A year ago David Masterson, CEO of Sampson Regional Medical Center, decided to try lean management, hoping to reduce costs and improve quality at the rural hospital in Clinton, N.C., population 8,639. He explained to Rural Roads why and how he did it and why he thinks other small hospitals should follow Sampson’s lean lead.

What is lean management?
Lean management is a cultural transformation that promotes involvement from the front line of the organization to identify opportunities for streamlining processes and improving results. Lean has added excitement and enthusiasm back into health care.

This gives us a way to survive that's fun and one we know shows immediate results and satisfies our need to help other people. That's why most of us are in health care to begin with.

What is the North Carolina Rural Hospital Lean Culture Transformation Collaborative?
Three or four years ago, Jeff Spade, North Carolina Center for Rural Health executive director, identified the opportunity through his exposure to a hospital in Wisconsin. Jeff talked to several of the hospitals in the western part of North Carolina -- rural and small hospitals for the most part -- and several of the hospitals took the idea and ran with it hoping to improve quality of care.

Years later during a conference, I heard my peers from the western hospitals present on the advantages of lean initiatives for their organizations. They discussed the waste that was removed from the system, money that was saved and quality that was improved. That really caught my attention. It was something I felt was very much needed in our organization and started asking questions and looking into it. From there, the eastern collaborative was born. One of my peers from an eastern hospital called me and felt we should get together to do the same thing here that the western collaborative did. By pooling our resources together to obtain grants, we would be able fund consultants who could coach us toward improved performance and cultural change.

What convinced you that your hospital needed to adopt a lean culture?
As a small, rural hospital very challenged by health care advances, and given the bars continuously rising on quality performance, it was clear to me that for our hospital to succeed, we needed to embrace change and transform expectations within the organization.

What challenges were you trying to solve?
We were seeing mediocre performance in quality indicators, and I think our employees were feeling more and more distanced from decision making and even felt victimized by changes that were coming down the pike, and they really hungered to be involved in making change or setting the direction for where the organization was going.

Lean culture does all that, and the biggest advantage is that it gives you a structure to pull frontline advice, recommendations and experience. When people see that put into action, they embrace it, they own it, and they make it happen.

How does lean management help rural health facilities?
Many of our organizations are stand alone, and even if you are not stand alone, you're part of a larger system and sometimes feel out of the mainstream.

A lean transformation doesn't bring the improvement from the top down, or from the big house out to satellite hospitals. It truly is a way for the small, rural hospitals to demonstrate to larger hospitals that sometimes we have the best ideas and the best practices, and putting those practices into action and showing the results is a way of highlighting our rural hospitals as think tanks for the future.

What are some of the economic challenges rural hospital face?
Of course, in this day and age, preserving employment is the big one, and that is one of the challenges with the lean transformation: if employees perceived this as a way for them to lose their jobs if we become so lean that we cut positions in the organization, they would feel threatened by the program.

So we told them upfront that the savings we would find would be a way for us to preserve jobs. In fact, we currently have three designated, full-time lean coordinators within our organization, all of whom have had other jobs within the organization previously. We have been able to reduce positions through attrition, but no one's employment was threatened.

For small hospitals that's a big challenge for leaders... to ensure that your hard-working employees have a future. And again, sustaining the hospital in improving quality and the bottom line certainly position us for future success.

How is this approach different from the way many hospitals try to reduce cost, increase efficiency and deliver better care?
I don't think there is a way most hospitals approach financial challenges today because it requires a lot of creativity. What the lean approach does for us is gets to the core of preserving what is most important about the services we provide to our patients and our community.

It looks at the tangential expenses or delays or wastes that have innocently accumulated over the years, and this process allows us to go back to zero base and say “OK, what is that we want to do, where do we want to go with this, and what are all the things we are doing that really don't make any sense today?” Let's cut that out and go to the core. That is overwhelming in health care, but I think a zero-based approached to process has been needed in health care for a long time.
How did you implement this culture transformation at Sampson Regional?

It required a commitment from the top of the organization. As CEO, I had to be a 100 percent behind it and really a cheerleader in front of it. I wanted to make sure our board was informed but did not expect them to take the lead. We did not want to exclude our medical staff. Therefore, early on, our first areas of focus would have to be very transparent and inclusive. More so, it had to be in an area where medical staff would immediately see the improvements. Surgical services was that area for us.

We really started slowly and pulled a few key people into the first meeting that we knew would go out and talk to others about what a positive experience they had. It is like going to a church retreat; you go and come back a renewed person. That feeling of renewal is infectious with the people around you, and you're sort of riding high. Lean does that, but lean does that and, at the same time, finds ways of cutting costs and improving quality.

Rapid improvement events are week-long incubator-type activities that we commit staff time for identifying quick fixes that are implemented immediately, and people see the satisfaction of having made a positive change in the organization and that builds a lot of buy in.

How important is strong leadership in implementing lean within a hospital?

It is a necessity. I have seen some hospitals that have implemented lean culture where the top of the organization wasn’t fully engaged and it took a long time for them to develop it.

There is nothing more frustrating to the middle manager in an organization to feel that they are being held accountable for something that they are not seeing the support from at the top. The CEO and the C-suite participates have to be in the first few meetings and commit themselves to a full week of engagement with the staff. It's a great way for leaders on all levels to get out into the organization, engage in conversation with the frontline staff and the middle managers to understand what is happening within their organization.

What suggestions do you have for other hospital administrators considering implementing lean management?

My recommendation to other hospitals is to start slowly with something very transparent and visible to everybody involved, and instead of you pushing the lean process on the organization, allow yourself the time to plant the seed so that the staff are pulling the lean process through the organization and are asking for it.

I think a big concept here is letting go a little as a leader and not micromanaging but allowing people to come up with their way of doing it, implementing it and making it happen and showing you the results.

Right now I've got doctors and department managers saying, “How can I get involved? When can you come to my area and help me improve processes here?”

And then you have to give it time. It's not an overnight process. It takes years to implement throughout your whole organization, and they say it takes five years to really change a culture. But, it's a start, and, a year into it, I'm beginning to see some real improvement and willingness to change.

Is it possible to quantify the cost savings through lean?

Absolutely, but it's tricky. You have hard savings and soft savings. For example, when we looked at inventory in ophthalmology, we had kits for eye surgeries that were on the shelf, and the ophthalmologist changed kits -- until they realized from one of our staff that we still had 12 sitting on the shelf that soon would be expired, so they used those right away. That saved us thousands of dollars just in that one day, a hard savings.

A soft savings might be the savings related to reduced patient wait times. Some of that is labor savings; a lot is savings related to improved process overall, and it's hard to put a figure on that. We do have a financial designee here at the hospital who has responsibility for managing, tracking and recording our savings on an ongoing basis because oftentimes the savings take a while to kick in.

How has participating in the collaborative helped you reach your goals?

The collaborative offers us benchmarking against other hospitals. I can call on those hospitals and learn from their benchmarking and get an idea of comparing where they've gotten to after using lean. So the collaborative kind of raises the bar for what's possible.

We just reallocated time on the block schedule for surgical services, which was such a political issue for many years that nobody ever wanted to talk about. We were able to address it through a lean methodology by getting the surgeons involved and hearing their input. That truly has made a difference.

Does lean management have a shelf life?

It's not flash in the pan; it's not glitz and glamour or a flavor of the week; it truly is a change in culture and the way you approach that, from implementing patient- and family-centered care to changing block scheduling to eventually getting to revenue cycle and improving our days in accounts receivable, improving our collections at point of service, all things that lean can apply to. There is no limit to what can be improved in an organization through our lean culture.

What are your next steps?

We're continuing on the path that we're on and involving more employees. I've seen some hospitals step out and take lean into the community: Where does the uninsured patient in your town find access to care? How do you involve the health department, social services, primary care centers, federally qualified health centers? How do you build partnerships for providing health care here?

We look forward to taking lean beyond the walls of the hospital.

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Conference connection

Don't miss the Rural Health Clinic and Critical Access Hospital Conferences for more ways to cut costs and improve quality at www.sobriety.org.
NRHA's fastest-growing events will be Sept. 25-28 in Kansas City, Mo. Go to RuralHealthWeb.org/kc to register.