

Rethinking operational excellence to achieve your organization's mission



Healthcare leaders tend to think about operational excellence simply as an important strategy to lower costs. But the ever-changing demands and challenges facing provider organizations, exacerbated by the COVID-19 pandemic, demonstrate the mistake of failing to recognize the influence operational excellence has on your organization's ability to fulfill its mission.



If we can make it way more efficient for our leaders to have the information they need, then they have more time to live their mission.

**John Beaman,
Adventist Health**

The last two years have highlighted the strong connection between operational excellence and an organization's mission. When PPE shortages were widespread, hospitals with streamlined processes and data visibility, along with strong supplier relationships, were better able to source vital materials necessary to keep their patients and staff safe — a critical part of any organization's mission.

At the same time, a clear and strong mission has only become more important to the long-term vitality of a healthcare organization. Consumers are demanding more from their providers, expecting a personalized, secure and seamless experience. Additionally, financial constraints and the continued shift to value-based care are reinforcing a heightened focus on improving health outcomes. The mission of most hospitals and health systems is directly in line with this effort, as most state their mission is to improve the health and well-being of their communities.

Now, as healthcare leaders lay out strategic plans going forward, a new mindset is needed in which the tie between operational excellence and mission is recognized and appreciated. By focusing on operational excellence, organizations can innovate and support employees, clinicians, patients and the communities they serve.

"If we can make it way more efficient for our leaders to have the information they need, then they have more time to live their mission," said John Beaman, Chief Financial Officer at Adventist Health.

In this white paper, we'll lay out how your organization can attain operational excellence as well as offer examples detailing how healthcare organizations have lived out their mission better as they achieve operational excellence.

Table of Contents

1 Introduction

4 Unify back-office systems
to improve efficiency

7 Leverage analytics to
drive efficiencies

8 What's ahead and
how Oracle can help



Healthcare organizations more than ever are continuing to focus on improving patient outcomes at a lower cost with greater efficiency.

Sue Schlichtig,
Oracle

Unify back-office systems to improve efficiency

An essential component of reaching operational excellence is streamlining operations functions across the enterprise. This involves enhancements to the Enterprise Resource Planning (ERP) system and the Human Capital Management (HCM) system, ensuring they are functioning appropriately with accurate real-time information and seamlessly integrated across the organization.

ERP systems are the backbone of an organization, pulling together all aspects of the business such as financials and accounting, human resources, patient experience and supply chain.

Too often, health systems have fragmented or outdated ERP systems, causing an unreliable and unclear view of overall operations. The lack of sophistication also leads to delays in essential processes including onboarding staff and purchasing new supplies.

By establishing a unified ERP system, organizations can strengthen the foundation of operations across all departments.

Another key benefit of an integrated ERP system is creating the opportunity for your organization to respond quickly to the complex and changing healthcare environment. Healthcare organizations are constantly reacting to shifting demands. For example, there is currently a heightened urgency to extend services beyond the four walls of a hospital. With an enterprise ERP cloud platform, healthcare organizations can stay ahead of new pressures because operations are streamlined and organized.

About **25%** of total healthcare spending is waste

Shrank WH, Rogstad TL, Parekh N. Waste in the US Health Care System: Estimated Costs and Potential for Savings. JAMA. 2019;322(15):1501–1509. doi:10.1001/jama.2019.13978



86%

of nurses said their supply chain document system causes them stress.

(Nurses: The Secret Factor for Better Supply Chains, April 2021)



80%

of nurses want more supply chain automation tools.

(Nurses: The Secret Factor for Better Supply Chains, April 2021)

“Today’s technology-driven ERP enables businesses to become more agile and nimble and to keep pace with change, stay ahead of problems and take advantage of trends and emerging opportunities,” said Sue Schlichtig, Industry Executive Director of Healthcare Providers and Payers at Oracle.

An ERP system that offers advanced capabilities is also key. For example, the Oracle Fusion Cloud ERP identifies patterns and anomalies using machine learning, along with dashboards offering analytics from across the organization, giving a comprehensive view of operations and finances in real-time.

Another solution, the Oracle Fusion Cloud Enterprise Performance Management (EPM) Platform, also assists organizations in operational excellence by integrating vast amounts of clinical, operational, and financial data. The Oracle Cloud EPM Healthcare Solution delivers industry specific key performance indicators, dashboards and reports based on real-time data at the service line and department levels while also leveraging industry best practices to deliver proven healthcare planning methodologies. This enables organizations to align goals and rapidly respond to changes in the marketplace.

How can streamlining and modernizing an ERP system help your organization achieve its mission? By establishing a clear understanding of enterprise operations, healthcare leaders can be more strategic about the opportunities available to fulfill their organization’s mission. Additionally, less time and resources will be spent on redundant administrative tasks, freeing up clinicians and staff to focus on the needs of their community.

Just as ERP systems pull together various disparate essential business functions, HCM systems consolidate management of recruiting, training and staff compensation. The streamlining of these functions, as well as performance management, enables organizations to efficiently manage one of their largest expenses: the workforce.

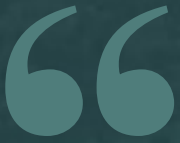
Unfortunately, for many healthcare organizations, HCM systems struggle to keep up with changing workforce demands. The widespread transition to remote and hybrid work models in response to COVID-19 created a concerning blind spot for organizations that lack the technological

National health expenditures grew

9.7% or \$4.1 trillion in 2020,

accounting for **19.7%** of gross domestic product.

Centers for Medicare & Medicaid Services National Health Expenditure Data, 2020



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infrastructure to manage the new environment. Without visibility into how employees are carrying out their duties as well as where there are points of friction, hospitals and health systems are challenged by delayed strategic goals, unchecked inefficiencies and frustrated employees, leading to higher turnover rates.

An HCM system that incorporates all functions related to the workforce under one single platform can drastically improve overall efficiency. Oracle Fusion Cloud Human Capital Management combines human resources, talent management, workforce management and payroll, providing HR teams with all the tools necessary to improve employee experience. Having a single source of truth also prevents employees from wasting time tracking down vital information.

This is the case at Broomfield, Colo.-based SCL Health, where implementing Oracle Cloud has simplified execution of employees' day-to-day responsibilities, said Craig Richardville, Chief Information and Digital Officer at the eight-hospital health system.

Since deploying Oracle Cloud, SCL team members have spent less time on administrative tasks such as getting their paystub and clinical reporting, which means they have more time to fulfill the organization's mission of providing high-quality care to patients and the community, he said.

"It also improves employee satisfaction," Richardville added. "When we reduce the amount of time spent on administrative tasks and increase the time employees can spend on their actual role and responsibilities of delivering patient care, that provides a higher level of satisfaction."



98%

of hospital leaders say the pandemic exposed significant supply chain vulnerabilities, yet 62% believe their organizations are not doing enough to address these challenges.

(Survey conducted by Syft®, November 2021)



43%

of hospital leaders say their organizations have lost nurses specifically due to pandemic-related supply chain problems.

(Survey conducted by Syft®, November 2021)

Achieving operational excellence will also lead to cost savings for SCL Health, which is in line with the organization's mission of providing affordable healthcare services, Richardville said.

"As an organization continues to be more efficient, that allows it to reduce costs, and those savings are passed down to the patient," he said.

Leverage analytics to drive efficiencies

As healthcare's digital transformation continues and the volume of patient data grows exponentially, the ability to harness the full potential of data will be another deciding factor in an organization's ability to carry out their mission.

The imperative to improve the health of your community relies on data to understand where there are gaps in care, prospects for growth and profitability opportunities. Unfortunately, too often, healthcare organizations don't know where that data lives and, most importantly, how to leverage it for their needs. Disparate data systems, lack of interoperability, complicated workflows and limited automation capabilities are all factors that prevent healthcare organizations from making the most of data.

Investing in technology and tools that use machine learning and predictive analytics to gather and access data from across an enterprise are essential steps for a healthcare organization to meaningfully leverage their data, leading to new insights and savings.

Oracle offers a suite of services for healthcare organizations to better manage, secure, understand and apply data.

The benefits of mining data for actionable insights have been on display throughout the COVID-19 pandemic. Healthcare organizations that embrace data analytics are better able to respond to shifting demands. For example, using data tools to manage supply chain supported hospitals as they responded to COVID-19 mandates requiring certain equipment such as PPE and ventilators. Data allowed hospitals to track, manage and report their supply chain needs, enabling healthcare providers to easily submit requests for special funding and grant opportunities.



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**Craig Richardville,
SCL Health**

What's ahead and how Oracle can help

Healthcare organizations are increasingly recognizing the importance of achieving operational excellence, investing in capabilities across the entire continuum to comply with government regulations and reporting requirements as well as embracing technology innovation. This is also demonstrated by the continued adoption of value-based payment models across the industry.

"Healthcare organizations more than ever are continuing to focus on improving patient outcomes at a lower cost with greater efficiency," Schlichtig said.

Oracle stands ready to assist healthcare organizations on their journey to operational excellence. With a dedicated team that understands the unique challenges facing the industry, Oracle is positioned to connect the dots between healthcare needs and technological offerings.

Oracle's track record of identifying and solving top business problems, backed by a data-driven infrastructure, has improved the financial health of healthcare organizations while improving employee satisfaction and health outcomes.

"When we refer to operational excellence, it goes beyond reducing costs and increasing efficiencies. We believe in providing solutions that support a high level of engagement with employees, working with clinicians in new and different ways and being laser-focused on true patient/person care," Schlichtig said. "Our view specific to excellence is having the ability to innovate and engage as well as linking all operations of the organization to support employees, clinicians, patients and the communities they serve."

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