

Getting From Here to There: Meaningful Performance Improvement

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Your Presenter Today Is

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From Here to There

- How do you go from where you are to where you WANT to be?
- What is the difference between the two points?
- Why do you think you want to be somewhere else?
- Will it make a difference to go there from here?
- What makes it meaningful?

Agenda

- Key Influences for Change
- Performance Improvement Initiatives
 - Strategic
 - Financial
 - Operational
- Implementation of Performance Improvement Initiatives
- Sustaining Success

Key Influences of Change

What is keeping **you** awake at night?

Key Influences of Change

- Poor Financial Performance
- Aging Physical Plant
- Declining Occupancy

Key Influences of Change

- Declining third party reimbursement
- Rising expenses
- Increased regulatory enforcement
- Change in consumer preferences
- Change in leadership – Board or management

Identifying Performance Improvement Initiatives

What needs to happen to get from here to there?

Performance Improvement Assessment

Strategic Initiatives

Strategic Initiatives

- Boards of Trustees / Directors have a fiduciary obligation to fulfill the charitable mission of the non-profit organization it represents.
 - “No money (margin) – No mission”
- As a result, Boards of Trustees / Directors need to ensure all areas of, and individuals in, the organization are held accountable.
- Board must have a “working knowledge” of the industry.

Strategic Initiatives

- Effective Board / Management relationship is critical
 - Trust: Board-Management, Management-Board
- Management executes Board policy
- Management keeps Board informed
- Management holds all individuals throughout the organization accountable

Strategic Initiatives

- Establish understanding of the organization
 - SWOT (Strengths, Weaknesses, Opportunities and Threats)
- Establish understanding of the market place
 - Who are you serving
 - Currently
 - In the future
 - Who are your competitors?
 - Are there opportunities for affiliations and/or networks?

Performance Improvement Assessment

Financial Initiatives

Financial Initiatives

- Compliance with all applicable laws and regulation
- Compliance with all long-term debt financial and other covenants

Financial Initiatives

- Financial monitoring
 - Budgeting
 - o Management team involvement
 - Education
 - o Ownership and accountability
 - Production and analysis of accurate interim / annual financial statements
 - o By level of care/service line
 - Finance Committee / Board review of interim / annual financial statements
 - Benchmarking / Ratio analyses

Financial Initiatives

- Benchmarking
 - Every organization has its own unique characteristics (i.e. capital / debt structure, bed complement, fund development efforts, etc.)
 - If appropriate, benchmark against, and set goals for, your own organization first
 - No one benchmark / ratio should be considered in isolation
 - Results can be affected by unusual or extraordinary circumstances

Financial Initiatives

- Benchmarking
 - Provides tools for analyzing an organization's financial strengths and weaknesses
 - Assists organizations in identifying trends
 - Allows for “best practice” comparisons

Financial Initiatives

- **Margin / Profitability Ratios**
 - Indicate excess or deficiency of revenues over expenses (i.e., operating results)
 - Measure by level of care
- **Operating Ratios**
 - Types
 - Occupancy Levels
 - Payor Mix
 - Nursing Hours Per Resident Day
 - Overtime/Agency Costs
 - Dietary Cost Per Day
 - FTEs per 100, etc.

Performance Improvement Assessment

Operational Initiatives

Operational Initiatives

- Revenue Enhancement
 - o Occupancy
 - o Payor Mix
 - o Case Management
 - o Length of Stay
 - o Ancillary Revenue
 - o Campus Reconfiguration

Operational Initiatives

- Expense Reduction
 - o Agency Use
 - o Overtime
 - o Position Control
 - Ancillary Services
 - Therapy
 - Pharmacy
 - Laboratory
 - Radiology
 - Medical Supplies
 - o Human Resources
 - Wage Program
 - Hiring Practices
 - Employee Benefits
 - o Campus Reconfiguration

Implementation of Performance Initiatives

Do **YOU** have the strength and determination to move yourself from where you are to where you want to be?

Implementation

- Establish Tone at the Top
 - “Buy In”
 - Communication
 - Eliminate “the unknown” for
 - Residents, Employees and Families
- Identify Key Areas for Implementation
 - Correlate to your mission
- Develop Specific Action Steps
 - Prioritize
- Assign Responsibility
 - Individuals
 - Timeline
 - Repercussions

Implementation

- Identify Outcome Measurements
- Understand the Greater Good –
Make the hard decisions

Sustaining Success

This is what makes it meaningful!

Sustaining Success

- Fluid Process
 - Continually monitor key performance indicators
 - Modify implementation plan
 - Smooth Sailing!



Conclusion

In going from here to there,

Meaningful is

in the eye of the beholder

If it is to be,

It is up to me