



Medical College of Georgia, USA

Financial & Performance Improvement Project

The MCG Medical Center forms the core of MCG Health System's facilities and includes a 483-bed adult hospital, an Ambulatory Care Center with more than 80 outpatient clinics, a Specialized Care Center housing a 13-county Level I regional trauma center and a 149-bed Children's Medical Center. The Health System also includes a variety of dedicated centers and units and more than 90 satellite clinics. Renoir Corporation was asked to look at financial and performance improvement through Business Process Re-engineering across the facility. The result was an engagement delivering substantial financial and behavioral results.

"The expertise and partnering that the Renoir team brought to my division alone enabled us to more than achieve our goal with real savings of \$2,224,507.

We far exceeded our expectations and we could not have done it without the commitment of your team, and ours, to stay the course. It is exhilarating to say the least!"

Director
Peri-operative Services

Key Results

Total savings of \$2,224,507

On target to achieve \$3,300,000 end of year savings

\$1,700,000 savings in onetime inventory management

Successful Supply Chain

ANALYSIS

Already a top ranked institution, the MCG management team realized that MCG needed to find ways to improve its financial performance or face below average margins for the first time in recent history. The institution's supply chain had become a serious liability and needed to become a strategic imperative for survival.

While MCG hospitals and clinics remained a major component of the area's economic engine, the hospital's leadership was concerned about a wide array of economic challenges that made it increasingly difficult to meet the community's health care needs.

Those challenges included continued cuts in Medicare and Medicaid payments and a fast growing uninsured population. Georgia's uninsured population topped 1.7 million and continued to grow.

Renoir's business wide analysis reviewed costs, business processes and management planning, control and reporting systems. The analysis also reviewed behavior and the company culture from top management to the floor staff.

The detailed assessment conclusions included:

- All departments in the hospital were overstocking their departments with supplies. In addition, par levels were out of touch with reality and shelves were restocked based on feel rather than science.
- The clinical staff were not aware of the costs of their actions throughout the hospital, particularly in the OR. Large variations in cost/procedure were seen for doctors performing the exact same operation, for example.
- The organization structure was not effective at managing processes. Nor was it aligned top to bottom with common objectives or a common road map to improve.

PROJECT APPROACH

Renoir adapted a hands-on approach. Using the Focus Process™ and Renoir's proven implementation methodology, the Renoir team worked together with MCG management and staff to implement recommendations. The organisation went through an intensive learning

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.

and change process at a much faster pace than the management team thought possible. Working towards a set agenda the programmes were structured so that the MCG management team were involved in all initiatives.

It was a very intensive process where Renoir drove, motivated and coached the team to learn to analyse problems and opportunities and turn them into tangible, sustainable results for the business.

PROJECT RESULTS

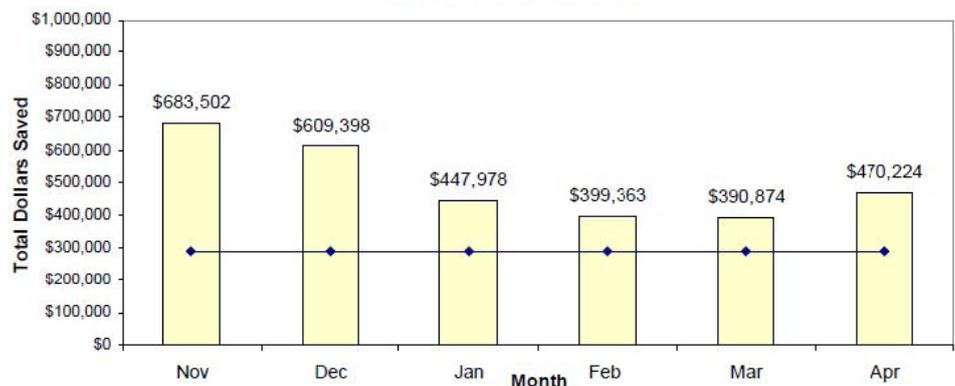
- An Inventory control system was established in the OR, together with coaching, training, and development for clinical and administrative staff to ensure that success could be perpetuated after project completion.
- Scorecards, data and performance indicators were established for each focus area. This enabled the management team to establish targets, to plan, to control, to report and to take action on performance issues.
- The purchasing department was overhauled by instituting a vendor management system, contract database, and training and development of staff to ensure the best pricing for all purchases brought into the hospital.
- Pharmacy received purchasing improvements and inventory reduction by instituting generic substitutes and transforming pharmacists from “pill fillers” to inventory managers.
- Totes in the OR were analyzed and renegotiated so that items that could be held in Central Distribution could be self managed and reduce overall spend/tote.
- Management control systems were established to provide periodic review and control mechanisms for all inventory, purchasing, and distribution systems throughout the hospital.
- Identification of uncaptured revenue opportunities throughout the hospital.
- Supply Chain processes were streamlined, establishing processes and controls, eliminating cost in purchasing and inventory holding.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

Visit Renoir at www.renoirgroup.com for more information and a complete list of regional contacts or send us an e-mail at: renoir.office@renoirgroup.com

Monthly Savings Report



World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.