

Take Dieter's Approach to Reducing Costs

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By Leslie Furlow, Ph.D., R.N.

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Having been involved in health care for most of my adult life, I have concluded that most costreduction strategies are like fad diets: They take off the pounds, but they do not change behavior, and the pounds gradually return. Alas, there always will be another fad diet. This sells a lot of fad diet books, but it does not create lasting improvement.

Like fad diet books, a new way to reduce health care product inventory and the cost of supplies appears every few years. No one seems to take the time to determine why inventory needs to be reduced or what the value of supplies and equipment are in relation to their price. Analysis is sacrificed for immediate results.

Begin analysis by assessing why the organization is overweight—overstocked— or why charges are not being captured. If a dieter hates exercising, then altering eating habits may be a less distasteful technique. Determine the same for staff. Have there been stockouts? Why is product A considered so much better than product B? Could it be the donuts that product A's rep brings? If so, would it be cheaper to use product B and buy the staff donuts quarterly? Is the charge system inconvenient or not user-friendly? To alter behavior, there must be an understanding of why the behavior occurs.

Because I was educated as a nurse, I understand why "nurses hoard supplies, equipment...anything they can get their hands on," as any cost reduction consultant will relate. We know a common solution to hoarding is to limit availability—starvation dieting. Like starvation dieting, limiting supplies eventually results in increased hoarding. But why do nurses and other health care workers hoard in the first place?

I remember a doctor reprimanding me because he wanted a product I did not have. To ensure this situation would not repeat itself, I put one or two of the items in a drawer, two or three in an out-of-the-way cabinet and just to be sure, an extra one in my locker. Such hoarding may should a trifle silly, but it is common and explains why, six to 19 months after the costreduction consultants have taken their money and left, stock costs inevitably creep up again, like the scales following a fad diet.

Fad diets do not work. Lasting weight reduction can be obtained only through behavior modification techniques. The same technique is not necessarily used by every dieter. Some dieters exercise, some alter eating habits, some do both. The basic premise of behavior modification is the same, and it will work for health care. The techniques of costreduction behavior modification may vary based on an organization's characteristics.

Behavior modification must begin with open communication. Hospitals have invisible walls; information hits these walls and fails to be disseminated. Failure to communicate leads to distrust and loss of confidence.

Staff members and physicians need to understand the goals of cost reduction and revenue enhancement. If staff members perceive that the result of their efforts will be to line administrative pockets, they will not be motivated

to join the program and may even sabotage it. Share financial information freely. Explain how markups are established. Let staff members see how their failure to promote the system affects them directly and how it affects the health of the organization. Trust breeds trust. Trust the staff and likely it will prove trustworthy.

Goals should be realistic and meaningful, and easy-to-use evaluation tools should be established at the beginning of a project. If the program is not meeting the evaluation criteria, investigate and determine why not. Do not just push to meet goals. A behavioral modification

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approach to dieting takes into account fluctuations and the need for flexibility.

Cost-reduction behavior modification must be flexible. The health care environment is not static, and evaluation systems should not be, either. Far too many programs introduced to empower staff result in its manipulation. Expect staff to be skeptical. If administrators have been hawking schemes, they should confess before enlisting staff support. Some staff will forgive, forget and forge ahead. Others may have to be dragged at first. Behavior modification needs accountability and cooperation.

While establishing overall goals and evaluation criteria, consider the impact of changes for one department holistically. For example, by changing the stocking schedule from twice a week to once a week, it may appear cost reduction and savings will result. But, if par levels had been based on restocking twice as often, stockouts could occur under the new plan and hoarding could result. Consult the affected staff before planning a big step. Reduction can

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happen, but appropriate systems should be in place to prevent embarrassing setbacks. How many times have we seen someone nearly pop a button on an outfit purchased optimistically, yet obviously three sizes too small? When people successfully alter their behavior, they deserve and respond to recognition. People who lose weight keep losing because they receive compliments on their appearance. Successful cost-reduction behavioral modification also must be celebrated. Far too often, middle management and staff members must respond to patient complaints or negative data while feeling a lack of

tools or authority to resolve issues. If staff members are granted the ability to alter behavior, reward them when they do decrease expenses or increase revenue. Give them a prize. Reward staff with an educational day. Give funds. Send flowers. After all, aren't the people who successfully maintain their weight loss the ones in commercials? Fad diets may bring immediate results, but only behavior modification results in lasting change—and cost reduction.

