

Volume 12, Issue 4 /2010 - Roadmap to Top Quality

Value Creation by Service Outsourcing in Healthcare

Mr. Gravenhorst highlighted the current challenges in the healthcare industry: economic and political climate; increased public sector focus; and demographic development. These challenges have led to certain macro economic developments. Financial constraints include declining reimbursements, increased costs and a change of workforce and demand. Service levels have been impacted due to rising demands, capacity constraints, pressure to cut costs and specialised treatments. Patient behaviour has also changed due to more transparent information, greater variety of choice and litigation. There are also new market drivers: competition is emerging, there is a need for productivity efficiencies and a new trend from institution to brand.

Gravenhorst emphasised that these trends are driving a change process in the healthcare sector where providers are being forced to re-evaluate their business models, to become more innovative. The development consequences for hospitals mean managers must focus on the key market drivers like the private sector. Managers must determine what are the key competencies and what makes you successful. They must also determine what is core to quality medical services; what is a prerequisite for healthy patients and then liberate medical resources by outsourcing of "noncore" services.

There are three key questions to ask when you are considering outsourcing:

- If starting from scratch today would we really build the capability inside?
- Are we so good at this that others would hire us to do it for them?
- Is this an area of our business from which our future leaders will come?

If not YES to all three, then outsourcing should be examined.

To solve these problems:

- Find partners who can support you in achieving your goals and reaching your success criteria;
- Transfer financial and operational risks;
- Strive for management and operational excellence by outsourcing processes and not tasks; and
- Performance based on balancing quality and cost.
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Gravenhorst believes that a transparent and streamlined value chain makes management more efficient and creates value:

- Drive for efficiency – price, cost, performance and service level dynamics;
- Doubled-up functions are easily eliminated;
- A single point of contact shortens and optimises lines of communication; and
- Risks are eliminated by transferring them to a (reliable and sound) partner
 - Someone who mitigates these risks
 - Someone who protects the brand you are building

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