

# Process orientation as key lever for managing complexity in healthcare

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Companies operating in the healthcare sector are facing a high degree of complexity that is constantly rising. Social, economic, political and technological trends suggest that future economic success will be closely linked to highest levels of efficiency. At the same time, many organizations are suffering from non-transparency and inefficiencies caused by functional and hierarchical barriers. Within the tool set of Complexity Management, process orientation is a highly valuable means for eliminating silo mentality and profit from newfound agility.

Process orientation is a valuable lever for managing complexity in healthcare. As sketched in the Pharma & HealthTech edition of the Complexity Management Journal 1/2016, its methods are particularly applicable in the industry segments Pharma & BioTech, Diagnostic and MedTech. In this article, we enlarge on the potentials and applicability of process orientation for Complexity Management. More specifically, we describe the approach of process-oriented reorganization and process optimization along an example from the MedTech segment.

## Overcoming functional divides

Process orientation holds enormous potentials for efficiency improvements as it helps firms to overcome functional divides and focus on the process output. Many firms suffer from missing transparency, dysfunctionalities, redundancies and inefficiencies because of operational islands resulting

from hierarchical and functional barriers. The following figure sketches this common problem that is often the reason for silo thinking and neglecting the continuous thinking in processes.

“Given the challenge of shifting from a traditional business to a process enterprise, some may wonder if it’s worth it. We believe that, for most companies, there is really no alternative.”

Michael Hammer / Steven Stanton

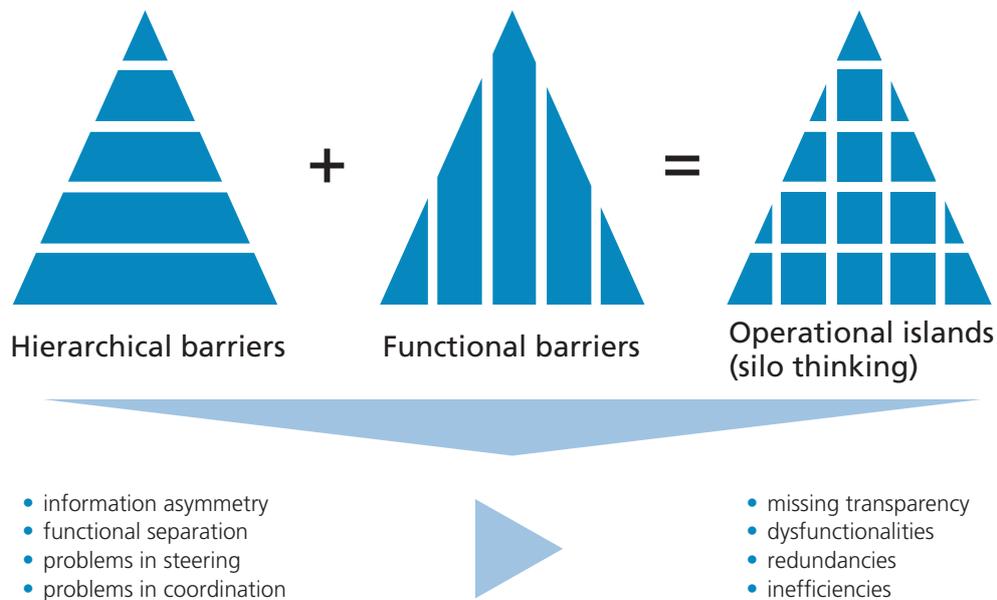


Fig. 1: Operational islands – the problem of many hierarchically and functionally managed firms

In order to overcome organizational divides and silo thinking, firms have to focus on the value creation process that links many functions, departments and the employees that add value to the process. Process-oriented reorganization is an appropriate tool to put value creation first. Thereby the employees on the shop floor are asked to describe what they are doing in their everyday job

instead of restricting the analysis to theoretical process descriptions that are not lived in reality. Based on the understanding of the real activities, the tools of process management help to realize significant optimization potentials. The following figure gives an overview of some selected tools that are applied in process optimization workshops.

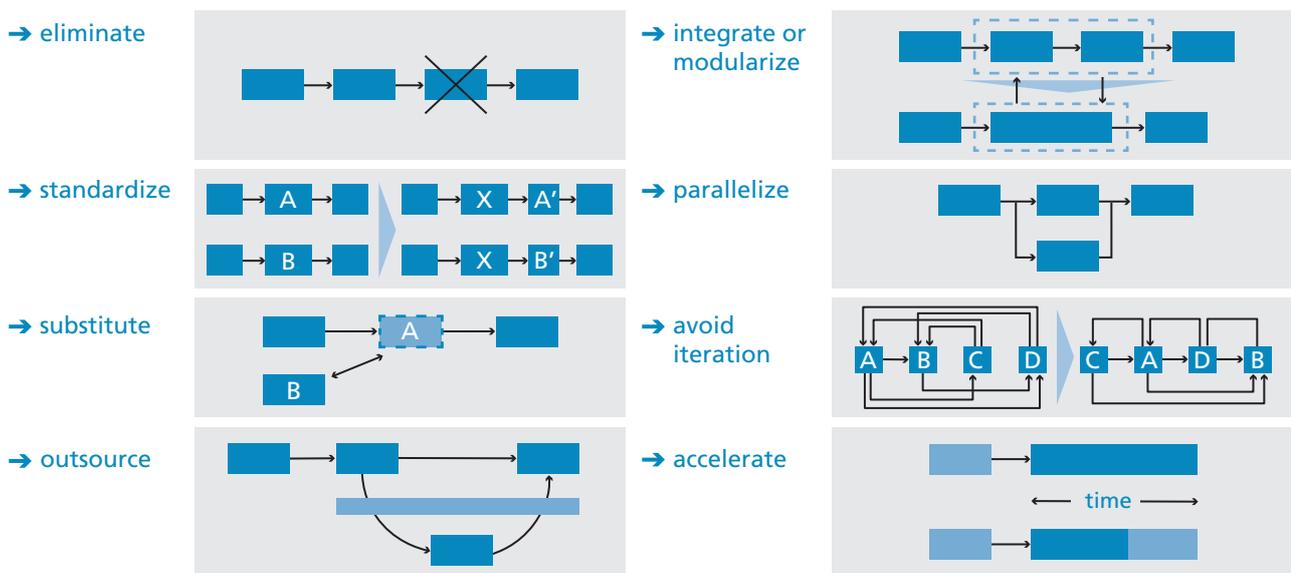


Fig. 2: Selected tools of process optimization

### Our holistic approach to process orientation

Process orientation is an important tool of Complexity Management in the healthcare industry that is especially important in today's competitive arena. However, there is no one-fits-all approach. Rather it is important to account for a firm's specific context and the particularities of a situation. Our holistic approach to process orientation guarantees the consideration of all contingencies.

In four steps, we are running through the grounded course of action to analyze processes, derive improvement potentials and develop an implementation roadmap that is accepted and supported by management as well as shop floor. The integrated approach ascertains that employees of all involved hierarchy levels and needs of all parties are considered in order to achieve sustainable success and lasting improvements. The following figure provides an overview over the approach.

“Connect the strength of radical re-engineering and the human element and ensure with this composite the realization of your results.”

Healthcare CEO

#### 1. Objective

In a first step, the strategic objectives of the process optimization are set. In order to do so, the context of the firm and the influencing factors are analyzed and tasks specified. After the strategic priorities have been evaluated, strategic success factors are identified, core processes derived and a process strategy is defined. Based on these strategic guidelines, the actions are prioritized.

### Four-step approach to process-oriented reorganization and optimization

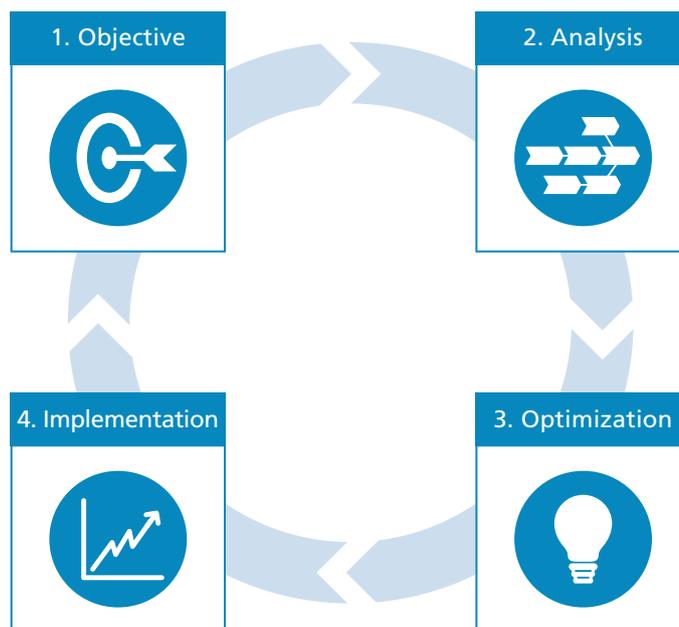


Fig. 3: Four-step approach of process-oriented reorganization and optimization

## 2. Analysis

In a second step, the status quo is analyzed. In on-site interviews with all employees that are concerned with the process the status quo is visualized. Weaknesses and inefficiencies are identified and improvement potential discussed. A to-be-process is defined and gaps analyzed. Based on the intermediate results, quick wins are processes.

## 3. Optimization

In a third step, the new optimum is derived. Therefore, optimization measures are derived first before the current process is transformed into the optimized to-be-state according to the identified improvement potential. In an iterative process, the to-be-process is reviewed and adapted until the team agrees on a final state. The latter is described in detail and specified. All results are carefully documented and consolidated.

## 4. Implementation

As a last step, the process optimization measures are implemented while taking care to sustain achievements. By implementing first improvements right away, quick wins are realized. Measures, responsibilities and the timeline of the implemen-

tation roadmap are defined and means for controlling installed. Right from the beginning the implementation roadmap accounts for aspects of both continuous improvement and knowledge management in order to sustain the achievements.

“If you can’t describe what you are doing as a process, you don’t know what you’re doing.”

W. Edwards Deming

Use case of a Swiss MedTech company – Process orientation to streamline the project development process in the context of a company-wide efficiency program

The case company is a Swiss manufacturer of Med-Tech products. In 2015 approximately 3.000 employees generated around 370 Mio CHF. In order

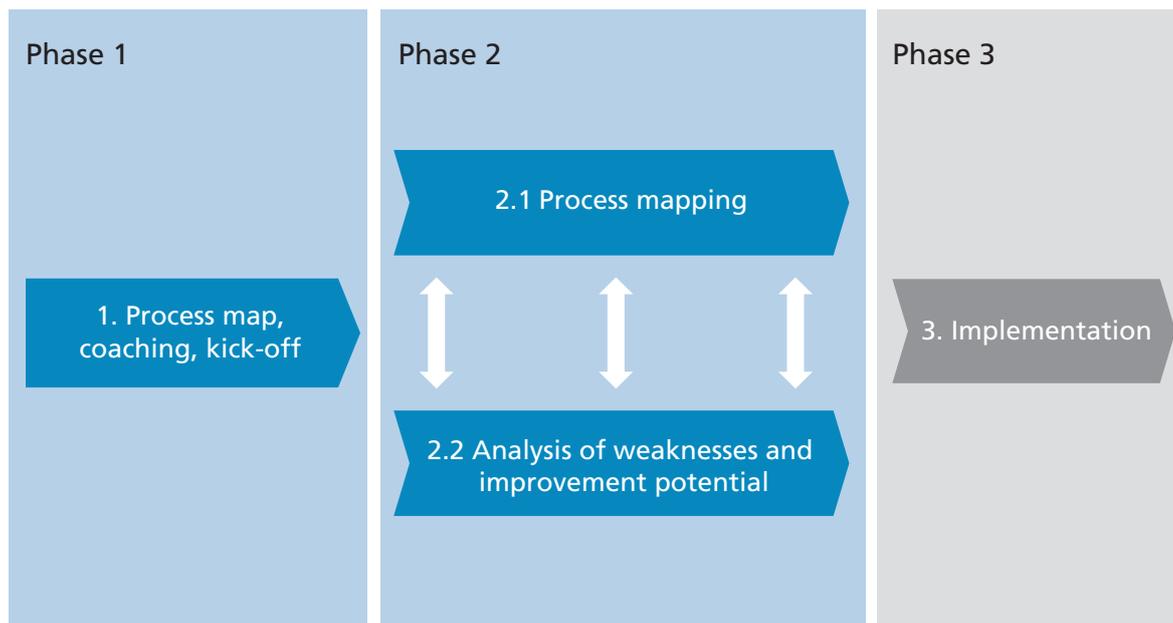


Fig. 4: Project phases and steps

to improve efficiency, the medical technology division has launched an initiative to reorganize business processes and organizational structure. The basis of these activities is the improvement of transparency and the optimization of the internal core processes. The experts of Schuh Group have been mandated to support the company in this endeavor. Figure 4 gives an overview of the project setup.

In the first project phase the consultants helped the firm to increase transparency over all core processes and initiate a thinking in processes. In order to do so a process map was created, employees were coached in process-oriented thinking and the project was initiated in a kick-off meeting. The following figure shows an intermediate model of the company's process map. The map has been developed together with the consultants of Schuh Group and was constantly updated in the course of the project.

Based on the overview of all core processes and strategic deliberations, the management of the

company conducted a prioritization of the processes. In a first step they decided to focus on the second core process that describes the activities of project development. With this decision, the project team started with the second phase that was divided in two steps: First the process was carefully mapped by interviewing all employees involved in the value creation steps and documenting the findings. In a second step, weaknesses in the process and associated improvement potentials were identified. The team discussed the improvement measures in detail and sketched guidelines for the implementation. For each measure the team crafted a fact sheet with a short description, responsibilities, objective of implementation and a prioritization assessment.

By assessing all measures the team created a solid basis for the prioritization assessment. The assessment results of all improvement measures were consolidated in a diagram in which the expected value and effort of the implementation was mapped. Measures with low effort and high expected value were scheduled for immediate implementation.

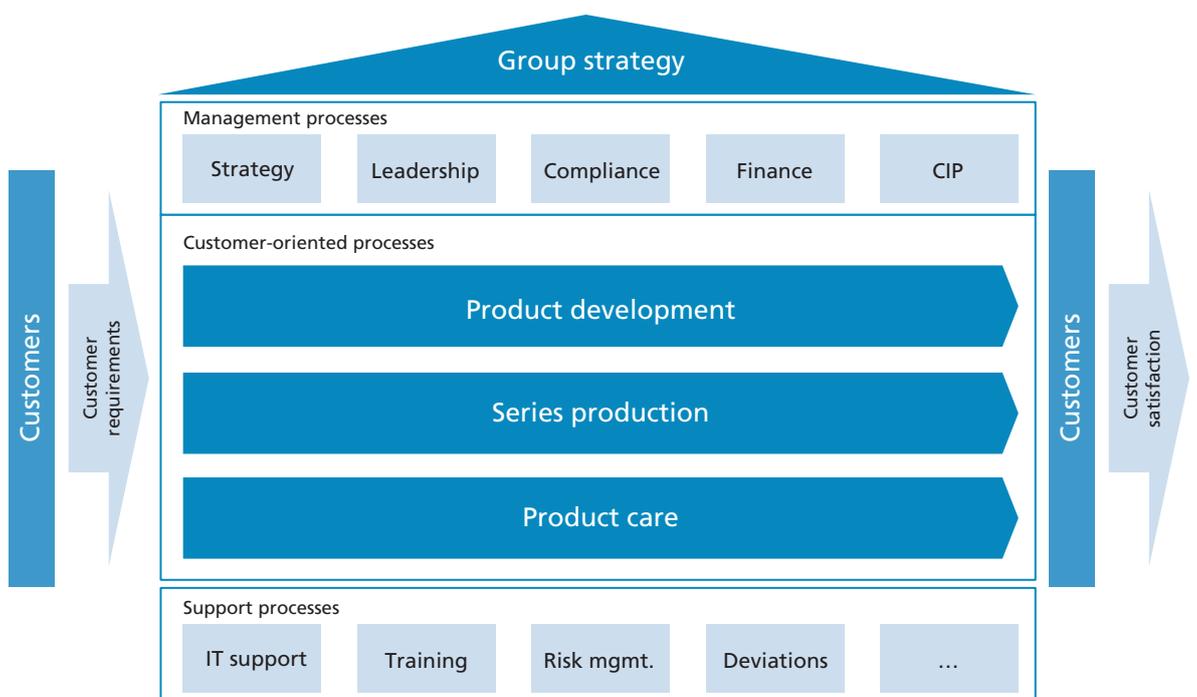


Fig. 5: Process map and selection of processes for optimization

Cluster		Cluster no.
Systematic sales approach		1
Efficient project controlling		2
Clear task, rights, responsibilities		3
Professional project management		4
Consistent priorities		5
Stage gate process	RFQ	6a
	Design freeze	6b
	Ready for PQ	6c
	Ready for validation	6d
	Hand-over	6e
Integrated workflows		7

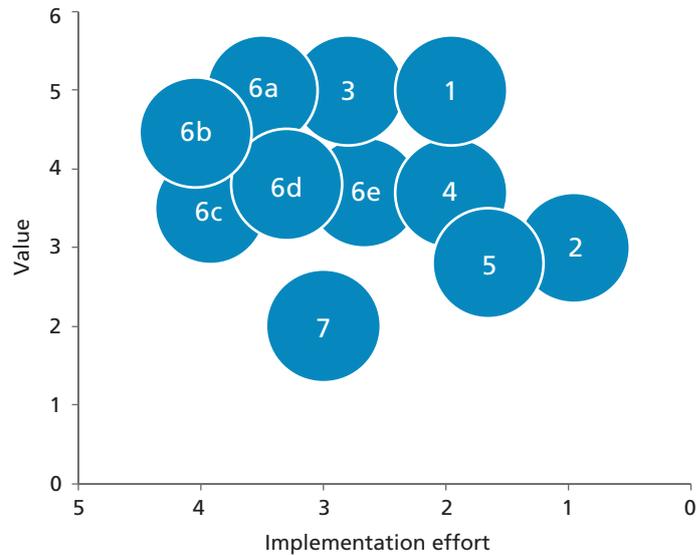


Fig. 6: Improvement measures and prioritization for implementation roadmap

Following this same logic all other measures were handled accordingly. The figure below provides the list of measures and the assessment plot.

Based on the results of the process orientation project, the case company started the implementation of all improvement measures. Due to the coaching in process orientation, silo thinking and functional divides have been abandoned. Furthermore, the employees involved in the project now truly live the optimized process because it is the result of their own work. Everyone understands what each step in the process adds to the overall value creation and works hand in hand with other functions or organizational departments.

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