

Merging for excellence. Does it really work?

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André Rieutord



NOTHING TO DISCLOSE

A successful project for merging start with a strategic vision?

YES



NO



Merging pharmacy services allows to reduce the global cost?

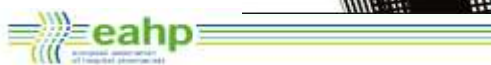
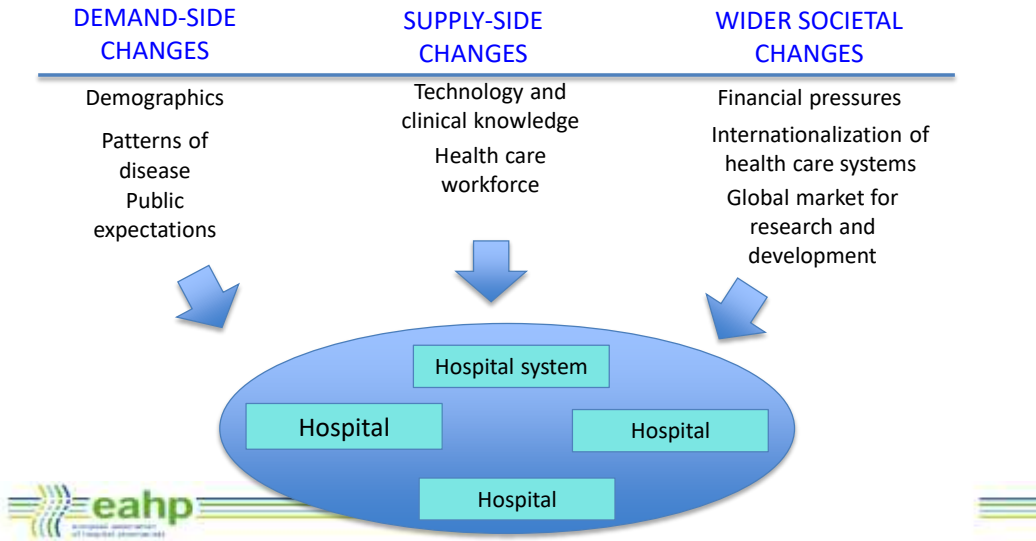
YES

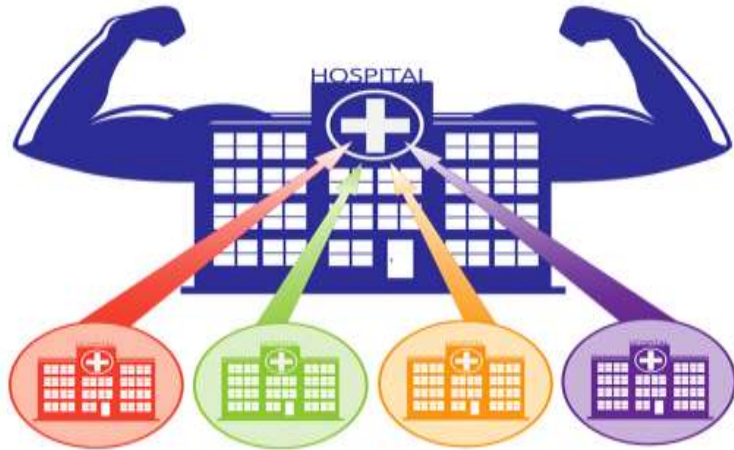


NO

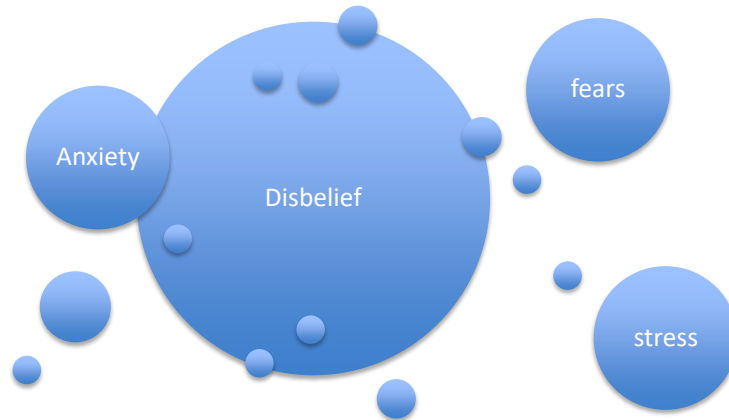


Hospital Transformation

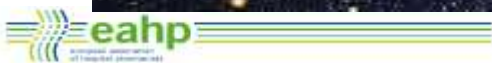
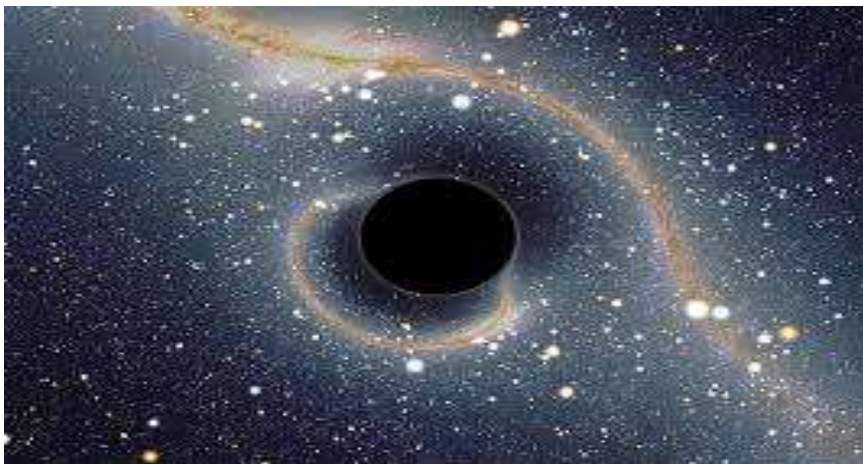




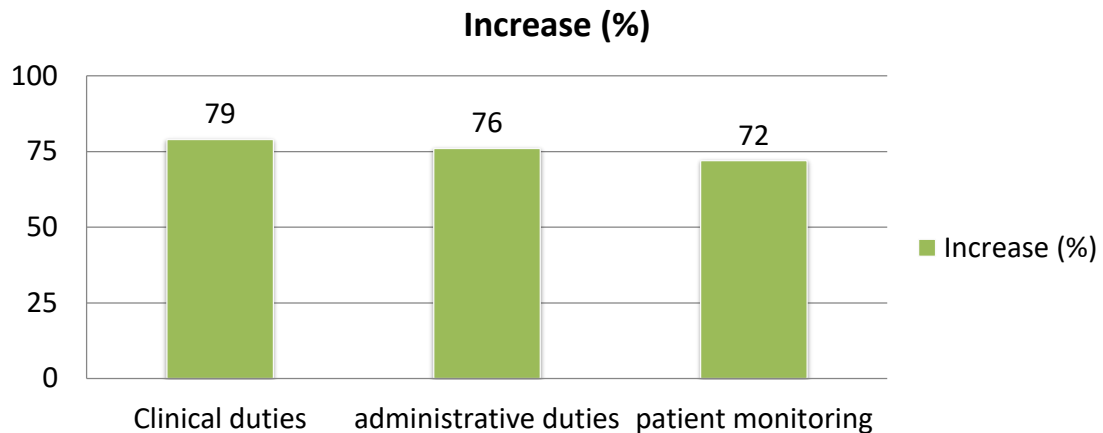
People: Prevailing themes



Literature about merging pharmacies

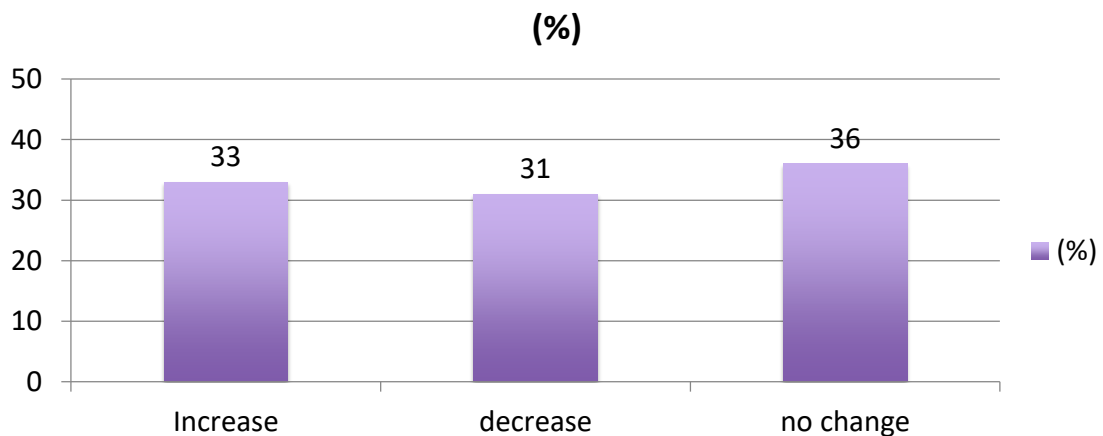


Perceptions of HP: effects on duties



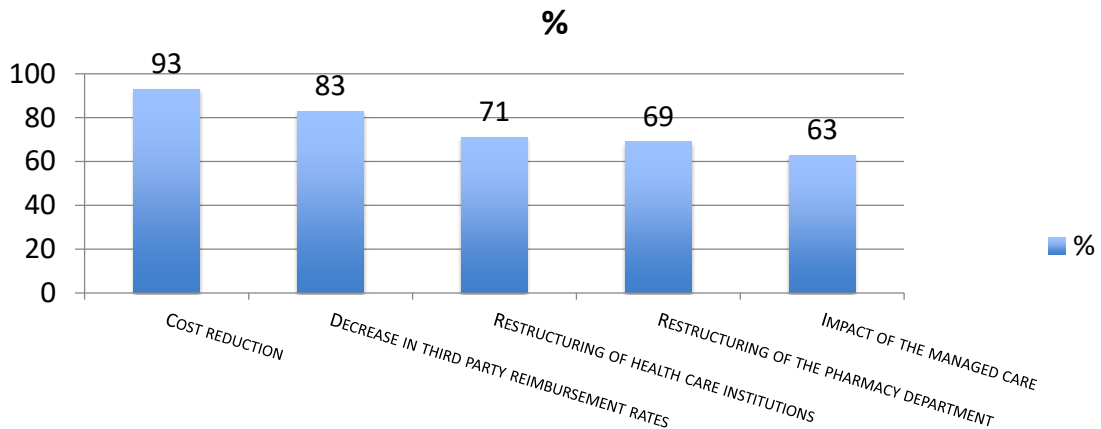
¹Dastani HB, Siganga WW. Hospital pharmacy directors' perceptions of hospital mergers and strategic alliances. *Am Soc Health-Syst* 2003;60(21):2245-7

Effects on Inpatients drug distribution responsibilities¹



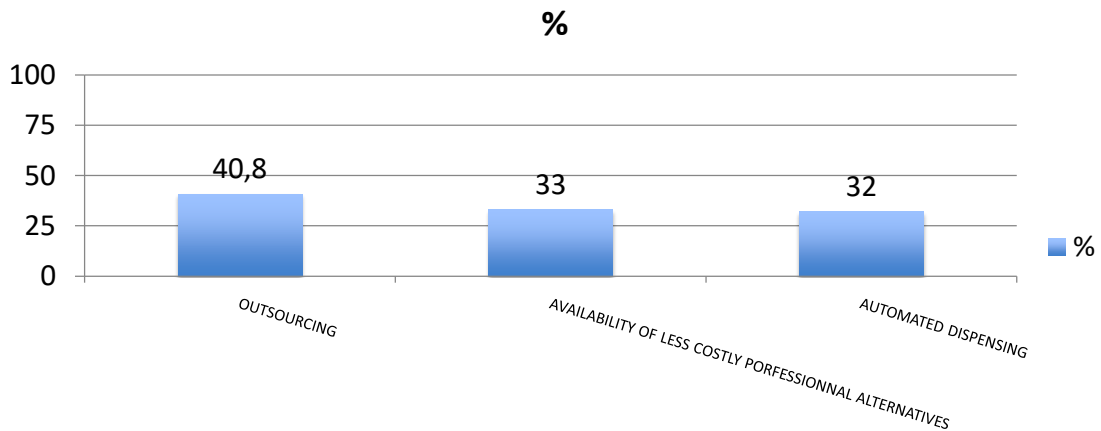
¹Dastani HB, Siganga WW. Hospital pharmacy directors' perceptions of hospital mergers and strategic alliances. *Am Soc Health-Syst* 2003;60(21):2245-7

Factors « most likely » to affect pharmacy positions¹



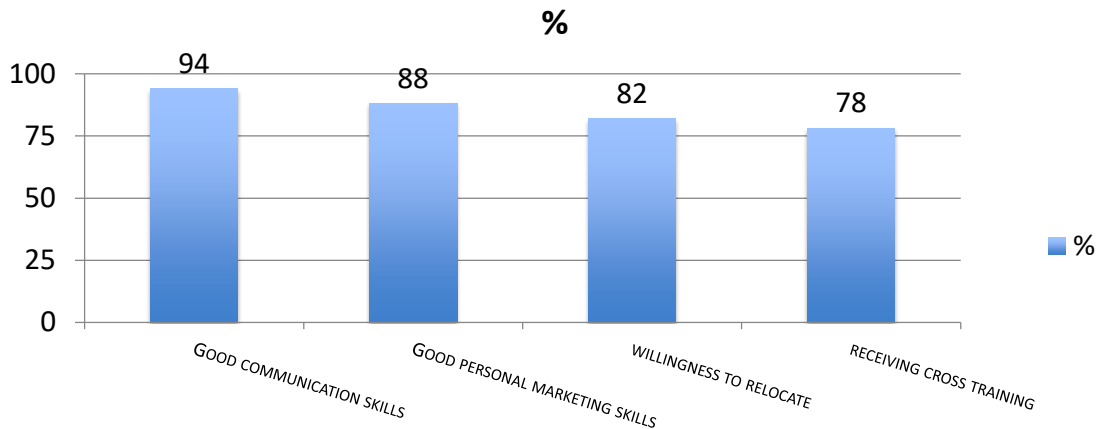
¹Dastani HB, Siganga WW. Hospital pharmacy directors' perceptions of hospital mergers and strategic alliances. Am Soc Health-Syst 2003;60(21):2245-7

Factors « likely to have low influence » affecting pharmacy positions¹



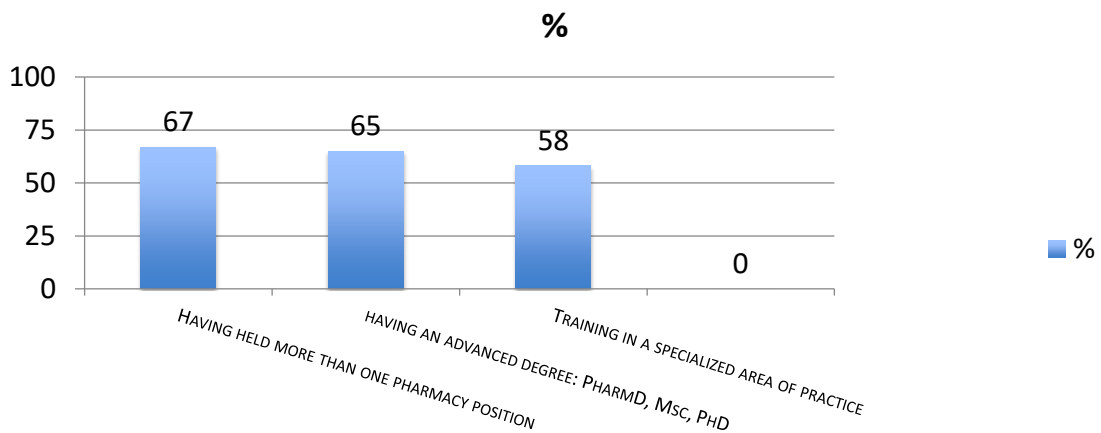
¹Dastani HB, Siganga WW. Hospital pharmacy directors' perceptions of hospital mergers and strategic alliances. Am Soc Health-Syst 2003;60(21):2245-7

« Highly influential attributes or skills » to retain positions¹



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« Highly influential attributes or skills » to retain positions¹



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What are we expecting?

ONE ARE INTERESTED IN HEALTHCARE
PROFESSIONALS WHO CAN REDUCE COSTS
WHILE IMPROVING PATIENTS' HEALTH



ONE ARE INTERESTED IN HEALTHCARE PROFESSIONALS WHO CAN


REDUCE COSTS

WHILE IMPROVING PATIENTS' HEALTH



Summary of anticipated advantages

Economic/Financial	<ul style="list-style-type: none"> • Overall and unit cost savings via economies of scale • Improve use of capital funds
Quality of Service	<ul style="list-style-type: none"> • Broader and more comprehensive services • Improved quality of care and accreditation standards • Improved access to care
Human Resources	<ul style="list-style-type: none"> • Improved recruitment and distribution of scarce clinical and management human resources
Organizational/Managerial	<ul style="list-style-type: none"> • Increased capability and innovation • Increased coordination and extension of complex services and referral networks • Potential for reduced waiting list • Reduction of risks • Increased and coordinated political and system-wide influence

 American Association of Colleges of Podiatric Medicine



Summary of anticipated disadvantages

Economic/Financial	<ul style="list-style-type: none"> • Period of increased financial costs to bring systems into line • Potential for increased costs (e.g. transportation) • Potential detrimental effect on local area businesses
Quality of Service	<ul style="list-style-type: none"> • Lack of easy access to some service • Potential for decreased responsiveness to consumer
Human Resources	<ul style="list-style-type: none"> • Staff and physician insecurity, anxiety and stress • Disruptions in personal careers
Organizational/Managerial	<ul style="list-style-type: none"> • Loss of autonomy • Increased bureaucracy, decreased flexibility, decreased communication • Period of instability as operational disparities are brought into line • Disruption of referral patterns

 American Association of Colleges of Podiatric Medicine



ZNA = Hospital Network Antwerp

- ▣ History and context
- ▣ Mission statement
 - ▣ Mission
 - ▣ Values
 - ▣ Vision
- ▣ Projects by focus point
 - ▣ Financial stability
 - ▣ Happy coworkers
 - ▣ Accessibility
 - ▣ Quality
- ▣ Integrated project
 - ▣ Pharmacy strategic plan



History and context of ZNA



2003

- Public hospitals in Antwerp
- 300 MIO€ losses, if no action bankruptcy was inevitable



2004

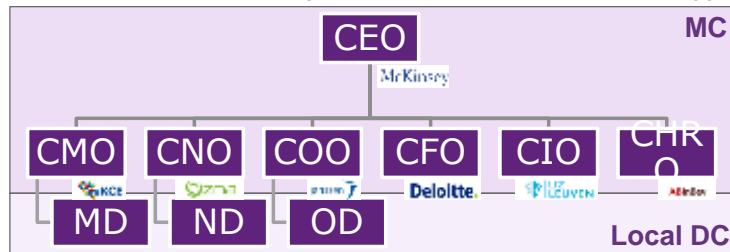
- ZNA, a hospital network Antwerp was born
- 3 stakeholders in governing board
 - City of Antwerp
 - Public center of Social Welfare
 - Medzina, medical doctors



- Hospital network Antwerp (9 hospital sites)

2008

- ZNA merged to Belgium's largest hospital organisation
- Management committee : focus on merger and establishing better financial results (centralisation & cost efficiency)



- 6 pharmacies (for 9 hospital sites)

2016

- Largest hospital organisation of Belgium
 - 3 general hospitals
 - 6 specialised hospitals
 - 9 day care centers
 - 2200 beds
 - 5000 patients a day
 - 120 000 admissions yearly, from which 60 % in day clinic
 - 550 000 ambulatory visits a year
- Belgian government stimulates "networking" in the same region
- New management on board to explore more opportunities → decision to form a new group with another network of hospitals GZA

Mission statement



Mission statement



Why do we exist?

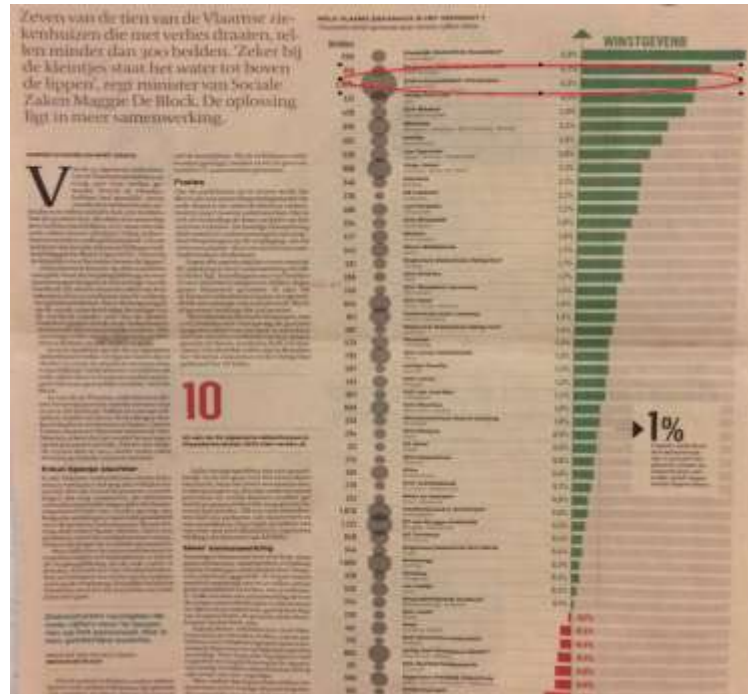
What are our beliefs?

Vision 2020

Financial
stability

Responsible
use of
resources

EBITDA
10%



Closing & integrating functions

- ▣ 2 pharmacies, 4 pharmacies left
- ▣ 1 hospital
- ▣ 3 sterilisation units
- ▣ 1 guard duty, 2 guards left

Centralising functions : quick wins

- Administration management : masterdata, tarification and facturation
 - Warehouse medical devices
 - Production : repackaging medication/ some preparations
 - Medical pharmaceutical committee
 - Medical devices & implants committee
 - Contract management
-

Lots of effort to be put in

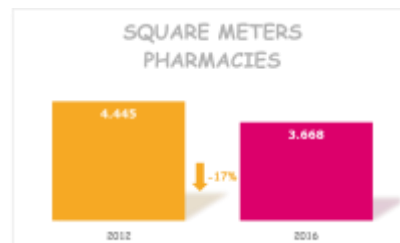
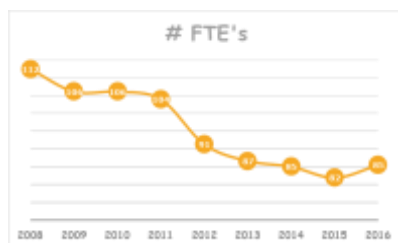
- Data warehouse
 - Reporting tools for consumption, FTE, budget
 - Cost accounting
 - Business and process controllers finance department
 - Automatic ordering system : permanent inventory system
 - Accountability for budget (€/FTE), investments
 - Tool for investment requests
 - Business cases mandatory
-

Hospital : EBITDA*

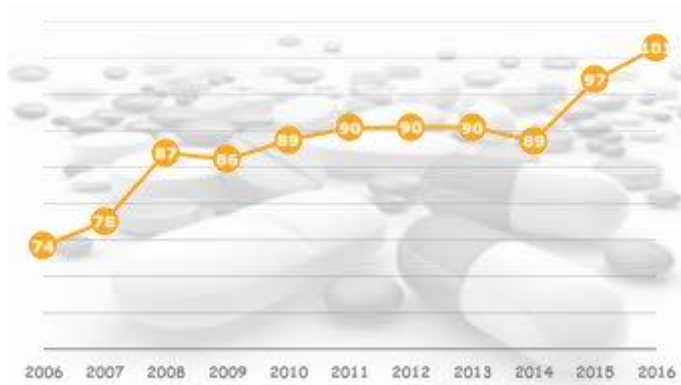


* Earnings before interest, taxes, depreciation and amortization

Pharmacy: Resources (FTE) and m²



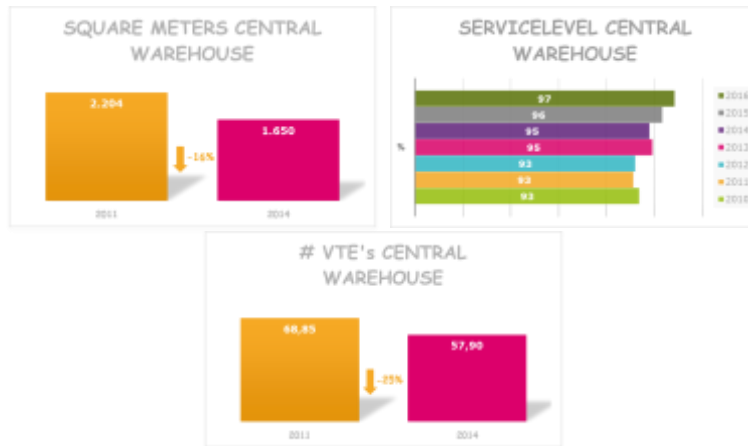
Revenue pharmaceutical products in MIO€



Stocklevels pharmaceutical products in k€



Central warehouse medical products : Resources (FTE) and m²

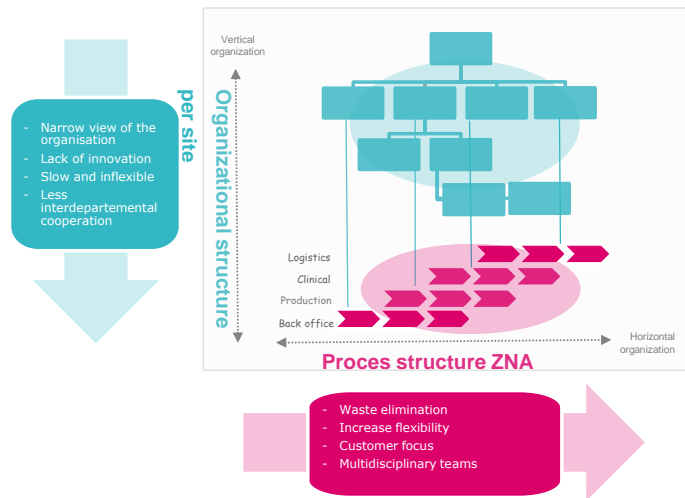


EVALUATION

REALISED BENEFITS	ATTENTION POINTS
Cost saving via economy of scale	Silo thinking of departments
Lower staffing requirements, improved utilization of resource capacity	No guarantee for better Q
Capable to have experts	No process optimization in whole process chain
Finance team of the year 2013	Shifting of costs
Fully aware of financial consequences	Potential effect on local area business



Organizational structure pharmacy

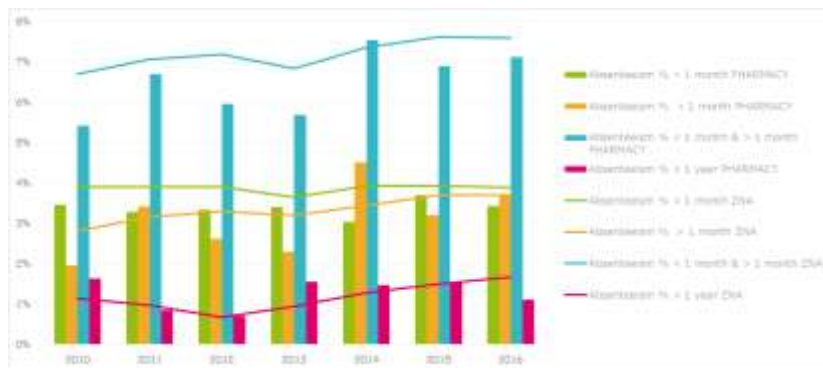


Staff support

- ▮ No forced lay-offs, negotiated by works council
- ▮ Mobility cell / outplacement guidance
- ▮ Individual coaching & development plan
- ▮ Evaluation cycle of personnel
 - ▮ prudent man regulation = value
 - ▮ absenteeism index
- ▮ Education programmes
- ▮ Satisfaction survey
- ▮ Communication

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Evolution of staff FTE/absenteeism



Results of satisfaction survey



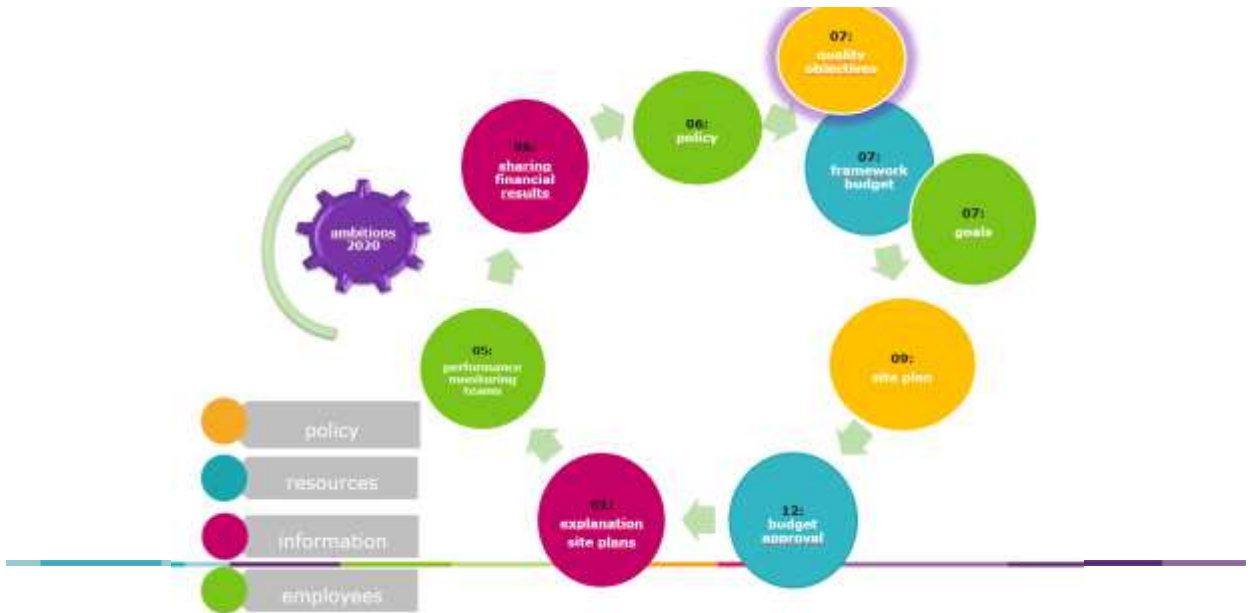
Leadership programm

- ▣ Power of decision making, more responsibility on a lower level
- ▣ European Health Leadership programm



- ▣ Leadership trajet
 - ▣ Authentic leader
 - ▣ Result focused leader
 - ▣ People manager
- ▣ Incentive remuneration for managers/directors
- ▣ Reporting tool
 - ▣ Absentism/presentism





EVALUATION

REALISED BENEFITS	ATTENTION POINTS
Performance management, improves recruitment management	Staff feels anxiety, insecurity, stress and is change-resistant
Increased capability and innovation (skill learning curves)	Loss of employment for certain functions (administration)
Exchange programmes	To overcome different culture
Flexibility in function/places	Communication lines longer



Accessibili
ty

Respect

Growth &
social mix

Strategic care plan 2020

- ▣ Accessible for each patient, independent of his/her ideology or social background
- ▣ No centralisation of the hospitals
- ▣ Second line care guaranteed in each site
- ▣ Third line activities not on every site
- ▣ Building new site 'Cadix' to replace oldest site Stuivenberg



The customer is king!



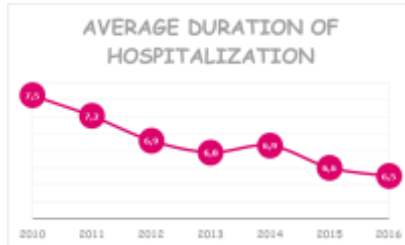
Evolution of NPS net promotor score



*NPS % = promoters % - detractors %



Evolution hospital activity



EVALUATION

REALISED BENEFITS	ATTENTION POINTS
Increased coordination and extension of complex services	Loss of some institutional autonomy
Reduction of risks in implementing new technology	Loss / disruption of referral patterns
In line with governmental policy	

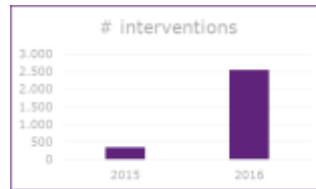


Quality of services

- ▣ Supporting and ensuring special needs for our patient population f.e. orphin drugs
- ▣ Clinical orientation
 - ▣ enrolling clinical pharmacy projects since 2010
 - ▣ installing Clinical Trial Unit for all clinical trials
- ▣ Electronic application for
 - ▣ magistral preparations
 - ▣ chemotherapy
- ▣ Accreditation
 - ▣ ISO certified pharmacies on 2 sites
 - ▣ JACIE accreditation for stem cell transplantation
 - ▣ preparing for JCI accreditation end 2017

Clinical pharmacy intervention

PROJECTS	2010	2011	2012	2013	2014	2015	2016	2017
TRANSFER INTENSIVE CARE	✓	✓	✓					
RENAL DYSFUNCTION PATIENTS				✓	✓			
IV-PERORAL SWITCH						✓	✓	✓
VIT K ANTAGONIST						✓	✓	✓
PATIENTS ON HEMATOLOGY DEP						✓	✓	✓
PATIENTS ON GERIATRIC DEP						✓	✓	✓
PHARMACEUTICAL CONSULT						✓	✓	✓
INTERACTIONS ON PRESCRIPTION							✓	✓
NSAID							✓	✓
QT ELONGATION PSYCHIATRIC DEP								✓
BARIATRIC SURGERY PATIENT								✓
TPN								✓
# PROJECTS	1	1	1	1	1	5	7	10



EVALUATION

REALISED BENEFITS	ATTENTION POINTS
Lots of expertise in house, access to care, technology	Period of instability bringing processes into line
Economy of scale	Longer decision chain f.e. investments
Internal benchmark	Less flexibility / lots of stakeholders

Strategic plan pharmacy ZNA



Context

- ▣ Develop a strategic plan for the pharmacy - in line with strategy of the hospital via an integrated approach
- ▣ JCI and legal proof
- ▣ Lean processes
- ▣ Full traceability by bedside scanning
- ▣ Maximizing
 - ▣ Quality & efficiency
 - ▣ Service level to our customers
- ▣ Minimizing
 - ▣ Cost & losses
 - ▣ Risks & dependencies

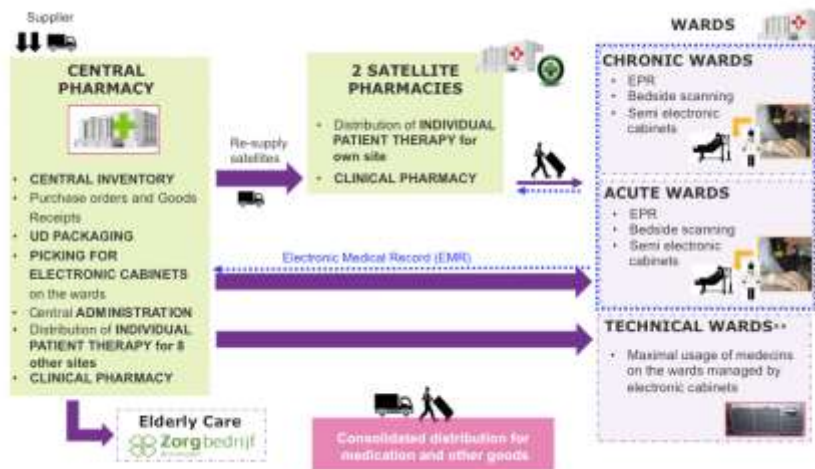
Methodology

- Multi-disciplinary working sessions to develop the operational model per TO BE scenario
- Preferred scenario as a global result from a financial and qualitative analyses



- Positive ROI and maximal reduction of "waste" (lean method)
- Optimal guarantee for quality and process improvement (end-to-end)
- High flexibility due to mix of central and decentral distribution – fit to needs over every service
- Limited dependency on suppliers
- High efficiency due to robotization / technology (P2L)
- Optimal service level and minimal risks

Operational model





Antoine-Béclère

400 Beds

Pharmacy Staff : 40



Paul-Brousse
700 Beds

Pharmacy Staff : 50



Bicêtre
800 Beds

Pharmacy Staff : 80



Initial premise

A successful governance start by a clear and well defined strategic plan, the implementation of an priority action plan according to the target and the strategic piloting indicators



CREATE A VISION

■ Value Management

- ▶ 4 brainstorming sessions
- ▶ focusing on objectives before solutions
- ▶ concentrating on functions to enhance innovation

■ Representative participation of the 3 hospitals

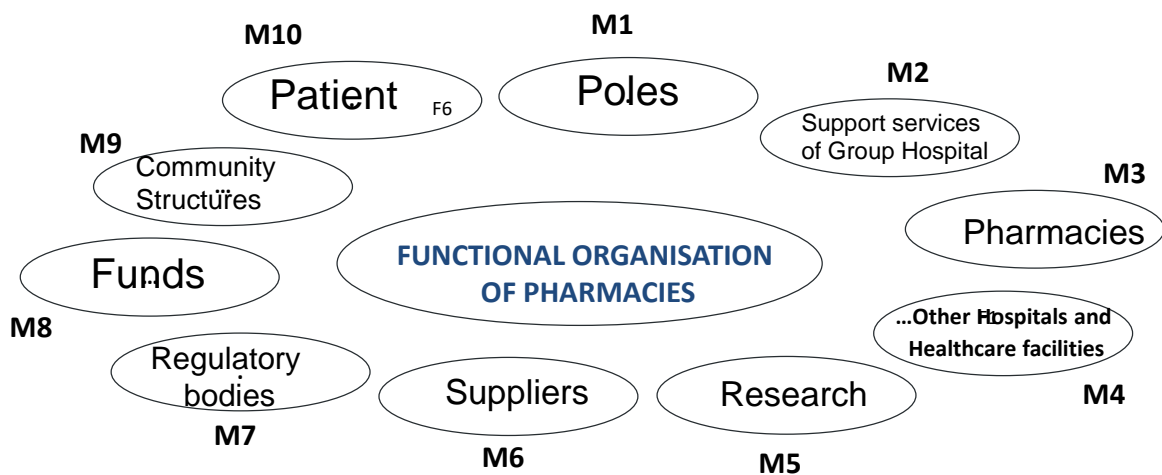
- ▶ 1 pharmacist and senior technician for 2 smallest hospitals
- ▶ 2 pharmacists and 1 Senior technician for the biggest hospital

■ 6 months

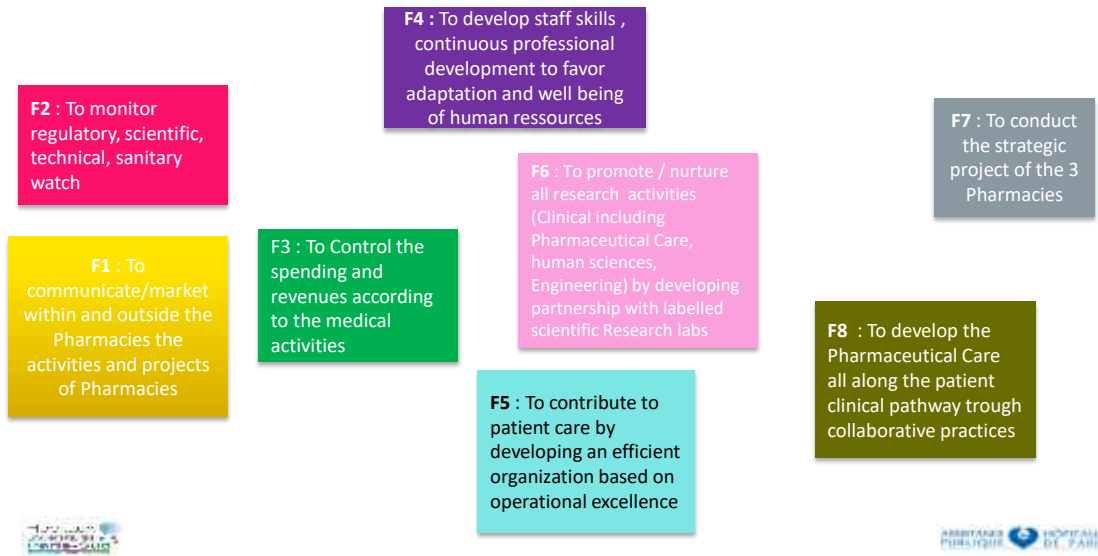
■ A project leader = facilitator



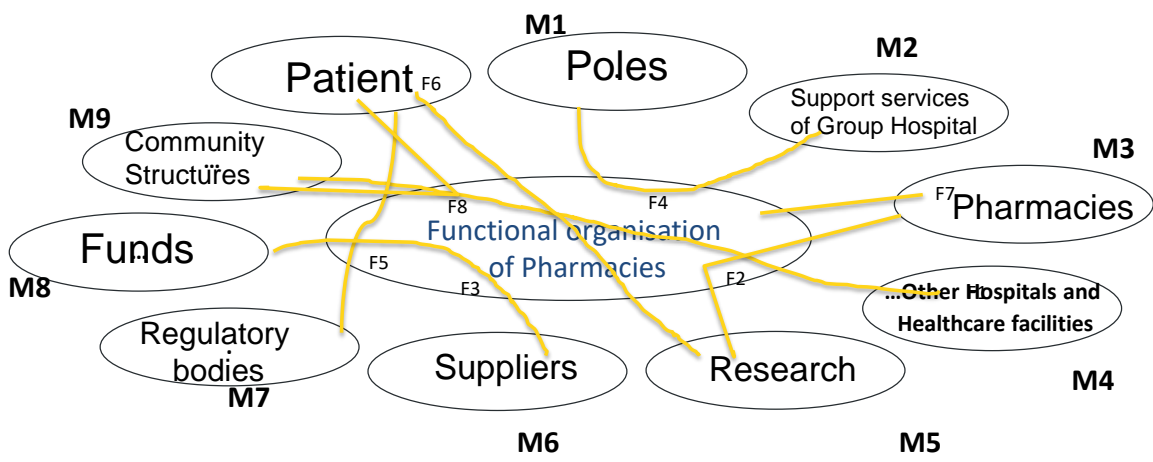
DEFINING THE ENVIRONMENT



FUNCTIONAL ANALYSIS: what are the functions?



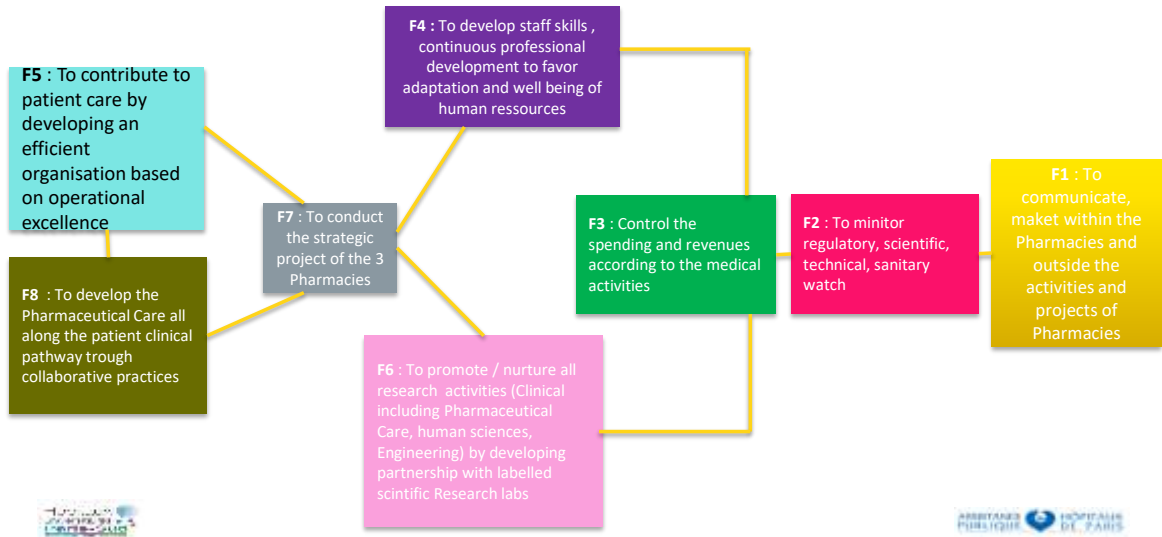
DEFINING THE ENVIRONMENT and LINKING THE FUNCTIONS



FUNCTIONAL TREE : PRIORITIZING THE FUNCTIONS

WHY ?

HOW ?



THE TARGET/VISION

**THE PHARMACEUTICAL TEAM LOOK AFTER THE
PARTNER-PATIENT ALL ALONG HIS CLINICAL PATHWAY
WITH ALL THE OTHER HEALTHCARE PROVIDERS**



5 STRATEGIC AXIS

- To become a reference center in Pharmaceutical care
- To become a center for excellence in Pharmaceutical production
- To propose an efficient organization model based on operational excellence according to regulations
- To develop innovation and research
- To be a center for excellence in training and teaching



1 STRATEGIC AXIS + OBJECTIVES

Axe 1 : To become a reference center in Pharmaceutical care

- Promoting prescriptions validation in the clinical ward
- Contribute to continuity of care all along the patient care pathway
- Promote the the best use of medicines
- Nurture the patient partnership approach



WHAT DID WE ACHIEVE?



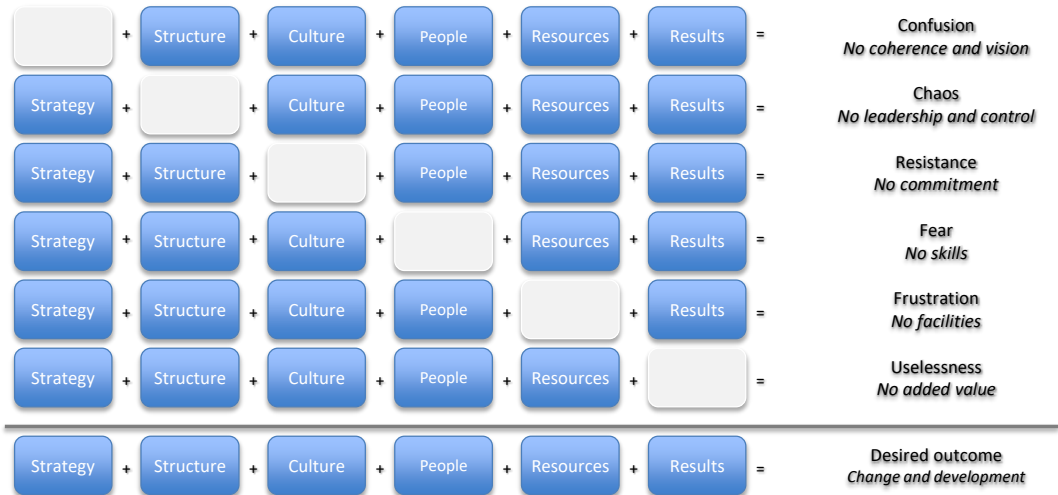
Barriers in implementation of strategic Projects



Bron Kaplan & Norton, The Strategy-Focused Organization



Change management challenges



Does it really work?

Our Recommendations



Clear and shared vision



Market and inform

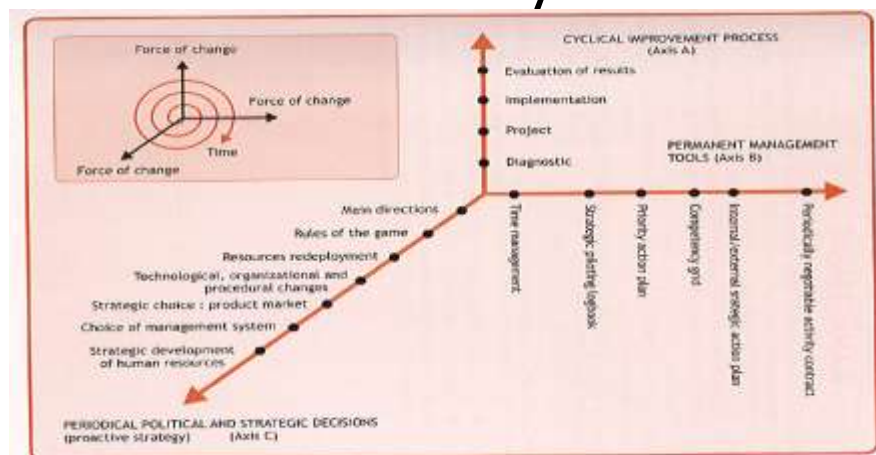


New management skills required

- ability to define the strategy and implement it through new activities and tasks
- ability to improve the efficiency of current high value activities
- ability to pinpoint the low value added tasks and overcome resistance and fear of change



3 axes of the Socio-economic intervention dynamics²



²Savall, Henri et Zardet, Véronique. *Maîtriser les Coûts et les Performances Cachés*. [éd.] Economica. 2015

Socio-economic approach to management ³

- Managers have to become
 - more open to the environment
 - spend more time outside the enterprise especially with (internal/external) customers



³ Releasing the untapped potential of enterprises through socio-economic management. Savall H, Zardet V, Bonnet M; 2008, International Labour Office, Geneva

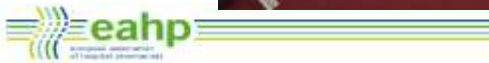


Piloting: Project reviewing

PROJETS	CHEF PROJET	SPONSOR	TYPE	SUJVI	STATUT	SCORE	1. Projets en attente de validation en CSE à l'initiative de l'entreprise	2. Projets à l'initiative de l'entreprise à l'initiative de l'Etat	3. Projets de l'Etat à l'initiative de l'entreprise
SEULETIA - service gestion	PI	SA	PROJET	+	100	10	0	0	0
Optimisation structure sociale d'Alpage	PI	SA	PROJET	+	100	10	0	0	0
Support personnes âgées et jeunes (HSA)	SE	SP	PROJET	+	100	10	0	0	0
COOP HABITAT - Mobilisation citoyenne	MEC	SA	PROJET	+	100	10	0	0	0
Reconversion des compétences	SA	SA	PROJET	+	100	10	0	0	0
COOP HABITAT - CSE conseil citoyen	SA	SA	PROJET	+	100	10	0	0	0
SAISON ALPE en pays alpin	SA	SA	PROJET	+	100	10	0	0	0
Plan de pilotage et suivi des compétences de	SAFC	SA	PROJET	+	100	10	0	0	0
Plan de développement des talents	SAFC	SA	PROJET	+	100	10	0	0	0
Le projet de la région de la Savoie	SAFC	SA	PROJET	+	100	10	0	0	0
Information programme CIP Souppes	SA	SA	PROJET	+	100	10	0	0	0
évaluation profession des Outils Produits	PI	SA	PROJET	+	100	10	0	0	0
la santé et l'habitat (Lapins)	PI	SA	PROJET	+	100	10	0	0	0
Amélioration santé SA	SA	SA	PROJET	+	100	10	0	0	0

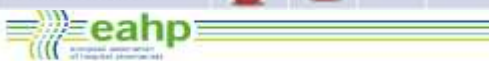


Project: sharing information



Target results

	01/15	02/15	03/15	04/15	05/15	06/15	07/15	08/15	09/15	10/15	11/15	12/15
% de demandes nominatives de médicaments en dotation	24	23										
			18									
Suivi du rangement de la salle												
Dessus armoire vide												
Etiquettes armoires OK												
Pas de bac vide												
Etiquettes vertes OK												
Absence de carton												



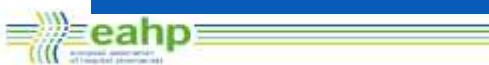
Conduct staff interviews⁴

NAME:		Birmingham Children's Hospital 			
MONTH:		WORK			
LINE MANAGER:		PORTFOLIO			
YEAR:					
PRINCIPLE RESPONSIBILITIES					
NO.	W. OF TIME	DESCRIPTION	TASKS	LINKED COMPETENCIES	TRAINING / EXPERIENCE
1					
2					
3					



⁴from Qualitybydesign© Anthony SINCLAIR

4					
5					
TARGET	OUTCOME	COMMENT			
WHAT WENT WELL - NOTABLE ACHIEVEMENTS?			WHAT WOULD I DO BETTER NEXT TIME?		



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Be patient



Communicate: feedback



**A successful project for merging start
with a strategic vision?**



**Merging pharmacy services allows to
reduce the global cost?**



- Possibly !

Take home messages

- Build a vision before you start merging
- 'Management is doing things right; leadership is doing the right things.'
– Peter Drucker

- Manage Change



MERCI

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