

Lean Healthcare: How Does It Work?

Healthcare is a complex industry. Unlike most other sectors of the economy, healthcare customers have problems that may result in a severe illness or even death. It is a serious business. With annual cost increases exceeding the inflation rate and new concerns about patient safety, politicians and other officials are pledging to “reform the system.” But, new laws and regulations won’t improve our healthcare system. The system must improve itself by employing methods proven successful in other industries.

Thirty years ago the U.S. automobile industry faced problems similar in healthcare today – they were producing products that were unsafe and error ridden. For those of us that remember, in the 1960s and 1970s, original equipment auto manufacturers (OEMs) accepted one bad part for every 200 parts produced by their suppliers. At that time there were approximately 10 thousand parts per car resulting in about 50 defective parts on every new vehicle sold. But, through the application of continuous improvement methods and international standards OEMs now accept only eight defects per million parts delivered. With approximately 15 thousand parts on today’s automobiles, we expect no more than one defective part per new automobile. What an improvement! But it didn’t happen overnight.

In the early 1980’s Toyota Motor Company began building cars in Georgetown, Kentucky and introduced the Commonwealth to the Toyota production process or “lean manufacturing.” Lean, the common vernacular, is a process-based continuous improvement methodology that can be used to improve most processes and procedures in a variety of systems. It is a common sense, rather than a technical, approach.

Lean also is effective in improving Healthcare processes, or Value Streams (e.g. Emergency Department, Bed Flow, Pre-admission Processing, Operating Rooms, etc.). Hospitals applying lean have had significant improvements in:

- Patient safety
- Patient satisfaction
- Employee morale
- Return on Investment.

Some actual results are: In the ED time-to-triage fell from an average of 24 minutes to 2 minutes, hemolyzed blood specimens decrease to 3/wk from 80/wk, and patient pre-registration time went from 10 hours to 2.5 hours. On average you can expect a ROI of \$175 thousand for every Rapid Improvement Event (RIE) you conduct. So if you want to save \$1

million conduct 6 RIEs (6 RIEs x \$175 thousand = \$1 million).

The key players in a Lean Healthcare program are:

- Leadership
 - Hospital staff
 - Outside physicians
 - In-house quality managers
 - Outside facilitators.



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In applying Lean to Healthcare, leadership must support the effort from the start and through the tough times. The primary resource needed to make it successful is people. It is difficult to get eight-to-fifteen busy professionals together for an eight hour per day, four-day RIE.

But, leadership must commit the human resources to make it work, especially if you schedule 12-to-15 RIEs per year to achieve your targeted ROI. Leadership must also be in the loop by monitoring results and progress on a periodic basis and continually evaluating the program. In the end, management has a lot to gain or lose depending on Lean outcomes.

Hospital staff and outside physicians are the engine that drives the Lean processes. With guidance from a facilitator, these people, as a cross-functional team, identify problems and bottlenecks, suggest improvements, make changes, and monitor the results of those changes. By its very nature, Lean empowers employees wherein they can make small incremental changes to improve their jobs. Without exception, they become supporters of Lean after a few hours of exposure to the process. This also helps boost morale and spirit de corps.

In-house quality personnel provide continuity as various segments of the hospital are engaged in the Lean process. These people bridge the gap between management and the Lean teams, and help to develop and track various metrics selected to track improvements. They also ensure that management is kept up-to-date on the program. In most cases, they are the primary contact with the outside facilitator, coordinating all events. After some on-the-job training they will move into the facilitator role.

Outside facilitators orchestrate the Lean process. They help hospital leadership understand the program and develop a road map to follow. Later, they serve as a catalyst with the Lean teams by asking the right questions and eliciting suggestions for making improvements and getting measurable results. Outside facilitators should have a strong track record of results and a list of customer references.

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Once you start on the Lean program and start implementing changes, it is very important that you maintain the gains from the program and not slip back to pre-Lean performance. To do this you will need to develop a system of documenting the new procedures, reporting results to leadership and internal reviews. Maintain-

ing the gains is essential for success.

Lean is a continuous improvement methodology that promotes small incremental changes - forever. Executing a Lean Healthcare program is not easy and it requires a commitment by the entire organization. However, the payoffs will make it worthwhile. ■