



# A worthwhile project

There's more to tracking business success than measuring an organisation's KPIs – as the staff at Mitcham Private Hospital discovered with the help of Bevington Consulting.

**T**he Business Improvement Project at Mitcham Private Hospital in Victoria was conducted in conjunction with Bevington Consulting, using the hospital's methodology.

The outcome of the project has been an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of over 38% in an 18-month period.

This methodology is based on an underlying philosophy that aligns operations to strategic direction by ascribing a value to each element in the process. It enables people to move from fire-fighting (reactive) activities to value-adding (proactive) activities.

## METHODS

Initially Bevington Consulting worked with the hospital staff to quickly understand:

- what they do, for example admit patients and prepare patients for operations
- how they do it, ie the specific process steps
- the problems they face, eg chasing up incomplete paperwork, finding that standard drugs are not in the drug cabinet or that the theatre equipment required is not available.

This enabled us to develop objective data that was owned by the staff (as it had been put together by the staff). The data then sets the following priorities for implementation:

- where the problems are
- how big they are
- what's not being done (as well as what is).

It became clear that there was an opportunity to spend more time on actively filling beds and theatres to impact the bottom line. The activities that drive value for the organisation are

called 'core activities', and it is interesting to note that this principle could equally be applied in not-for-profit organisations, though perhaps a focus instead on freeing up beds would be considered core in that application. Thus the definition of core is decided by the organisation, in terms of their specific key organisational objectives.

In order to spend more time on the core activities we needed to work to eliminate the problems – the 'noise activities'. Noise activities are nuisance activities, such as re-keying data already keyed into a system elsewhere, handling the same piece of data multiple times, chasing missing information or re-doing someone else's work (see Figure 1).

### We identified the activities the hospital needed to stop doing. For example, in the theatre to stop:

- having to physically look for the orderly (orderlies now carry portable phones)
- capturing booking information on paper that then has to be re-entered into the IBA (patient management) system
- saying no to doctors who want extra theatre sessions.

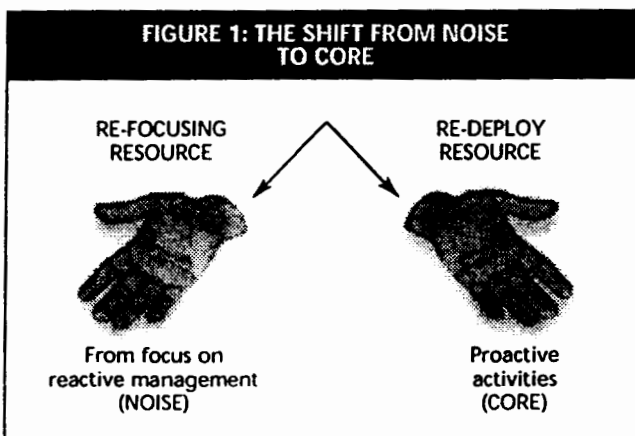
### We then identified some activities the hospital should start doing, such as:

- contacting the surgeons to ask if they would like to use unbooked theatre sessions
- reviewing the opportunity to maximise theatre session usage.

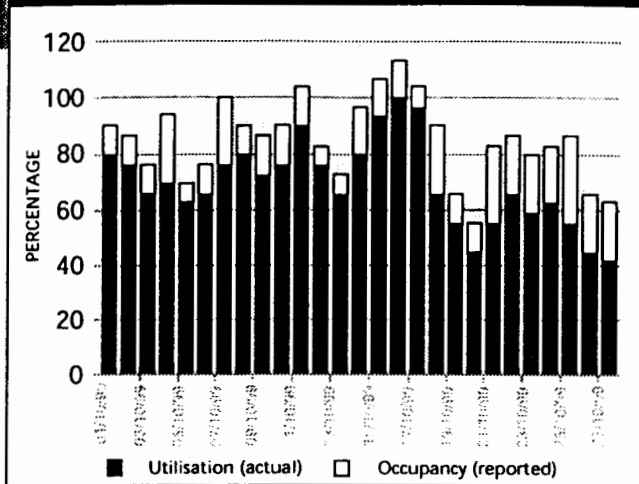
When establishing our measurements to track success we reviewed the current key performance indicators (KPIs) to ensure that they were relevant. We discovered that these measures were often collected for the purpose of financial analysis, often not providing information about the physical realities of the underlying processes. For example we needed to create a new KPI, 'bed utilisation', replacing 'occupancy' (see Figure 2). The new KPI excludes nursery babies and lactation day clinic patients from the statistical KPI data because they did not actually occupy in-patient beds.

To drive the change we used behavioural change indicators (BCIs), which measured whether the desired behavioural changes – or process inputs – were being made. For example we measured whether outbound calls to contact surgeons from the theatre were being made (see Figure 3).

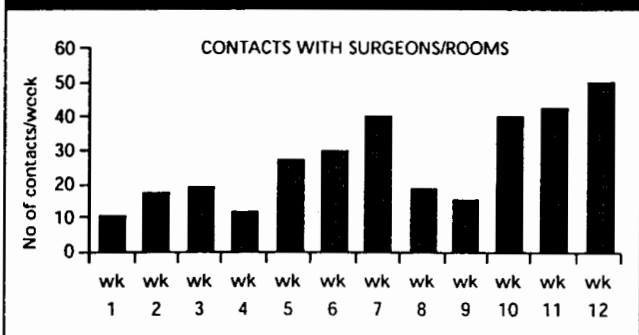
BCIs make the change visible, so everyone can see that it is occurring. If there are process problems they can be solved early on. Staff often feel they are only a small part of a KPI and are removed from the process outcomes, whereas they feel they can



**FIGURE 2: COMPARISON BETWEEN OCCUPANCY AND APPARENT BED UTILISATION FOR MATERNITY**



**FIGURE 3: BCI – CONTACTING SURGEONS TO FILL EMPTY SESSIONS**



directly impact a BCI, hence they are more motivated to take action. This was demonstrated over and over again at Mitcham, for example with the Theatre Manager actively contacting surgeons and the Patient Services Co-ordinators actively contacting other hospitals for patients.

**RESULTS**

Over the past 18 months the business improvement project at Mitcham has created an increase in EBITDA in excess of 38%. Staff and management at Mitcham have learned the following:

- There is power in data-supported decision-making.
- The core/noise framework can be used to communicate the strategic plan.
- We used what was actually happening as a basis for what we needed to happen.
- Behavioural change is sustainable if new behaviours are learned. The way to achieve this is to measure BCIs and KPIs.
- The involvement of all staff assisted in the transformation of information into knowledge.

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**CORE activities**

The activities that drive value for the organisation are called core activities. The definition of core is decided by the organisation, in terms of their specific key organisational objectives.

**NOISE activities**

Noise activities are those that are nuisance activities, such as re-keying data already keyed into a system elsewhere, handling the same piece of data multiple times, chasing missing information or re-doing someone else's work.