

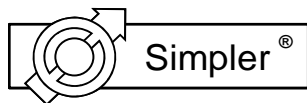
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# Fundamentals of the Simpler<sup>®</sup> Business System - Healthcare

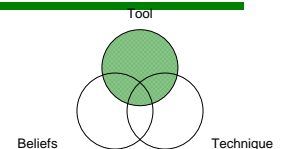


## California Health Information Executive Forum

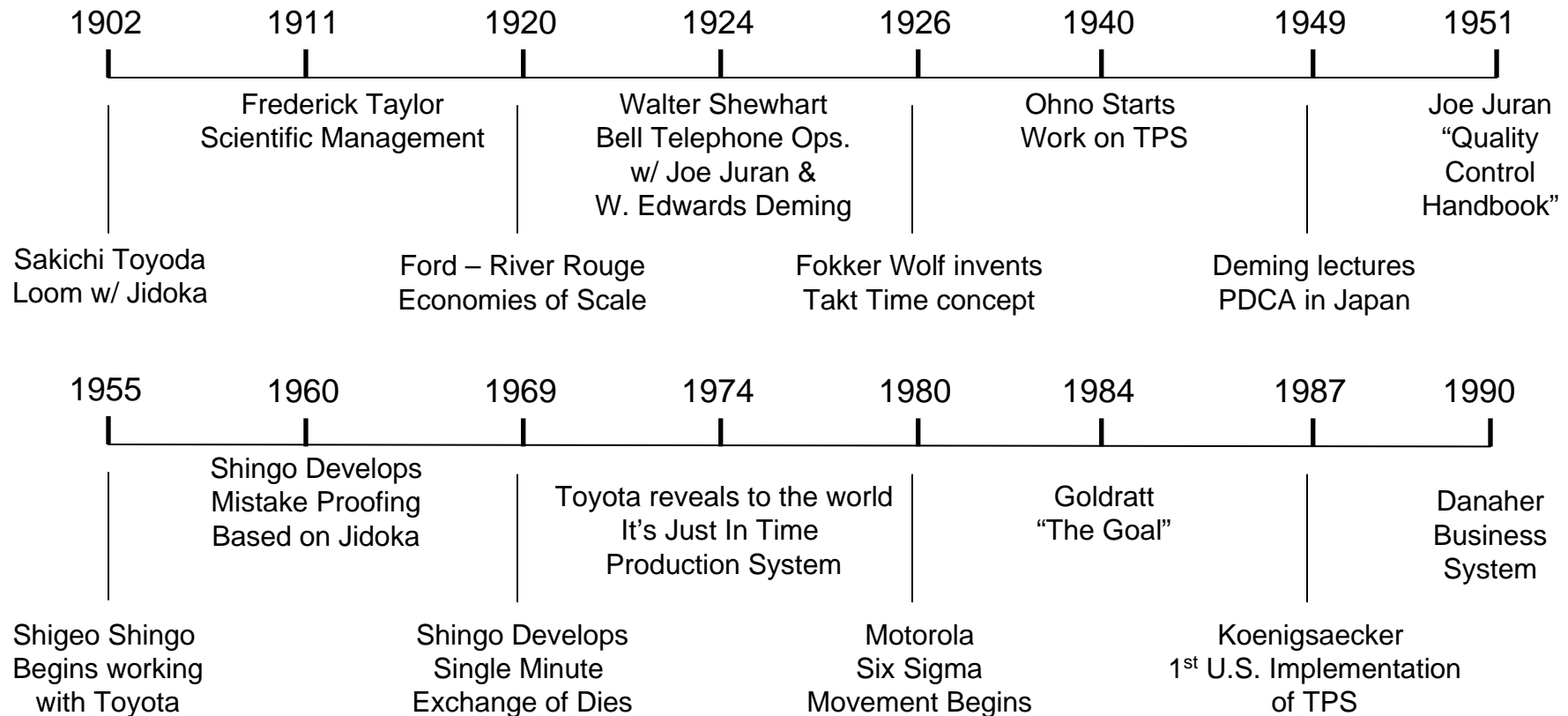
January 29, 2009  
Steve Matteson



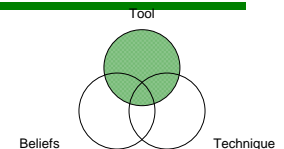
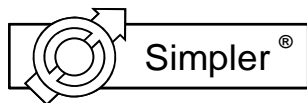
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Simpler Business System<sup>®</sup> 11.0  
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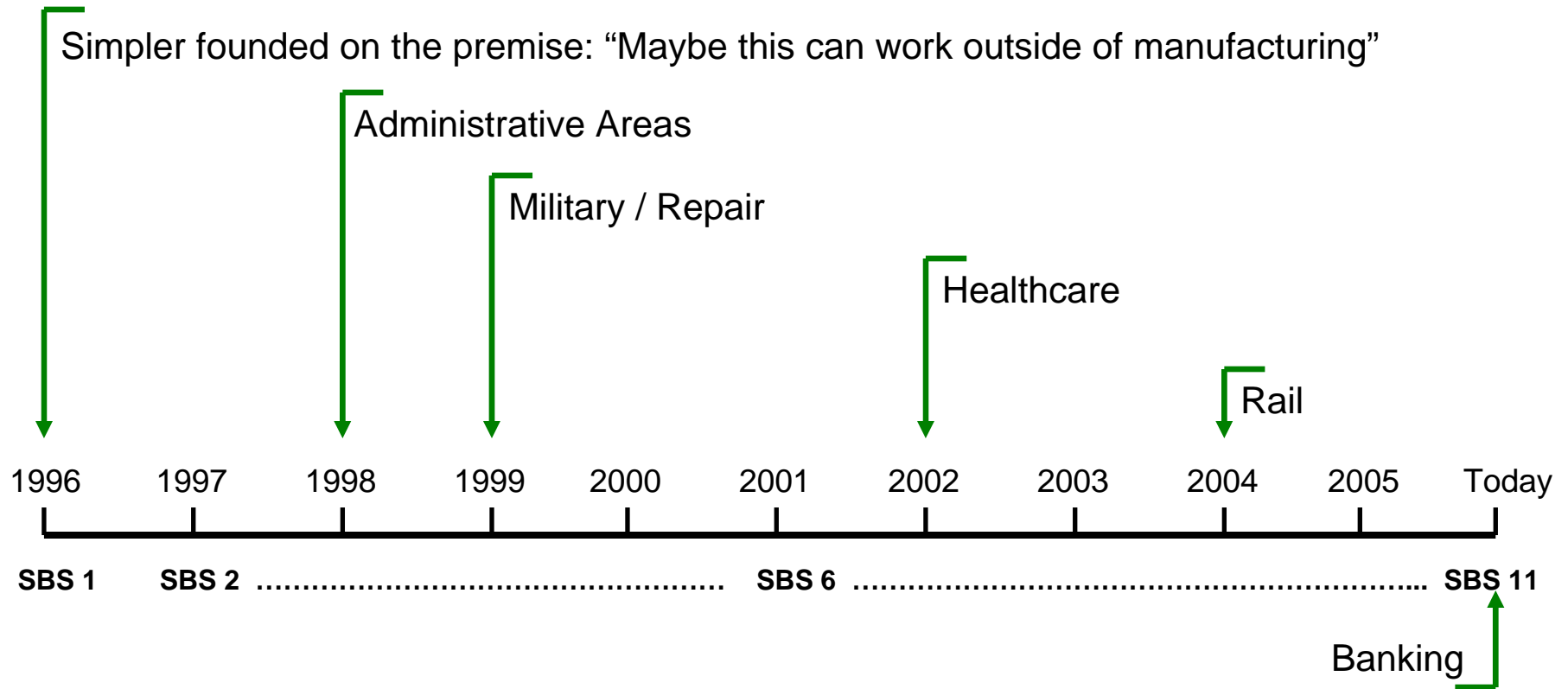
# Timeline of Business Improvement



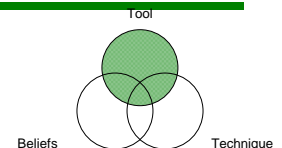
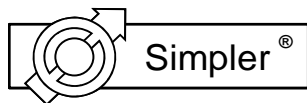
**SBS is a Business System based on a rich history of improvement methods**



# Timeline of Simpler<sup>®</sup> Business System



The Simpler<sup>®</sup> Business System is designed to work in every sector



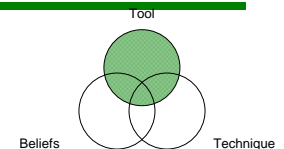
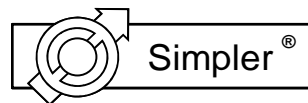
# Simpler<sup>®</sup> Business System Philosophy

Based on two simple concepts

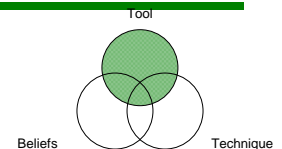
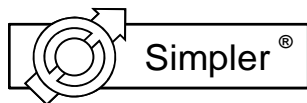
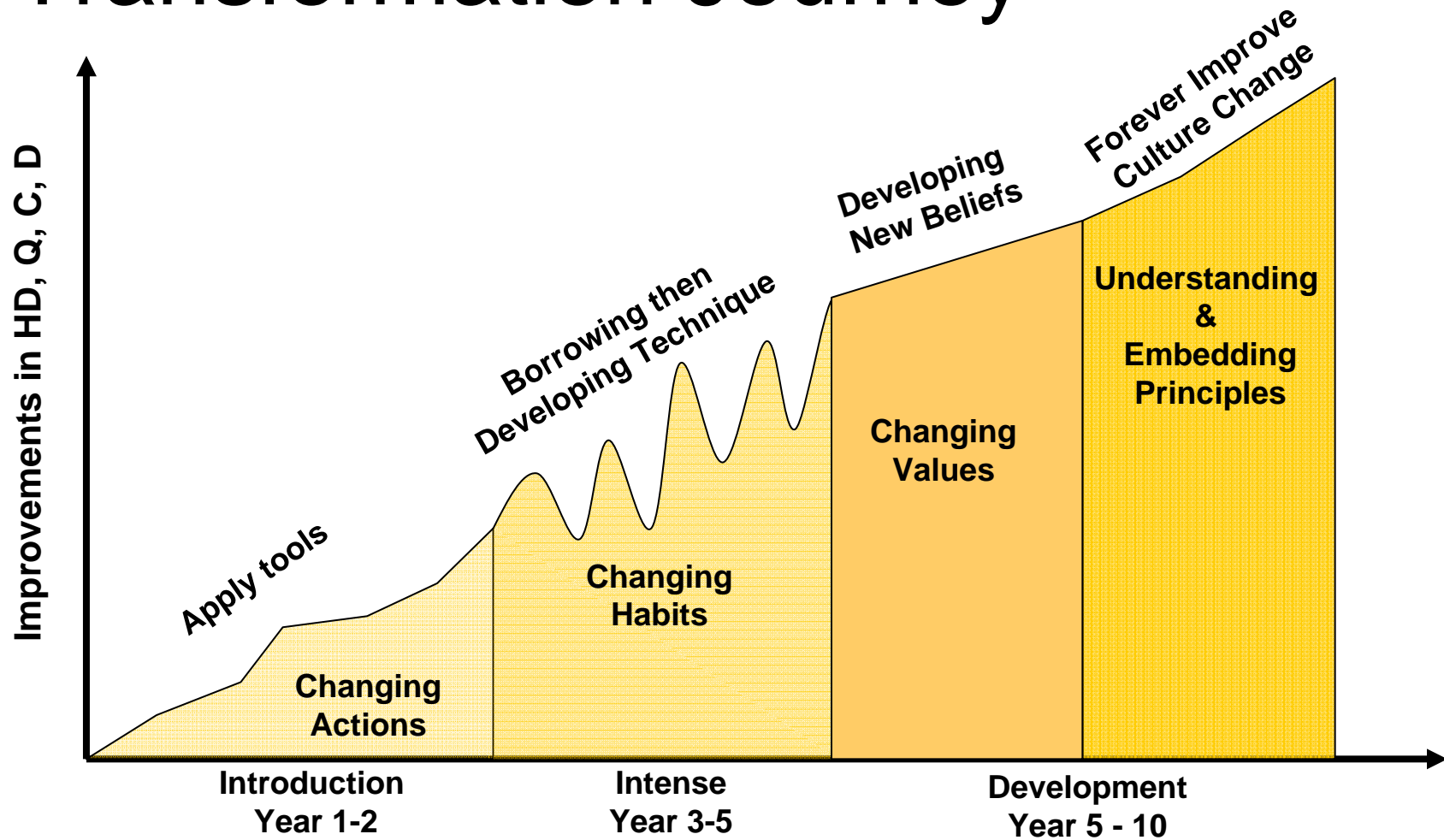
- ❑ Respect for People, Patients and Society
- ❑ Continuous Improvement



Respect for all people is a foundational value that guides the  
Simpler<sup>®</sup> Business System



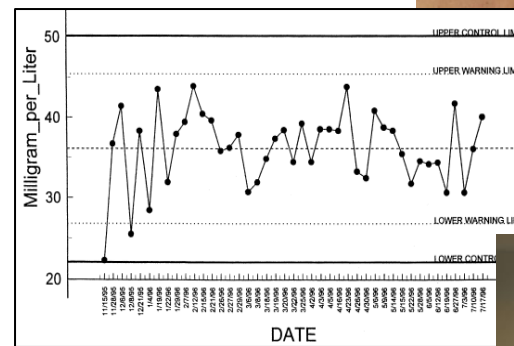
# Transformation Journey



# Seek Healthcare Improvement through.....

Continuously Reducing:

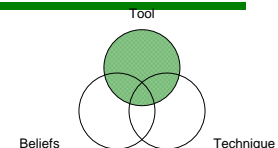
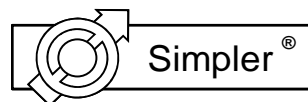
- Waste
  - Operational
  - Service design
- Unevenness
- Overburden



Continuously Enhancing:

- The Mission of Healthcare
- Everyone's capabilities

Eliminating Waste is only part of the battle

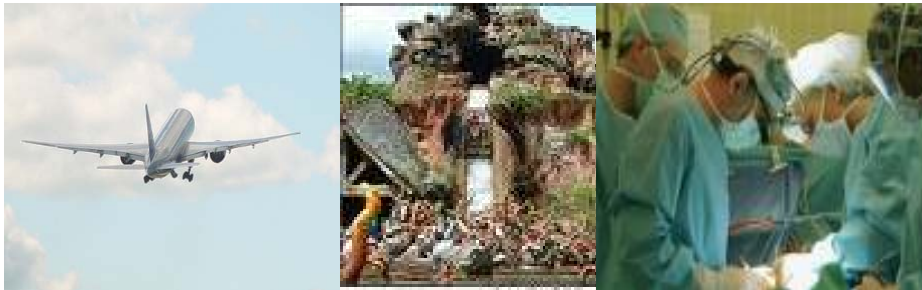


# Operational Waste

In the eyes of the Customer/Patient everything an Enterprise does either **ADDS VALUE** or does not.

## ***Definition of Value Adding***

- Any activity that directly contributes to satisfying the needs of a customer.

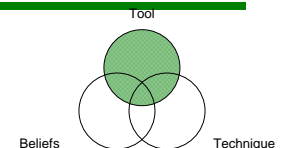
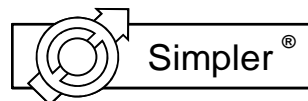


## ***Definition of Non-Value Added***

- Anything that consumes time or resources but does not add value



**What steps in your process are Value Adding?**

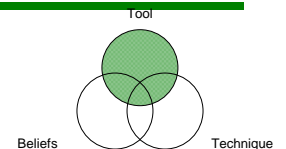
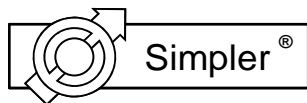


# Focus of Improvement



Total Flow Time for Patient

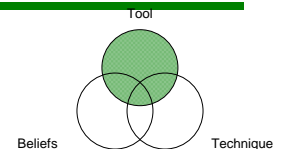
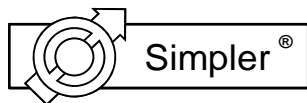
*Improvement will be easier and more likely to succeed by focusing on & removing the non-value added activities (waste)*



# 8 Wastes in Healthcare

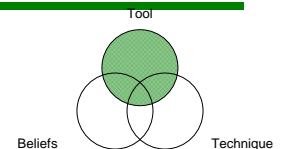
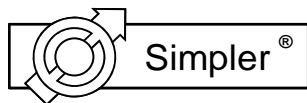
- 1 OVERPRODUCING  
*Too much and too early*
- 2 TRANSPORTING  
*All patient, staff and material movement*
- 3 DEFECTS  
*Inspection and rework*
- 4 WAITING  
*Queuing, idle time*
- 5 PROCESSING WASTE  
*Wrong machines, wrong procedures*
- 6 UNNECESSARY MOTIONS  
*Reaching, bending, searching ...*
- 7 INVENTORY  
*All stock and corresponding control systems*
- 8 UNUSED HUMAN POTENTIAL  
*Problem solving skills of people*

1st order improvements result from eliminating waste



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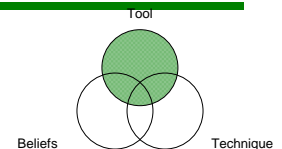
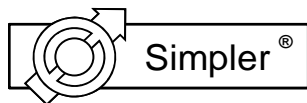
# Principles of the Simpler® Business System



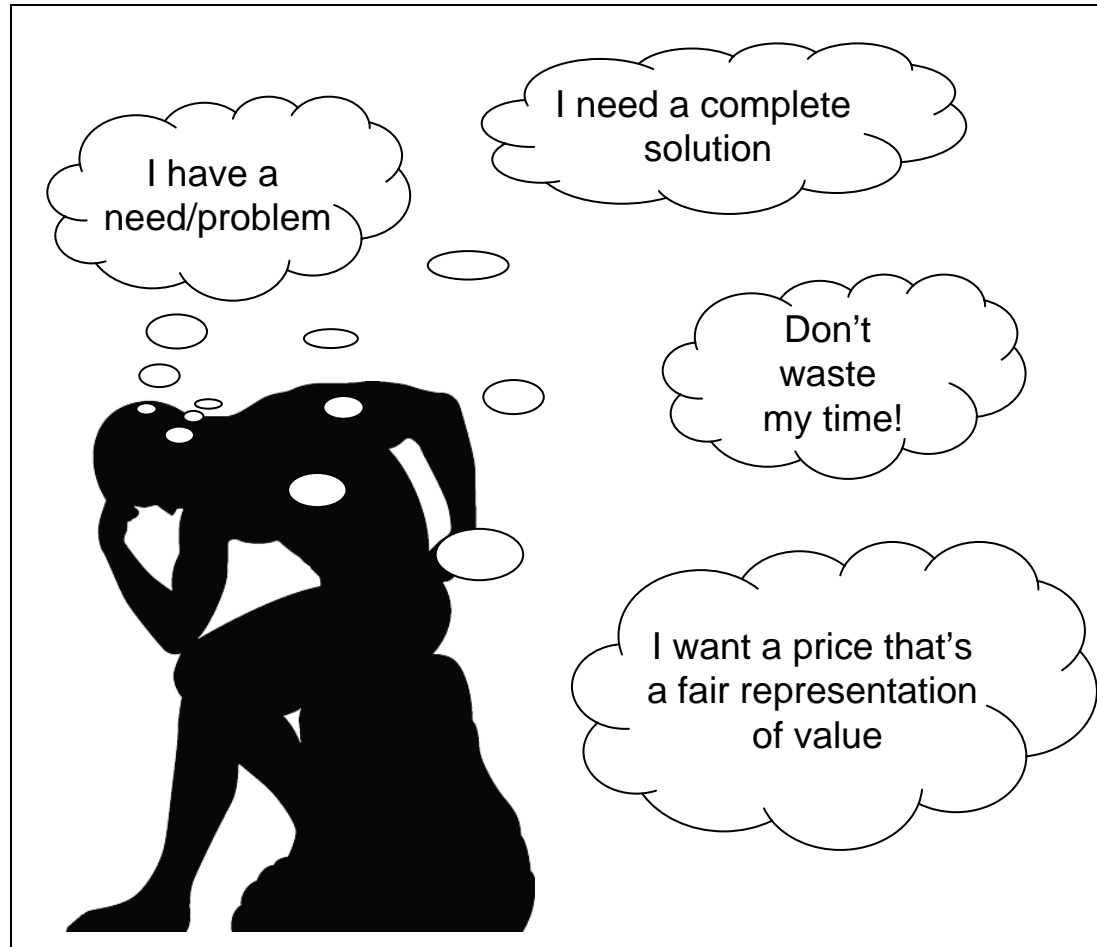
# Principles of the Simpler<sup>®</sup> Business System

- The Customer defines value
- Deliver Value to Customers on Demand
- Standardize and Solve to improve
- Transformational Learning requires deep personal experience
- Mutual Respect and Shared Responsibility enable higher performance

Basic ideals derived from decades of experience



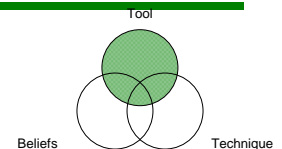
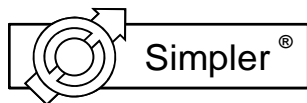
# The Customer Defines Value



$$\text{Cost} = \text{Value Added} + \text{WASTE}$$

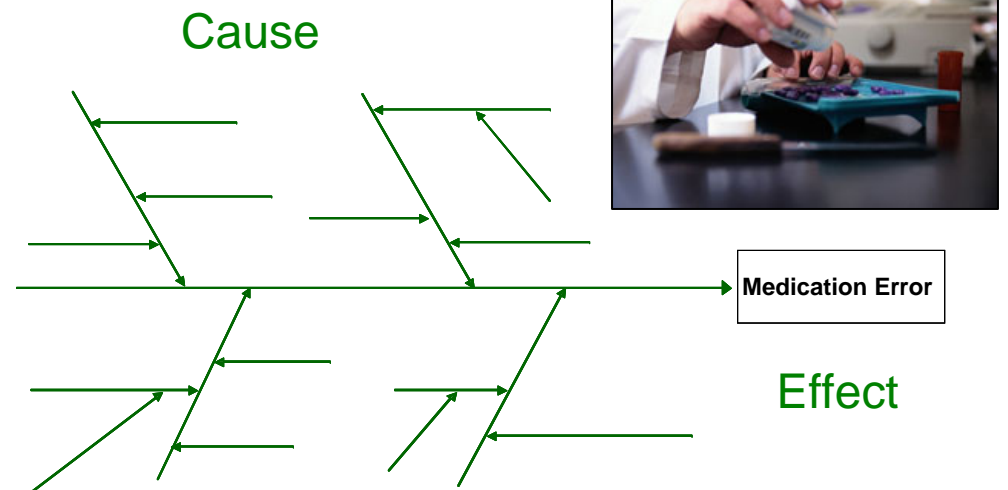
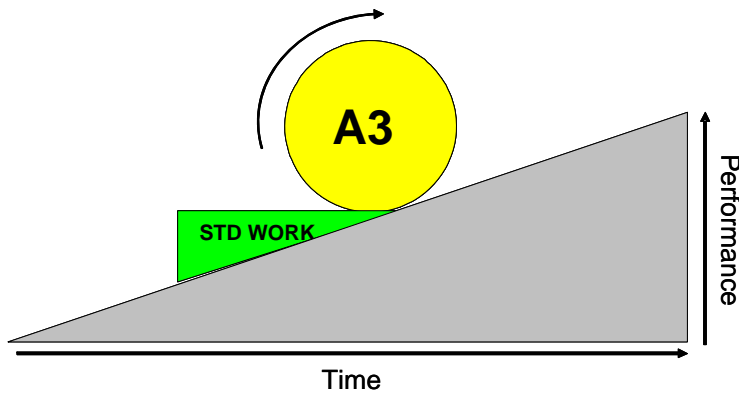
# Deliver Value to Customers on Demand (without waste)

- Flow without interruption - @ “Takt Time”
- Zero Defects is achievable
- Customer Pull triggers action
- Increasing Flow motivates improvement



# Standardize and Solve to Improve

- Standard Work, current best known way
- Standard work secures improvement
- A3 Thinking
- Root cause problem solving vs. firefighting

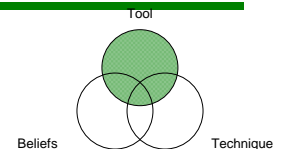
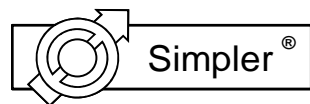


# Transformational Learning Requires Deep Personal Experience

- Learn by doing
  - How many golf books did Tiger Woods read to get that good?
- Rapid Improvement Events are highly effective way to implement change
  - Engage the people that do the work, “worlds greatest experts”

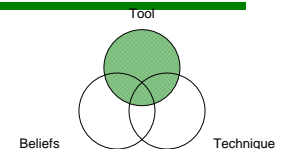
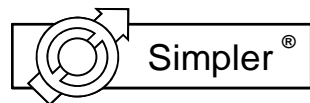


Postponed perfection is the enemy of change



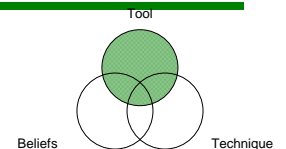
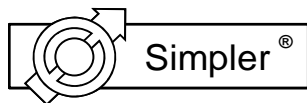
# Mutual Respect & Shared Responsibility Enables Higher Performance

- Clinicians, leaders and staff working together
- Leaders coach and model behavior
- Commitment through involvement

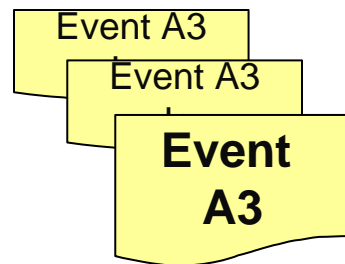
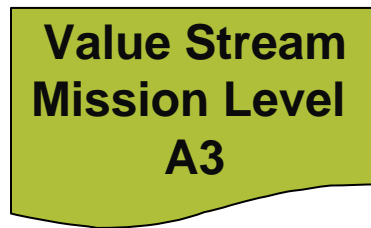
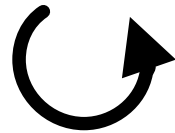
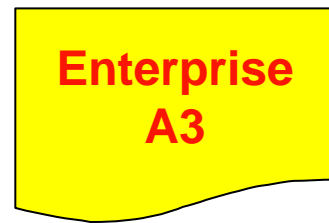


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# Approach of the Simpler® Business System



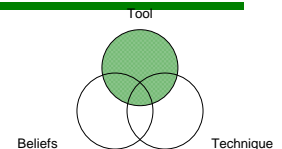
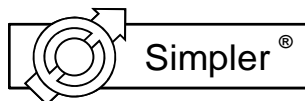
# Simpler Business System



Roadmap for Enterprise Transformation

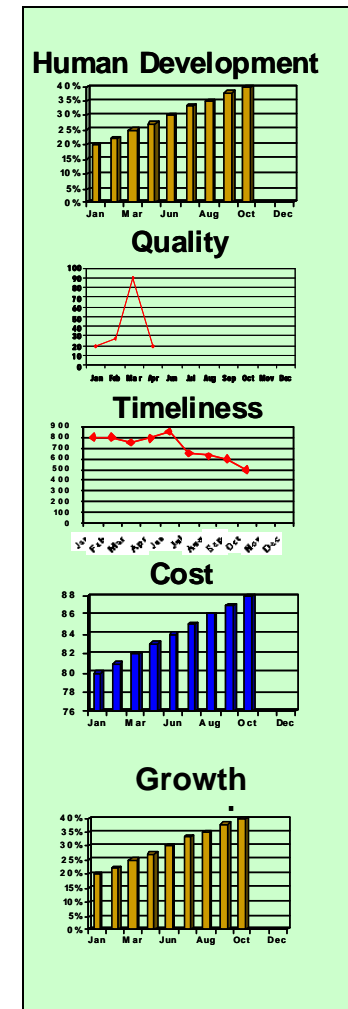
Roadmap for Value Stream level Mission to enterprise A3.

Tactical execution of VSA level roadmap and discovery

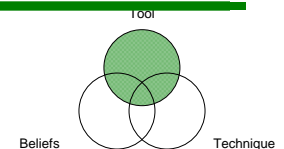
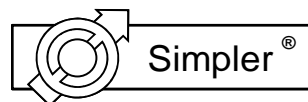


# The “True North” Metrics

- ❑ Human Development
  - ❑ Improved capability at all levels
- ❑ Quality
  - ❑ Zero Defects
- ❑ Timeliness
  - ❑ 1 by 1, in sequence, on demand
- ❑ Cost
  - ❑ 100% Value Added
- ❑ Growth/Capacity
  - ❑ Care for more people



Focus equally on all five



# Value Stream Analysis



## Deliverables

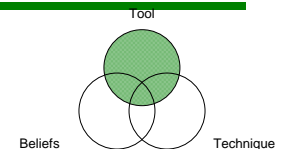
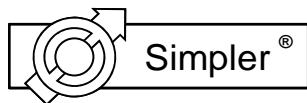
- ❑ Align to Strategic Development
- ❑ Agree on the Key Performance Measures
- ❑ Three Value Stream Maps
- ❑ Baseline current performance against Key Performance Measures Targets
- ❑ Develop Improvement Project Plan

**FUTURE STATE - OUTBRIEF**

conducted with leadership team

	May	Jun	Jul	Aug	Sep	Oct
Events	EVENT TOPIC	EVENT TOPIC	EVENT TOPIC	EVENT TOPIC		
	EVENT TOPIC	EVENT TOPIC	EVENT TOPIC	EVENT TOPIC		
	EVENT TOPIC	EVENT TOPIC	EVENT TOPIC			
Projects	PROJECT		PROJECT			PROJECT
		PROJECT	PROJECT		PROJECT	
Do-Its	ACTION ITEM	ACTION ITEM	ACTION ITEM	ACTION ITEM		
	ACTION ITEM	ACTION ITEM	ACTION ITEM			

Value Stream Analysis avoids “drive-by Kaizen”



# 7 Week Rapid Improvement Event Cycle

- 3 weeks before – Steering Committee reviews plans
- 2 weeks before – Select teams and collect data
- 1 week before – Finalize data, review goals

- Day 1 – Training, study current conditions
- Day 2 – Apply tools and make big changes
- Day 3 – Train stakeholders and run the new process
- Day 4 - Standard work
- Day 5 - Presentation

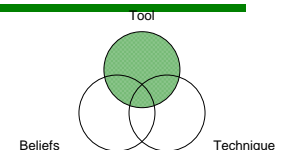
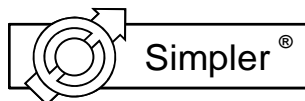
- 1st week after – leadership audit, root cause problem solving
- 2nd week after – measure, measure, measure
- 3rd week after – daily management and sustain

**Before**

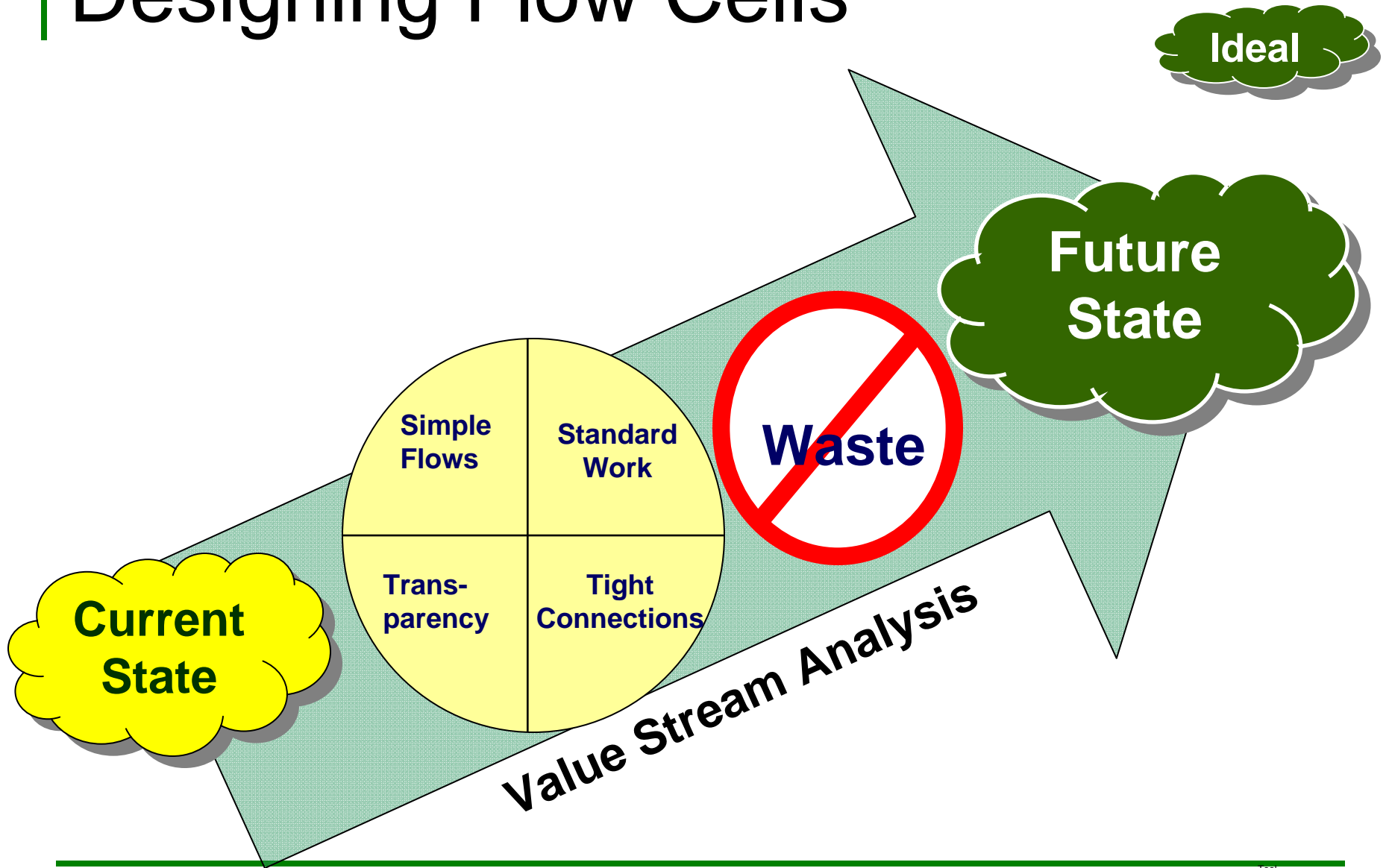


**After**

Rapid Improvement Events are the Vehicle of Change



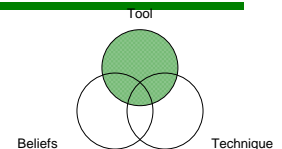
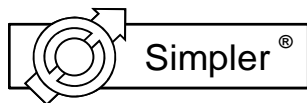
# Designing Flow Cells



# 9 Key Tools for Seeing Waste

1. Takt Time
2. Time Observation
3. Bar Chart
4. Spaghetti Diagram
5. Flow Diagram
6. Standard Work Sheet
7. Standard Work Combination Sheet
8. Standard Work in Process (WIP)
9. Production Control Board

The key to eliminating waste is to first be able to see it.

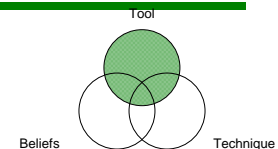
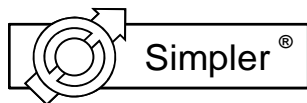


# Sustaining the RIE

- Visual Management
  - Provide a structure for managing and solving problems
  - Daily Control Board / Performance Board / Countermeasure Board
- Real Time Problem Solving
  - Problem Solving when the real “root” cause is not known
  - 5 Whys spoken with data!
- A3
  - Confirmed state
  - Capture insights and learning
  - Close A3 when complete



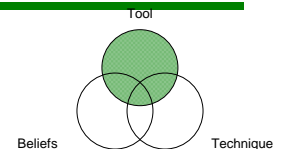
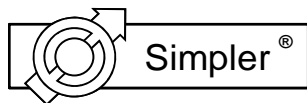
Information Centers provide essential focus to support Sustainment



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# Application Examples

- Classical RIE example in Healthcare
- Healthcare IT Activities: RIE, 2P and VVSA examples



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# Q & A

THANK YOU!!

