

# Moving at the Speed of Medicine

## Part II: Taking "Systemness" to the Next Level

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In post-reform healthcare, quality, efficiency and service increasingly define health system success. This requires efficient coordinated systems working across multiple service lines to deliver better outcomes, lower costs and enhanced customer experience.

## SOLVING THE CUSTOMER'S TOTAL PROBLEM CONTINUED...

As the UCLA Medical System example illustrates, systemness is most conspicuous by its absence. For example:

- **When systems fail to function optimally, patients experience poor customer service, frustrating administrative barriers, confusing processes and sub-par outcomes.**
- **Sub-optimal systems reduce work quality, increase errors, decrease efficiency and inhibit coordination. Employees undertake heroic efforts to accomplish rudimentary tasks. Complacency and/or frustration take root.**
- **Health systems deliver uneven operating and financial results. The company misses performance targets. Quality, employee morale and brand strength suffer.**

In contrast, systemness becomes a differentiator through process standardization and reduced performance variation. Processes work predictably, efficiently and in a highly-coordinated fashion. Health systems execute better, meet expectations more reliably and delight customers more often.

Mayo Clinic, ranked America's #1 overall hospital in 2016-17 by U.S. News & World Report, is renowned for its integrated, multi-specialty group practice approach to medicine. Observers attribute Mayo's effectiveness in generating consistent high-quality outcomes to its culture, teamwork and salary-based physician incentive structure. The book, *Management Lessons from the Mayo Clinic*, contends that Mayo achieves its superior performance by operating as a "systems seller."

Mayo's operations – from scheduling to EMR and medical imaging to care delivery – are focused on solving "the customer's total problem." This integration strategy produces superior efficiency, outcomes and customer experience.

Authors Leonard Barry and Kent Seltman note that the Clinic's use of systems thinking undergirds a level of service that, "...pleasantly surprises patients (and families) and exceeds their expectations." <sup>3</sup>

In every industry, the customer is the ultimate arbiter of quality, experience and satisfaction. Exceeding customer expectations requires highly efficient and coordinated internal systems.



## THE RIGHT FOCUS

According to a 2015 Advisory Board report, healthcare CEOs recognize the strategic importance of systemness.<sup>4</sup> They ranked the following integration imperatives as both the most challenging and most crucial to success:

- **Clinical standardization**
- **IT interoperability**
- **System-wide physician alignment**
- **Post-merger integration**

The following chart details the survey's results.



Interestingly, overcoming these four integration hurdles depends on efficient operations in the areas respondents defined as *least* challenging and *least* critical for success. These include supply chain, service line management and centralized back-office support.

Boring functions become sexy when systemness manifests its coordinating prowess. Optimizing these essential but less glamorous functions is essential for achieving superior outcomes consistently, the ultimate measure of an integrated system's success.





### INTRA-COMPANY LOGISTICS: CRITICAL TO ACHIEVING SYSTEMNESS

Intra-company logistics is key to building systemness within functions traditionally ranked among the less critical to organizational success. Systemness within these threshold activities is foundational to efficiency and customer satisfaction.

Large health companies deliver tens of thousands of items every day to ever-expanding delivery networks. Medical/surgical supplies, pharmaceuticals, lab specimens, instrument trays, equipment, linens, and documents and reports need to get to the right place at the right time. Errors and delays compromise quality and performance.

Research shows that healthcare companies often fail to appreciate the organizational advantages gained through efficient intra-company delivery systems. They are “penny wise and pound foolish.” They contract for delivery services employing a transactional, commodity mindset. They focus on unit cost rather than total cost. This managerial orientation causes fragmentation, redundancies, errors and added costs.

The field of intra-company logistics is gaining the attention of healthcare CEOs, CFOs and COOs who understand that the most fundamental job of their organization is to make sure that people have what they need, when they need it, in order to do their work.

By consolidating and rationalizing the movements of the wide variety of items a sophisticated healthcare organization needs to operate, intra-company logistics creates a single, streamlined, customized system. Combined with advanced technology, sophisticated intra-company logistics can drive standardization, centralize operations, eliminate fragmentation and redundancies, limit risk and liabilities, reduce down-time, and even reduce overall energy use.

When health companies get intra-company logistics right, systemness improves, efficiencies are achieved, errors are reduced and patients get better service.



### THE BETTER HEALTHCARE WAY

In a sport where analysts consider “talent” a difference-maker, the New England Patriots consistently out-match rival NFL teams by applying high-caliber systemness. Individual players understand and fulfill their distinct jobs responsibly. All role players must deliver effectively for the team to function at the highest performance levels.

When football teams fail to systematize operations, they lose games. When health systems fail to systematize, care outcomes suffer. A 2016 Johns Hopkins<sup>5</sup> study found medical errors are America’s third-leading killer after heart disease and cancer. Intra-company logistics helps reduce medical errors and save lives. It also eliminates waste, increases quality and improves organizational profitability.

Health systems must develop a managerial mindset that embraces systemness. This requires a clear-eyed focus on fundamentals. When basic health system functions fail to coordinate effectively, overall performance suffers.

Intra-company logistics creates the operational framework that allows championship healthcare organizations to build systemness from the ground up.

Outcomes matter. Customers count. Value rules.

### SOURCES

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**THIS IS PART 2 IN OUR ONGOING SERIES WITH MEDSPEED: "MOVING AT THE SPEED OF MEDICINE."**

Developed as a business plan in graduate school by founder Jake Crampton, MedSpeed was launched almost 20 years ago to disrupt the fragmented healthcare transportation marketplace with integrated solutions. MedSpeed's approach to "intra-company logistics" coordinates the movement of business and clinical supplies across healthcare organizations, turning transportation cost centers into strategic assets that improve efficiency, outcomes and patient experience.

In Part 1, **"Turbo-charging Performance with Strategic Partnerships"** we look at how health systems can align with strategic partners to deliver superior performance and service. In Part 2, **"Taking Systemness to the Next Level"** we describe how the best health systems integrate core functions to standardize processes, reduce variation and reach levels of performance that will meet and exceed customer expectations.

**ABOUT OUR AUTHORS**



**JAKE CRAMPTON** is the founder and CEO of MedSpeed, the market-leading intra-company logistics organization that is transforming healthcare transportation. By leveraging intra-company logistics, MedSpeed facilitates genuine health system integration, enabling systems to achieve greater operational efficiencies, reduce risk, better utilize scale, eliminate redundancies and centralize services. Mr. Crampton is an avid believer and presents often on how healthcare organizations can achieve systemness through physical integration to better leverage healthcare transportation as a strategic asset.



**DAVID JOHNSON** is the CEO of 4sight Health, a healthcare boutique advisory firm. Dave wakes up every morning trying to fix America's broken healthcare system. He is a frequent writer and speaker on market-driven healthcare reform. His expertise encompasses health policy, academic medicine, economics, statistics, behavioral finance, disruptive innovation, organizational change and complexity theory. Dave's book, **Market vs. Medicine: America's Epic Fight for Better, Affordable Healthcare**, is available for purchase on [www.4sighthealth.com](http://www.4sighthealth.com).