London bridge hospital operational methods and strategies

Health & Medicine, Hospital

Introduction

The London Bridge Hospital has many facilities like air conditioned rooms that ensure that the patients are comfortable while receiving treatment at the hospital. It is easily accessible from both the city and the southern counties. The London Bridge Hospital just like other hospitals within the United Kingdom is a large and complex organization that heavily relies on different strategies to provide good care to the patients. Healthcare operations management as a discipline integrates both qualitative and quantitative aspects of management in determining the most optimal and efficient methods of offering support to the patients in the hospitals (Teoh, Pan & Ramchand, 2012, p. 588). The London Bridge Hospital uses operations management methods and strategies in understanding and improving labor productivity, shortening cycle times, improving the overall experience of patients, and reducing waiting lines. All these contribute to the overall financialhealthof the hospital.

Operational methods and strategies in the Healthcare Industry

In the healthcare industry and in particular hospitals, healthcare operations is a summation of all the functions that allow the hospital staff to offer their services to the patients in the best possible way. Chahal (2010, p. 362) says that the various transformations going on in the healthcare industry across the world are driving the people working in hospitals and other healthcare facilities to also adopt the reforms in their daily operations. The management of the London Bridge Hospital is aware of the fact that operational efficiency is critical to the success of any business organization. This is particularly so

because the opinions developed by the patients on the hospital plays a big role in determining not only whether they will come back or not but also on the messages that they pass to their peers who are also potential clients to the hospital (Stock & McDermott, 2011, p. 145).

The London Bridge Hospital faces many different challenges that range from resource utilization, improvement of care, to lowering the costs to the patients. Reduction of the bottlenecks and implementation of solutions to the common problems are vital in ensuring the success of the hospital in both the short and long run. The hospital has both internal and external customers. The external customers of the London Bridge Hospital are the patients and other people who visit the hospital and its other premises for help. In particular it includes the patients, their friends, familymembers or any other representatives. Harper (2002, p. 169) says that the internal customers on the other hand are the facilities and the hospital staff. The employees of the hospital often buy products like medicine from the hospital store, come for treatment whenever they get sick and refer their friends and relatives to come to the hospital. The latter category of customers is very important in determining the success orfailureof the hospital as they are not only customers of the hospital, but also offer service to the external customers. This is why the management of the London Bridge Hospital does its best to ensure that its employees are well remunerated and have good working terms.

As already outlined, the external customers are the people receiving services from the hospital. These customers expect the hospital staff to adapt a more

personal approach in executing their service and willingness to keep them happy. The internal customers on the other hand expect that the different departments in the hospital should function efficiently in order to improve their work experience. For example, the central department should always ensure that all the instruments used in patient care are properly sterilized and stored in their right places (Dwyer et al 2010, p 519). They should also ensure that the doctors get the right instruments when they need them. This is an important department in the hospital as the nurses, other hospital staff and doctors depend directly on it and its efficiency has a direct impact on the external customers.

Operational objectives

Healthcare operations management as a discipline integrates different principles of scientific management in determining the most optimal and efficient methods in supporting the delivery of care to the patients. Although the London Bridge Hospital does not have a department named operational management, most of the positions in the hospital involve roles of coordination and execution of different operations. Nearly 85% of hospitals are nonprofit in nature as they are there to serve the community in which they operate (Dey, Hariharan, & Clegg, 2006, p. 861). Some nonprofits hospitals are often exempt from paying some taxes and are not required to continuously show positive growth rates or large profit margins like is done by most publicly traded companies. However, if a hospital fails to show positive return on the capital invested then there will be negative consequences on the economy. For instance, if a hospital fails to show

reasonable margins, then the public bond market (the public bond market finances most of the healthcare growth today) will likely record sub-par credit ratings. Sachdeva, Williams & Quigley (2007, p. 162) claim that the consequence of this is that the bonds will have poor yields hence rendering the hospitals less than stellar investments for bondholders.

The limited profit margins imply that there will be littlemoneyto invest back in the business to ensure that the buildings are updated, technologyinnovated, equipment replaced and clinical programs continue to expand and be enhanced. Without the investments, the hospitals will lose the ability to attract the most qualified administrators and physicians and the downward spiral will continue. While some healthcare systems and hospitals at times wait for changes in public health policy to save them, some competitive and successful ones like the London Bridge Hospital act in advance in order to save their margins. The current economic climate is characterized by perpetual pricing pressures that affect the top of the line income statement. In fact more than 50% of all hospitals report negative profit margins (Sinreich, & Jabali, 2007, p. 301). This is why it is essential for hospitals to start looking forward toward more sophisticated business strategies in order to succeed. The London Bridge Hospital uses differentiated marketing strategies and programs, long term planning on service lines and broader use of advertising in order to be able to succeed in its business operations. It does this in tandem with adopting broader logistical and operational techniques into the business affairs of the hospital.

The London Bridge Hospital monitors and maximizes labor productivity for all the medical support and allied health professionals as a way of maintaining salary expenses. The other strategies that other hospitals have adopted but are not currently in use by the London Bridge Hospital include:

Incorporation of methods of scheduling optimization and queuing theory to eliminate time wastage and cycle time out of hospitals.
Incorporation of techniques of logistical and supply chain in reducing operational expenses.
Elimination of excess safety stocks.
General improvement on the management of the working capital.
Use of technology in the automation and streamlining of all the hospital operations to reduce operational costs and maximize efficiency.

The hospitals and other healthcare organizations cannot depend on the extrinsic factors like shifts in managed care market structures and health policy as tools for changing their margin potentials. Although the macro level issues are important, the organizational and micro economic issues are more important as they have a strong and direct impact on a particular organization. In fact all the microeconomic issues are a function of operational management. As such, operational management is a set of intrinsic decisions and processes that assist in addressing productivity, costs, process and technology (Ford et al 2004, p. 26).

Healthcare is a primary service sector because the industry provides intangible goods to the customers. The goods here cannot be seen or

touched. The services provided by the London Bridge Hospital and other hospitals in the industry are somewhat unique, differentiated, knowledge based and have high levels of customer interaction (Teoh, Pan, & Ramchand, 2012, p. 588). There are also physical goods that accompany the service in the hospitals which the supply chain procures and replenishes. The hospitals also store medical supplies and pharmaceuticals. Therefore, in this regard hospitals have a mix of both tangible and intangible characteristics. It is these attributes that make operations management in hospitals a little different from those of other industries that strictly produce physical goods.

It is in this regard that Harper (2002, p 171) defines healthcare operations management as the quantitative management of processes and supporting business systems that transform resources (inputs) into healthcare services (outputs). Inputs in this case refer to the resources and assets like equipment, labor, technology, cash, personnel and space. The outputs include actual production and delivery of healthcare services. Quantitative management uses extensive quality improvement techniques, optimization and analytical tools to drive improved results. Healthcare operations management integrates quantitative or scientific principles in determining the most optimal and efficient methods of supporting patient care delivery.

Functions of Healthcare Operations Management

Healthcare operational management is a relatively new field in healthcare although it has been in existence in the other industries for many years. Its scope includes all functions related to business processes and management

systems that underlie clinical care. It includes physical labor, physical network optimization, workflow, process engineering, supply chain and logistics management, capacity design, staffing and productivity management (Lorence & Jameson 2002, p 749). The healthcare operations and logistics management includes all the business functions that provide job opportunities for the people like administrators, operations supervisors and scheduling manager.

Operations ManagementObjectives or Issue to consider

Workflow processHow many manual processes exist?

Are there ways of reducing steps, cycle time and choke points for the key processes?

Can we improve speed and patient satisfaction?

Are there too many departments or people performing the same task?

Capacity design and planningHow to reduce bottlenecks to improve the experience of patients?

In which case to increase the use of technology to improve labor productivity?

Staffing levels and productivity managementHow much output to expect from the employees?

Have we maximized the use of automation and electronic commerce in increasing productivity?

Quality, planning and process improvementDo we know how to compare the key competitors?

Do we use advanced tools for tracking projects?

Have we identified the quality issues that affect thegoalsof customer satisfaction and efficacy?

Physical layoutAre the hospital facilities designed with the consideration of traffic flow, operational efficiency and consideration of speed?
Physical network optimizationHow to strategically utilize vendors and their facilities

Where to strategically position the different facilities like pharmacy satellites, supplies and warehouses in order to minimize costs and resources.

Supply chain and logistics managementHow much inventory needed at a particular time

Whether or not to use perpetual inventory in ensuring stringent internal controls and accurate financial reporting

Have we built collaborative planning and forecasting processes to standardize items and reduce total costs?

The goals of operational management

The operational management team in the hospital is tasked with different goals and functions in the hospital that include reduction of variability, costs,

improve logistics, business processes, productivity, flow of logistics, and quality of customer service. These are explained in more details in the following sections

Reduce costs

The primary role of operational management is to take out the costs of the healthcare system. It finds waste, improves utilization, stabilizes and reduces the overall costs of service delivery. A hospital that has an appropriate management and tracking system with the ability to isolate material, personnel and other resources utilized for delivery of care is more likely to reduce the costs of operation because it has a good understanding of the underlying cost structure (Teoh, Pan, & Ramchand, 2012, p. 591). Once the costs have been identified and all unnecessary wastes eliminated then an organization can operate efficiently.

Reduce variability and improve the flow of logistics

The operations management team should continually look for more efficient and optimal ways of moving both physical and information resources. This should go together with reducing variability. Chahal (2010, p355) defines variability as the inconsistency or dispersion of inputs and outputs. Variability disrupts processes because it leads to uncertainty, too few or many resources and inconsistent results. For instance, if there are 30 patients seeking treatment in a certain hospital within a specific period, and then in the following period the number doubles or triples it creates problems for the employees in terms of controlling waiting times and general management of patient flows. An improvement in flows means higher yields

or throughput with the same level of resource input. Shapiro & Shapiro (2003, p246) define throughput as the velocity or rate at which goods are delivered or services performed. In the hospital situation, if a hospital attends to ten patients per hour and can increase the number to 15 per hour then this represents a 50% improvement in throughput and logistical flow (Miller, Sumner, & Deane, 2009, p. 156).

In the same manner, if the number of patients in the hospital doubles and the hospital manages to maintain the same historical inventory levels of pharmaceutical supplies then this is a significant improvement in material flow owing to the higher level of capacity utilization. Resource consumption and staffing should be directly tied to workload and patient volumes (Cowen, 2008, p. 410). If the number of patients increases the quantity of the resources should equally increase. Good management of this variability allows a change in staffing mix and scheduling to accommodate the changes without staffing at the low points, valleys or peaks.

Improve Productivity

Improving productivity means looking for higher levels of output from all employees and other assets. This ensures that the hospital is operating optimally with high levels of efficiency by not only eliminating bottlenecks but also making efficient use of the available resources within the organization (Leury, Jean-Louis, & Sicotte, 2003, p58).

Improve the quality of customer care

Improving quality means reducing medical errors and improving the safety of the patients. Additionally, constant improvement and maintenance of high quality service levels in terms of both patient care and other business services like admissions and cafeteria is also important. In the healthcare industry just like other industries, higher quality services leads to the ability to secure higher prices and this has the effect of driving an increase in operating margins and market shares (McCue & McCluer, 2008, p 36). Ensuring an improvement in the patient satisfaction levels and reducing waiting and response times simultaneously ensures that the patients get higher quality services.

Continuously improve Business Processes

In the highly structured organizations like hospitals, business processes often tend to be unique in all departments as they are not integrated or highly cross functional. For example the operating room of a hospital may handle the procurement of a certain good in a certain way while the gynecology department of the same hospital handles it in a totally different way. Miller, Sumner, & Deane (2009, p. 110) assert that in large hospitals most departments operate as independent businesses which lead to multiple problems of efficiency. This is where operations management comes in as it ensures that efficiency and effectiveness are greatly improved in the organization.

Recommended Changes

From the analysis it is clear that the London Bridge Hospital is performing fairly well in terms of operational management although there are areas that the hospital management needs to work on in order to improve the general performance of the organization. First off the hospital should incorporate methods of scheduling optimization and queuing theory to eliminate time wastage and cycle time out of hospitals. Efficient scheduling and queuing methods will improve the experience of the customers by eliminating unnecessary time wastage. The hospital should also incorporate techniques of logistical and supply chain as a way of reducing operational expenses. Improved logistics and throughput in the hospital will increase the workflow and overall capacity (Noon et al 2003, p97). The London Bridge Hospital should tie staffing and resource consumption directly with workload and patient volumes. This will ensure that if the number of patients increase, then the number of resources should equally increase as a response. Once the hospital manages to efficiently deal with the variability in the number of patients, it will have created a change in the staffing mix and scheduling to accommodate any changes. Staffing at the peaks leads to excessive costs whereas staffing for the valleys leads to periodic long lines because of the limited resources. The success or failure of the hospital depends directly on its readiness to cope well with the valleys and peaks without disrupting the normal flow of operations. This is where technology comes in as it automates most if not all of the manual processes. It also improves transaction processing capabilities and the quality of analysis, reports and organizational decisions. This will alter all the economics of the hospital because mechanization allows for faster production and delivery using relatively less

resources. Substituting capital or technology for labor especially in the department of business support services will reduce transactional and processing costs in the long run. As such, the role of technology in enhancing productivity is one which the London Bridge Hospital should take into consideration.

Conclusion

Although operations management is a relatively new phenomenon in the healthcare industry compared to the other industries, it is important to the industry because hospitals face the same challenges just like the other business organizations. The London Bridge Hospital is already making use of most of the principles of operational management although it still needs to implement some changes in its way of operation as highlighted in the discussion. These changes will ensure that the hospital continues to perform well both in the short and long run. Hospital operational management will help the London Bridge Hospital to deal efficiently with the challenges that it is currently facing. Additionally, this paper has shown that the manner in which the hospital responds to the valleys and peaks is critical to its performance. Hospital operational management has the solution for this as it puts in place mechanisms that ensure that the organization makes optimal and efficient use of its resources to achieve the best results without any shortages or wastages in terms of resource allocation and utilization.

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