

However, does it
cost? and what is it



However, the industrial types of activities lend themselves better to such analysis. They include dietary, housekeeping, plant operations, CSSD, laundry and maintenance dept. Other areas are nursing, radiology, laboratory, forms, documentation, utilities and inventory.

2. Information phase:

Collection of all relevant data by the team.

The team should consist of the line manager of the department or service, and the assistant hospital administrator. The general method and procedure to be adapted should be explained to all the members. It would be wise to communicate the management intention to union leaders where applicable.

3. Function phase:

Function of an item, process or service can be classified into Basic Functions and Secondary Functions. Function phase finds answer to the questions: What does it do? What does it cost? And what is it worth? (Worth is defined as the lowest cost to achieve the basic functions). After determining the level (Primary or Secondary), a cost analysis of that function is done, meaning that costs are ascribed to each function.

Right kind of searching questions will have to be asked while collecting information of this phase.

4. Creative phase:

The team then tries to find answers for the question “ what else could do the same function?” This generates multiplicity of ideas and ideal attributes of

an item. Think sessions, consultations with experts, and direct observations lead to analysis of present situation and generation of cost saving ideas.

As many ideas as possible should be generated and discussed.

5. Evaluation phase:

Each attribute can be evaluated on a four point scale (0, 1, 2, 3) and compared with others. Evaluating each idea in terms of rupees saved is the aim.

Each cost reduction opportunity is ranked in order of its cost reduction potential. It is reemphasized here that cost reduction should not be achieved by compromising quality.

6. Recommendation phase:

The team develops and refines the best suggestion. Presentation of the recommendations to the clinicians, nurses and other staff (users) should follow. For every change, there is resistance.

All units of the hospital affected by the service should have the chance to comment on the accuracy of risk evaluation and put up views on any aspect or idea that has not been adequately considered.

7. Implementation phase:

After all the above considerations, the management decides which cost reduction opportunity should be implemented, and then carry out its implementation.

8. Evaluation phase:

It is carried out as a Technical audit to assess the technical advantages, and as Cost audit to assess the actual savings, after a suitable interval after implementation of the project.