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Healthcare Management

The New Way Forward in Healthcare Management

‘How can we do more for less?’ is a question that has long obsessed business leaders. In the 1950s, Japanese car manufacturer Toyota introduced a production system designed to eliminate waste across its operations. Called LEAN, the model focused on improving production processes by intensifying economy of effort – reducing waste and costs in order to drive value for its customers.

LEAN is now an established international business philosophy. Yet it is only very recently that it has begun to gain credence as a workable strategy in healthcare. For whilst healthcare differs from manufacturing in many ways, it still utilises the classic and universal business model: using multiple and complex processes to deliver value to its users – patients.

So what is LEAN? Put simply, LEAN means **using less to do more**. To apply it, an organisation first evaluates its processes and then removes all those steps within them that do not create value. The end result is an effectively ‘waste-free’ enterprise able to deliver optimal value to its users.

As a management consultancy with cross-sector commercial, government and NHS expertise, Green & Kassab fully embraces LEAN thinking. Our experience in driving hospital cost improvements aligned with our detailed knowledge of healthcare processes convince us that a rigorous LEAN approach can unlock significant and sustainable advantages in productivity, cost and quality for Trusts.

Why is LEAN important in healthcare?

There are several reasons why LEAN is a relevant strategy for healthcare management. Like many businesses, the healthcare sector is constantly adapting to new technologies, working practices and of course, ever-heightening demand. These, along with the imperatives of achieving financial balance or surplus and increasing throughput and quality give it all those concerns that LEAN is specifically designed to tackle and remedy.

LEAN: the key principles

The most important characteristic of LEAN is that it is a way of thinking rather than a suite of management tools. Its core idea is that value should be determined on one thing: the customer’s – or in a Trust’s case – the patient’s viewpoint. Everything that a Trust does – each of the thousands of steps that make up its processes – must be identified and analysed to ascertain what value it adds to the whole patient care pathway. From there, the objective is to eliminate all non-value-adding steps, so enabling value to flow uninterrupted through the Trust’s entire operations from beginning to end in response to the ‘pull’ of patient need.

The ultimate effect is compellingly simple: a scenario where smooth-flowing patient demand streams dovetail organically with a Trust’s smooth-flowing provision streams or services.

Instead of reducing waste by rectifying single deficiencies within discrete departments, LEAN pivots on taking a helicopter view of a Trust’s processes – called the ‘value stream’ in the LEAN lexicon – and the removal of deficiencies in a co-ordinated and holistic way. Improving the value stream in this way produces a natural continuum of improvements in productivity, value and quality – helping create a scenario where a Trust’s bottom line is successfully managed.



“Green & Kassab provided an independent focus and resource which has driven projects to a successful conclusion when in-house management attention has been diverted elsewhere.”

Rob Hurd
Finance Director
 Royal National Orthopaedic Hospital
 NHS Trust (RNOH)

So what are the building blocks needed to create a LEAN environment? Although LEAN comes with no specified *modus operandi* – each Trust has to decide its own ways of getting there according to its unique processes and demands – there are five key precepts to applying LEAN thinking:

- **Taking a holistic view:** standing back and understanding the Trust as a single entity: looking across departmental boundaries facilitates definition of value streams and how they can be improved.
- **Working to one purpose:** rather than staff focusing on departmental or function-led goals, they should be obsessed with the Trust's wider, overarching objective – i.e. how can they contribute to the whole patient experience?
- **Achieving smooth, continuous flow:** although Trusts are organised around traditional top-down hierarchies, LEAN focuses on the horizontal processes of the patient care pathway. Viewing processes this way enables process steps to be more smoothly coordinated and aids the identification and removal of barriers and bottlenecks that hinder continuous value flow.
- **Achieving continuous improvement:** encouraging staff to reduce waste and fix problems on a then-and-there basis feeds continuous, sustainable improvement and the motivation to achieve perfection.
- **Involving staff in process change:** engaging frontline staff in the redesign of processes and using training and education encourages commitment to LEAN, helping to embed and drive a self-perpetuating LEAN culture.

How LEAN supports today's target culture

At first glance, LEAN's emphasis on achieving organisation-wide goals appears to counter the need to achieve centrally imposed national targets. Yet by designing out process inefficiencies, LEAN can actively free up service capacity, enabling more patients to be treated more rapidly and thus generate increased income.

In this way, LEAN thinking actually supports the drive to meet the 18-week patient access time target due to be fully operational by December 2008.

To meet this imperative, providers involved in the patient journey from referral to start of treatment – including outpatient consultations and diagnostic tests – will need to manage the whole patient pathway to treatment in a more integrated way – a key principle of LEAN.

A LEAN environment also facilitates Patient Level Costing. Managers needing to cost the individual patient care pathway from referral to discharge will find it easier to pinpoint potential cost improvements and re-allocate resources in a waste-intolerant, efficiency-obsessed LEAN environment. So, just as LEAN requires a shift of focus from discrete stages of treatment to the better management of the whole patient care pathway; so do the 18-week journey and Patient Level Costing directives.

Going LEAN with Green & Kassab

If you are interested in leveraging the benefits offered by a LEAN management strategy, Green & Kassab is ideally qualified to help. Along with our impressive track record in mobilising cost improvements across a wide range of NHS Trusts, we offer a dedicated LEAN consultancy service specifically aimed at helping healthcare managers apply and embed an efficiency-driven LEAN culture. Our service offers expertise in implementing LEAN – the project team is usually clinically led, visionary and thoroughly focused on eliminating waste and achieving significant service improvements across your specified processes.

Further information

For more information on our LEAN services, contact:

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