AND SERVICES ARE DESIGNED AND DEVELOPED **BASED ON CUSTOMER NEEDS AND EXPECTATIONS**

5d. PRODUCTS & SERVICES ARE PRODUCED, DELIVERED AND **SERVICED**

5e. **CUSTOMER RELATIONSHIPS** ARE MANAGED AND ENHANCED



2. EFQM Process management in hospitals (2)

- **Processes in hospital can be divided in 3 categories:**

- **Management** processes (eg. strategy/marketing/HR, etc...)
- **Support** processes (eg. facility management, purchasing, billing, ...)
- **Key** processes dealing with patients (clinical pathways, complaint management, ...)

- **Key processes in hospital have some specifics:**

- Even main processes of a hospital have an **annual figure** which is closer to that **of handicraft businesses** rather than manufacturing companies (eg. 100 hernia repairs / year).
- Many clinical processes not only occur seldom, but they also show a **great number of justified variations.**

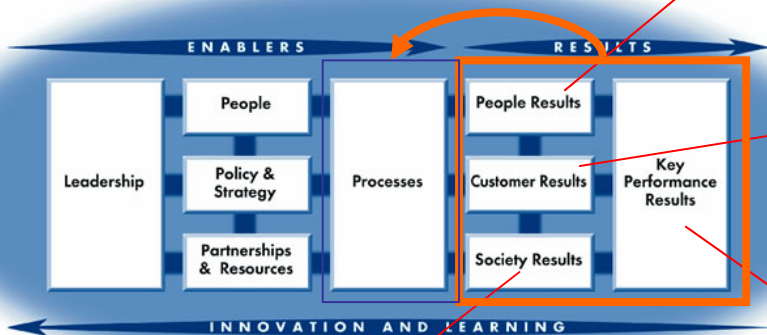
Consequences in the management of key processes (clinical pathways) in hospitals:

- Concentrate on **high volume** conditions/procedures.
- In diseases where it is possible to define a **homogenous population**.
- In diseases with **result-parameters well measurable**.
- In **high-cost** and/or **high-earning** procedures.
- In procedures / departments where there is an **obvious need for improvement**.



Clinical pathways **improve** only **when linked to measurable result indicators**

Ex. Hip joint endoprosthesis operation



- % of employees specially trained
- Employee satisfaction (survey)
- Absenteeism
- Number of applications received in the department

- Quality indicators (mortality, complication rate)
- Patient satisfaction (surveys)
- Satisfaction of referring physicians (surveys)
- Waiting time before operation

- Number of operations/year
- Market share
- % of patients from other regions or from abroad.
- Annual costs / earnings

- Image of the hospital/department (survey)
- Media coverage
- Awards,
- Number of scientific publications



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Using such systematic process-management we hope to be able to **improve** significantly the **quality** of our services **at lesser costs.**



Thank you for your attention.