Laboratory Quality Confab

Drive Out the Seven Deadly Sins in Your Lab's Longstanding Work Practices!

Presenter: Anne T. Daley November 2, 2010



Purpose of Presentation

This session will share the collective wisdom of a consulting group practice on the most common process problems found when conducting operational assessments in medical laboratories. The "Seven Deadly Sins" real life examples range from "we always do it that way even though we know better" to the need to challenge widespread accepted wisdom being counterproductive to efficient work practices.

Note: The PowerPoint on the Quality Confab website is a participant worksheet. The complete set of slides are available after the presentation on the Confab website or at www.chisolutionsinc.com.

Key Learning Objectives

- 1. To learn the most common inefficient process practices found in laboratories.
- 2. To assess what "Deadly Sins" exist in the participant's organization.
- 3. To develop immediate strategies to address the existing "Deadly Sins" within the participant's organization.

Sin #1: Lack of Strategic Direction



Confessing my sins:

- 1. Lack of strategic planning process with:
 - No defined direction.
 - No integration into budget process.
 - Poor department/individual goal setting.
- 2. We have no space—poor space planning.

Sin #1: Lack of Strategic Direction



- 1. Develop an integrated strategic planning process with balanced approach:
 - Identify Critical Success Factors (Roadmap).
 - Identify strategic initiatives for each Critical Success Factor (Roadmap).
 - Identify performance metrics to monitor each strategic initiative (Scorecard/Dashboard).
 - Integrate into budget process.
 - Communicate progress monthly to staff—use to guide department/individual goals and improvement initiatives.
- 2. Develop a formal, prioritized space plan.



Sin #1: Strategic Roadmap Example

Organization's Name

2011 STRATEGIC DIRECTIONS

Mission:

Vision:

Values:

In order to move our Mission and Vision forward in FY10, we will focus on the following Critical Success Factors (CSF):

CSF #1: Improve Work Culture / Employee Engagement
CSF #2: Enhance Quality Performance and Patient Safety
CSF #3: Improve Customer Service / Grow the Business
CSF #4: Achieve Financial Performance Targets

CSF #1: Improve Work Culture / Employee Engagement

- Reduce employee turnover by ??% (Mgrs)
- Implement Action Plans responding to Employee Satisfaction Survey results (Mgrs)
- 5 100% completion of employee mandatory training by 12/21/10 (All)

CSF #2: Enhance Quality Performance and Patient Safety

- o Maintain all regulatory and voluntary accreditations (Med Dir/Quality Mgr)
- Timely completion of major strategic initiatives per established timelines:
 - o List individual initiatives (responsible person)

CSF #3: Improve Customer Service / Grow the Business

- Achieve gross revenue target (All))
- o Improve overall client satisfaction score by ??% (All Mgrs)
- Implement Action Plans responding to Employee Satisfaction Survey results (Mgrs)

CSF #4: Achieve Financial Performance Targets

- Achieve budgeted total cost per unit of service (UOS) (All)
 - o Achieve budgeted salary cost per UOS (All)
 - o Achieve budgeted non-salary expense per UOS (All)
 - o Achieve budgeted patient related supplies cost per UOS (All)
 - o Achieve budgeted purchased services cost per UOS (All)
 - o Achieve budgeted UOS per FTE (All)



Balanced Scorecard: Performance Measurements

Quality Performance

- Improved patient flow through preand post-procedure processes
- Improved flow of information in tech/admin processes
- Improved performance via standardization of processes and implementation of best practices

Customer Service

- Improved process cycle time
- Reduction in overall throughput time
- Improved customer satisfaction

Financial Performance

- Reduction in cost associated with non-value-added activities
- Improved capture of revenue via process improvement
- Improved operating margins

Work Culture

- Improved employee satisfaction
- Reduction in turnover and improved retention
- Improved ability to attract new employees



Sin #2: Poor Financial Discipline



Confessing my sins:

- 1. Management by "braille"—not having the information or tools to manage the business (lack of benchmarking, realistic metrics).
- 2. Lack of outreach profitability focus—indefinite use of incremental pricing, no process for handling expensive referral tests.
- 3. Poor follow-up by hospital billing staff on outreach unpaid or rejected bills (incomplete patient insurance information).
- 4. Capital needs not being funded.

Sin #2: Poor Financial Discipline



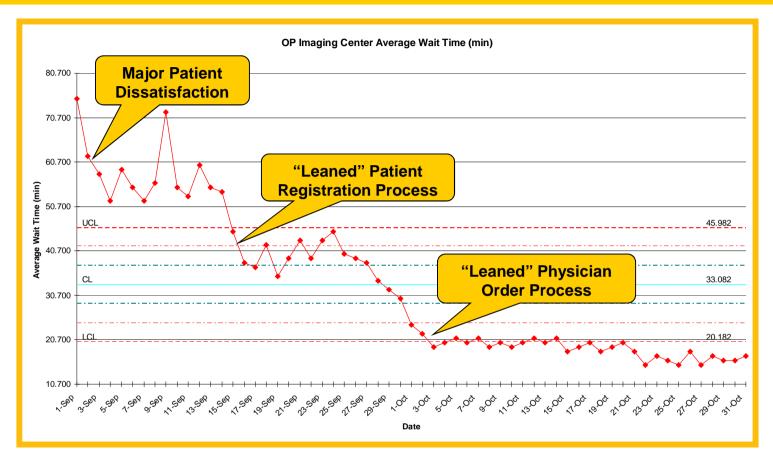
- 1. Utilize a balanced scorecard approach to identifying which operational metrics to monitor, benchmarking whenever possible.
- 2. Review outreach profitability by client (include service level, handling of expensive referred testing, billing/collection practices).
- 3. Request Finance/IT to assist in preparing capital budget requests—review previous year's approved submissions (start early).
- 4. Understand the monthly expenses.

Performance Scorecard Example

Performance Monitors	Account -able	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY10 Perform	FY10 Goals	FY09 Year End
Work Culture																
Reduce employee turnover by ??%	All Mgrs														Reduce ??%	New FY10
Implement Action Plans responding to Employee Satisfaction Survey results	All Mgrs														Ongoing	New FY10
100% employee annual mandatory training done by 12/31/10	All Mgrs														100% by 12/31	New FY10
Quality Performance																
Maintain all regulatory and voluntary accreditations	Med Dir/ Qual Mgr															
Timely completion of strategic initiatives per established timelines	Mgr/Med Dir															
List initiatives	Mgr/Med Dir						Done							Done	Met Timeline	New FY10
Customer Service/Grow the Business																
Achieve gross revenue target	Mgr														Achieve Target	N/A
Improve overall client satisfaction score by ??%	Mgr														Improve ??%	List perform.
Implement Action Plans responding to Client Satisfaction Survey results	Mgr														Increase ??%	List perform.
Financial Performance																
Achieve budgeted total cost per unit of service (UOS)	Mgr														List Budget	List perform.
Achieve budgeted salary cost per UOS	Mgr														List Budget	List perform.
Achieve budgeted non-salary expense per UOS	Mgr														List Budget	List perform.
Achieve budgeted patient-related supplies cost per UOS	Mgr														List Budget	New FY10
Achieve budgeted purchased services cost per UOS	Mgr														List Budget	New FY10
Achieve budgeted UOS per FTE	Mgr														List Budget	List perform.
Color Key: Planned Ad	tivity	On Tar	get	Off	Target,	Expect	to Reco	ver	■ Off	Target,	Unable	to Rec	over			



Monitoring Progress: Maintain the Gains



Outcome: Reduced Patient Wait Time

Monitoring performance will increase the ability to sustain or continue to improve over time.

Sin #3: Bad Attitudes, Lack of Accountability



Confessing my sins:

1. Dilbert mentality:

- I always do it that way, even though I know better.
- I don't have time to do that.
- I can't change the way things are.
- We tried that once and it didn't work!
- 2. Covey's "scarcity" mentality.
- 3. Abdication of responsibility for the way things are.
- 4. Not knowing what you do not know.

Sin #3: Bad Attitudes, Lack of Accountability



- 1. Realize attitude is a choice and choose yours wisely—as a leader, "It's show time!"
- 2. Monitor performance (Performance Scorecard).
- 3. Require minimum of two people competent in every key activity/process.
- 4. Encourage staff to share information that they think you may not know—spend time in the workplace (on all three shifts).
- 5. If you do not like it, define the problem, identify key stakeholders, and facilitate a solution.

Basic Project Charter Elements

- Problem Statement
- Goal/Objective
- Scope
- Timeline
- Resources/Team Members
- Communication Strategy
- Signatures of Accountability

(Name of Initiative) Project Charter

PROBLEM STATEMENT:

A specific, quantifiable explanation of the effect or pain the problem is causing within the
organization (what, when, where and to what extent). It should not imply a cause, attach blame
or responsibility nor should it imply a solution. Include current key performance metric of
process or "baseline performance".

GOAL OR OBJECTIVE:

Defines the expected outcome or level of performance in measureable terms and is stated in a
positive manner (target metric reduction). Include financial performance or return-oninvestment expectations (target savings).

SCOPE:

- In Scope: (define what is relevant and to be worked on, include process start and end point)
- Out of Scope: (define what is not to be worked on)
- Constraints: (possible limitations that will affect project outcomes)

TIMELINE:

• Includes start date, expected completion date and general overview of initiative schedule.

RESOURCES / TEAM MEMBERS:

- Project Sponsor Identifies management level key stakeholder who supports project and ensures
 resources are available. Eliminates complex or political barriers to ensure project moves forward
- Process Owner Identifies individual accountable for process of concern, owns implementation and control plans
- *Team Members* Identifies representatives from each primary group involved in the process to be included in the team. *Caution to limit the number of management members, the most productive teams are comprised of those that work the process every day.*
- Key Stakeholders Identifies main individuals or groups impacted by the process.

COMMUNICATION STRATEGY:

 Define what will be communicated (project progress) to whom (audience/stakeholders), when (frequency of communication) and how (tactics)

SIGNATURES OF ACCOUNTABILITY:

 Dated signatures indicate agreement with Project Charter content and shared accountability in meeting the project goals and timelines. Include Project Sponsor, Process Owner, Project Facilitator and Team Members



Visual Management: Communication Boards



Breast Center



Hospital Department

Communicating the Five Pillars of Performance: People, Quality, Service, Growth, and Finance

Sin #4: Focus on Getting Job Done vs. People



Confessing my sins:

- 1. Limited training for staff—expect too much too soon:
 - Limited career paths, especially in Pre-Analytics.
 - Lack of ongoing customer service and problem resolution training.
 - Instruments "go-live" before staff are fully trained and useful procedures are available.
- 2. Poor documentation of corrective and preventative actions.
- 3. Too much emphasis on productivity in high production environments—fear of failure.

Sin #4: Focus on Getting Job Done vs. People



- 1. Invest in workforce development—make education/training a priority.
- 2. Develop "user-friendly" system to document nonconformance—focus on process failure first, people second.
- 3. Involve those who do the work (on all shifts) in performance improvement efforts.
- 4. Monitor productivity and error rates together; establish realistic goals; communicate.

Educate, Educate, Educate...

Lab Quality Confab PROCESS IMPROVEMENT INSTITUTE

Pursuing Excellence in Continuous Improvement



Sin #5: Feast or Famine Process Flow



Confessing my sins:

- 1. Lack of continuous flow—handle workload in batches (especially around staff break time).
- 2. Staffing not matched to workload volumes—heavy use of full-time staff vs. part-timers.
- 3. Handling of problems interrupts workflow (e.g., Pre-Analytic staff stop to handle).
- 4. Lack of defined process improvement approach (not addressing highest priorities).
- 5. Overprocessing (time-stamping, manual review of results, manually checking manifests).

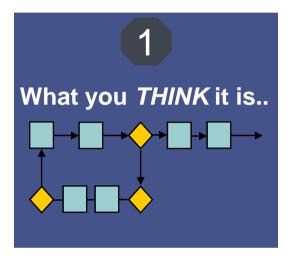
Sin #5: Feast or Famine Process Flow

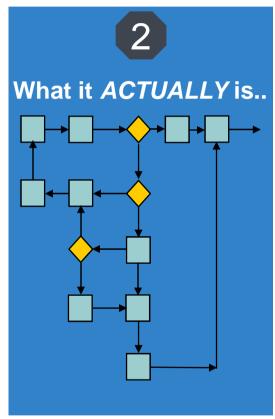


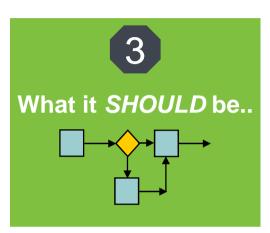
- 1. Implement a standardized process improvement approach/tools and train staff.
- 2. Assess workflow efficiency of key processes, identify "bottleneck" areas, and prioritize improvement efforts.
- 3. Limit batch testing; organize handling of process exceptions.
- 4. Match staff level to workload demand along with activity requirement with skill level.

Process Mapping

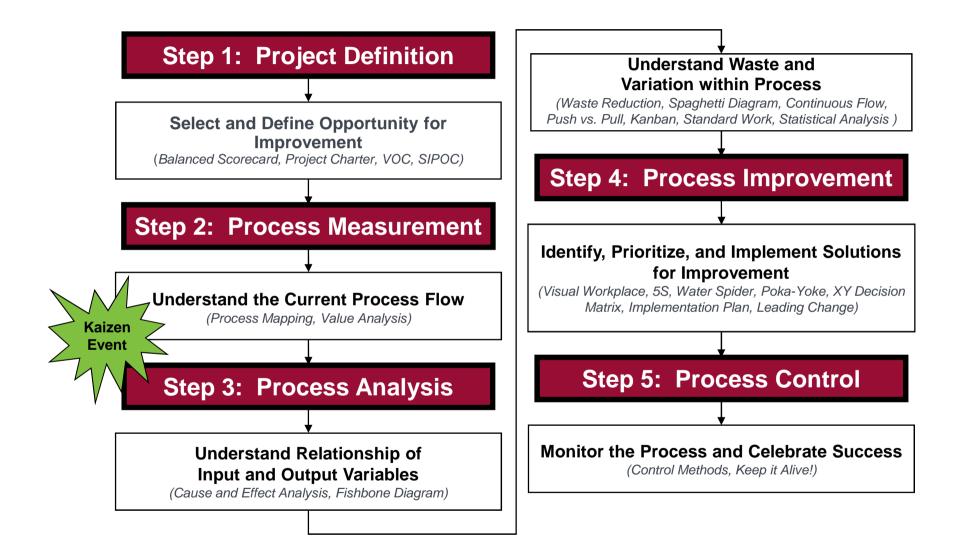
There are usually three views of a process:







Simplified DMAIC Approach



Sin #6: Failure to Use Purchased Automation



Confessing my sins:

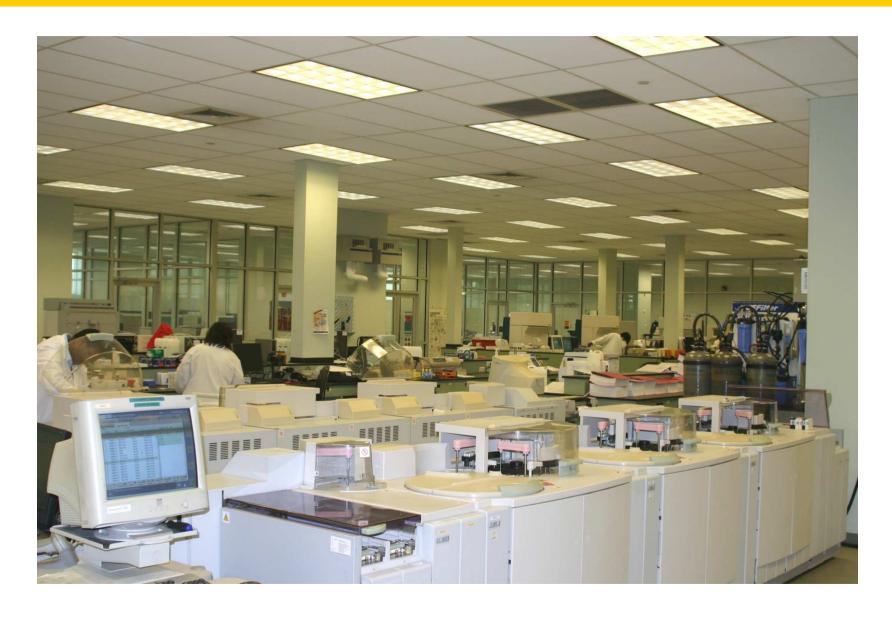
- 1. Excessive paperwork—failure to use paperless systems when they are available, keeping paperwork "just in case."
- 2. Failure to utilize capabilities—autoverification (criteria too tight), online QC, excessive repeats.
- 3. Blood cultures not monitored 24/7.
- 4. Installing automation without optimizing processes.
- 5. Lack of complete system backup.

Sin #6: Failure to Use Purchased Automation



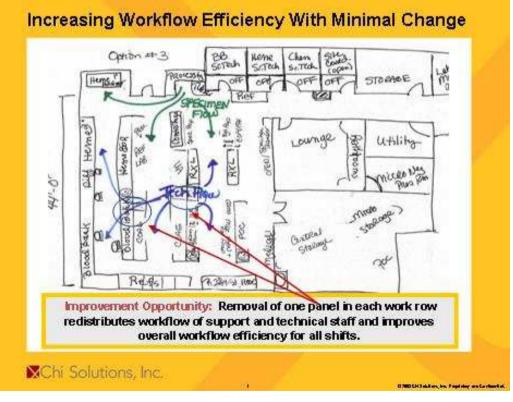
- 1. Conduct an LIS functional capability audit; validate backup completeness.
- 2. Assess workflow efficiency of key processes; identify areas of major waste and address.
- 3. Assess level of instrumentation capability utilization; involve vendor to assess and benchmark within industry.
- 4. Challenge staff to reduce paperwork; audit what is being sent to storage, how often is it accessed, and disposal schedule.

Automation Lines: Placement Impacts Efficiency



Improving Workflow—Instrument Placement

Spaghetti Diagram Analysis of Day Shift Workflow To (Read) Reserve Street Stre



XChi Solutions, Inc.

Sin #7: Buying and Storing Excessive Inventory



Confessing my sins:

- 1. Failure to have a good supply inventory process—no established supply par levels.
- 2. Lack of understanding of laboratory products and needs by centralized purchasing reps.
- 3. Limited understanding of vendor agreement or contract for standing orders vs. STAT vs. routine order.
- 4. Ordering large quantities when not expirationor lot number-sensitive.
- 5. Hoarders!



Sin #7: Buying and Storing Excessive Inventory



- 1. Work with Purchasing to assess current supply inventory system—establish reorder par levels; consider use of Lean's Kanban system.
- 2. Develop Vendor Contract Briefs on all major contracts (check your GPO "Hot Lists"); include shipping and handling expenses—educate staff.
- 3. Challenge staff to reduce hoarding; hold an internal "rummage-o-rama."

Types of Waste (MUDA)

1. Defects

Time doing something incorrectly Correcting errors, rework Inspecting for errors
Miscommunication

2. Overproduction/Making Too Much

Unnecessary testing
Doing more than needed
Doing something sooner than needed

3. Transporting/Moving Things

Extra steps in the process Hand-offs, sign-offs

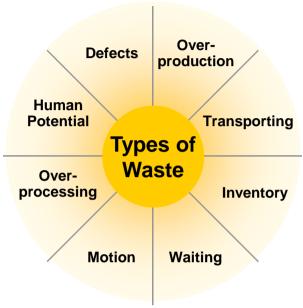
4. Inventory/Unnecessary Stock

Excess supplies on hand Supplies not used before expiration date Instrumentation spare parts that are not critical

5. Waiting

For other functions or disciplines Patients awaiting exams in hallways Unnecessary STATs





6. Unnecessary Motion

Extra steps and data entry Supplies spread out in work area

7. Overprocessing

Handling paperwork not required Process steps that do not add value Data collection for information not used

8. Human Potential

Failure to engage people Skill not matched to task

Visual Management: Kanban Supply System



Kanban: A signaling system to manage and control the movement, production, or supply of material within a process. Kanbans have two primary functions:

- Instruct processes to make products.
- Instruct material handlers to move products.

Visual Management: Kanban Supply System



Open Discussion/Q&A



Which of the Seven Sins is Your "Deadliest"?

- 1. Lack of strategic direction
- 2. Poor financial discipline
- 3. Bad attitudes
- 4. Focus on getting the job done vs. people
- 5. Feast or famine process flow
- 6. Failure to use the purchased automation
- 7. Buying and storing excessive inventory

I commit to do the following:



Archway Entrance into the Greek Olympic Stadium

For a complete set of presentation PowerPoint slides visit: www.labqualityconfab.com

For more information about Chi Solutions, Inc. visit: www.chisolutionsinc.com

Presenter Contact Information:

Anne T. Daley
Senior Consultant
Chi Solutions, Inc.
(800) 860-5454 x414
adaley@chisolutionsinc.com

