"MIS andrew"
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15/03/2008 02:34

To beStrong@fhb.gov.hk
cc
bcc
Subject way to be sure to cut cost, and giving the best care

☐ Urgent ☐ Return receipt ☐ Sign ☐ Encrypt

this way of implementation

will bring inline with the staff cost with the west, which is Lower
and give the perception of good health care to the citizens at large

I spend few months to draw up such a report, would you please read it and give me some comment , please

andrew

andrewWoodGpAssign.zip

THE HONG KONG POLYTECHNIC UNIVERSITY

DEPARTMENT OF INDUSTRIAL AND SYSTEMS ENGINEERING

MSC INDUSTRIAL LOGISTICS SYSTEMS

SUBJECT: ISE 538

PROCESS & PERFORMANCE MANAGEMENT

FIRST SEMESTER ASSIGNMENT -- DEC 2005

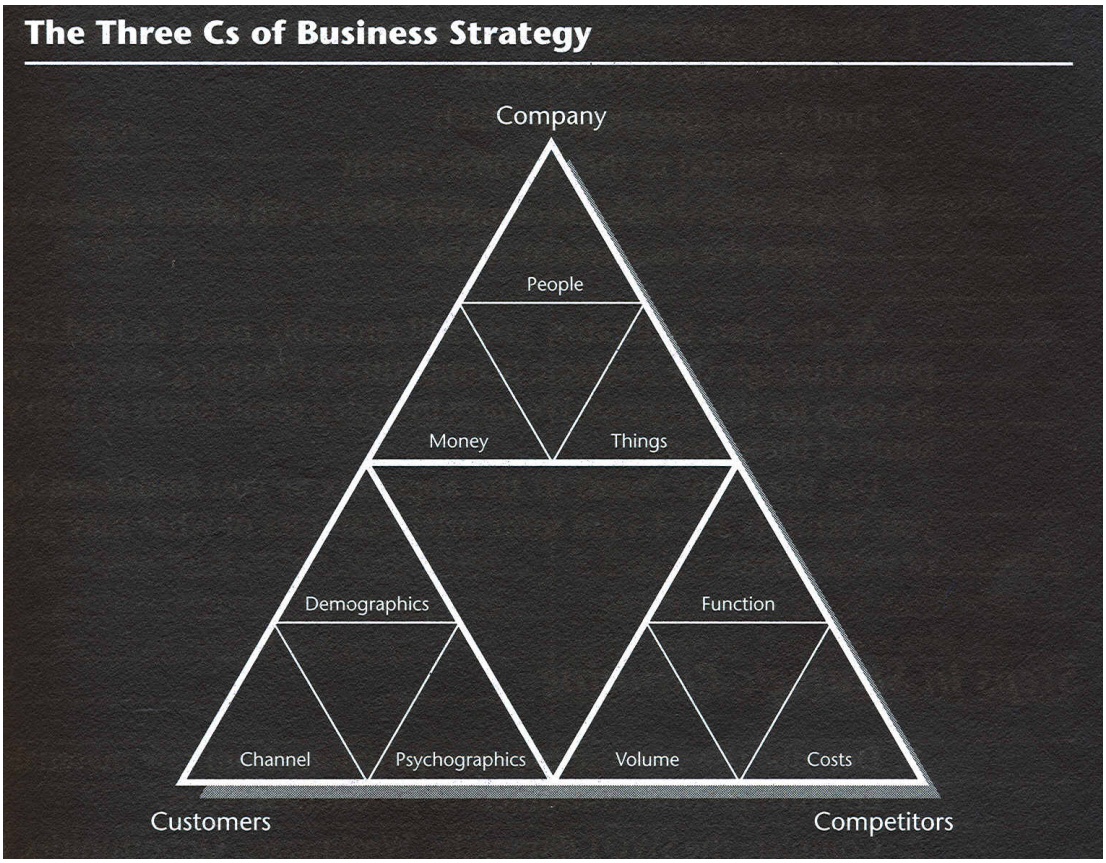
TOPIC:

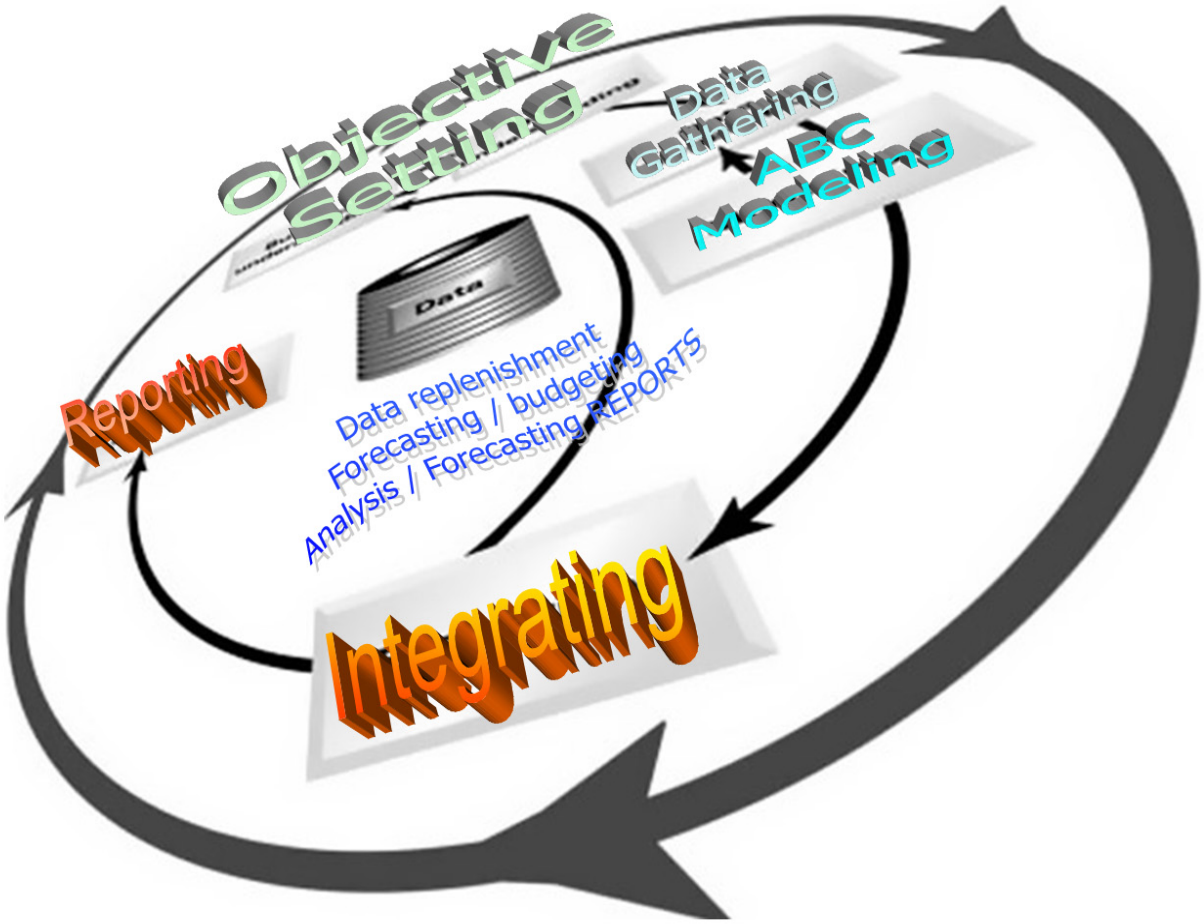
Queensland Victorian Hospitals ABC analysis –

benchmarking & performance measures

BY

ANDREW WOOD


The Three Cs of Business Strategy
Company
People
Money
Things
Demographics
Function
Channel
Psychographics
Volume
Costs
Customers
Competitors


Objective Setting
Data gathering
ABC Modeling
Data
Data replenishment
Forecasting / budgeting
Analysis / Forecasting REPORTS
Reporting
Integrating

Abstract

Purpose – In according with the principles of activity-based costing (ABC) model, measuring activity drivers, performance drivers, resources drivers in a quantifiable subjective way.

Design/ methodology/ approach – 7 Bases ABC approach

PHASE 1
TRACE THE STEPS for a proper ABC analysis
PHASE 2
UNDERSTAND THE EVOLUTION OF ABIS -- Activity Based Internal Strength
PHASE 3
GET TO KNOW THE ROADMAP
PHASE 4
TREAT THE ENDEAVOR AS A PROJECT
PHASE 5
WATCH OUT FOR THE EIGHT OBSTACLES
PHASE 6
ALIGN WITH STRATEGY
PHASE 7
PLAN FOR AN ENTERPRISE-WIDE EXPANSION

Expected Findings – The expected resulting outcome include benchmarking comparison with the ABC model analysis, It is intended that the information and knowledge derived should be an effective aid to facilitate hospital authority in staffing, facility acquisition, optimizing the use of space,

Research limitations / implications – Since the current studies in the Victorian Hospital report using Performance Indicators such as 1- Hospital Revenue, 2- Building areas, 3 - Functions areas, 4 - Facilities expenditure PLUS 5 - Energy usage and cost of electricity. Therefore, Future research can benefit from this research by expanding the scope from hospitals in different area to various specialty wards in the public hospital industry.

Practical implications -- Hospital strategic decision makers can now have specific key performance indicators on which to base their staffing, procurement decisions regarding the most appropriate allocation of professionals, time, and capital resources.

Keywords >> Process, Performance, Benchmarking, Energy , Activity based costs, KPI, Health services

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Content

1 INTRODUCTION

An in-depth Activity Based Cost managerial report [ABC analysis] on activity-related Hospital-ASSET performance studies amongst the Victorian hospitals in Australia; unleash the asset-related value and synergizing better performance for measurement against the pre-determined asset utilization pledge level [benchmark values]

The general principles of the National Health Service in Queensland that there is universal coverage with free access to health care for all citizens and that the different service networks under the National Health Service structure will be fully integrated.

Difficulties remain in consolidating a stable system of financing, controlling the increase in health expenditure, decentralizing services to all autonomous communities and coordinating and integrating the various services within the National Health Service.

Amongst all the analysis, we chose Activity based Costing Analysis because we believe that Costing should derived from its activity and make use of the revenue effectively in order to derive the best optimized use of resources.

Other analysis that we may consider include:

- **Business Analysis**
  - Business Structure Analysis
  - Business Organization Analysis
  - Business Development Analysis
  - Change Management, Dynamic Transaction Logistics (DTL)
  - Business Stability Analysis (BSA)
  -
- **Financial Analysis**
  - Due Diligence Analysis (DDA)
  - Financial Ratios Analysis
  - Overhead Analysis
  - Service Cost Analysis
  - Service Profitability Analysis
  -
- **Operations Analysis**
  - Operations Effectiveness Analysis (OEA)
  - Process Quality Analysis (PQA)
  - Process Cost Analysis (PCA)
  - Cost Benefit Analysis (CBA)
  - Value Analysis
  - Standards & Procedures Analysis
  -
- **Process Management Analysis**
  - Management Organization Analysis
  - Process Flow Analysis
  - Process Cycle-time Analysis(JIT)
  - Records Analysis

During the modern history human revolution, such as railway, industrial revolution, renaissance period, Ford motor car, space exploration, these leap-frog break through inventions bring an era into modern sophisticated / metamorphosis society. They do have one common factor >> E_N_E_R_G_Y. Since modern human activity require utilization of energy, in order to achieve better out-of-this-world service to the ever-changing human expectation, we require smart utilization of energy to power up different tools, that is vital in modern hospital that requires electronic machines>> such as ultra-sound, CAT [computed tomography], MRI [magnetic resonance imaging] and the latest robotic integration system. These device speed up the differential diagnosis, provide health professional with vital blood film analysis data, biochemical, anatomical information to maintain the well-being of the human customer, interacting in a visual way whenever it is available. Although consumer electronic from JAPAN is energy efficient, the medical diagnosis equipment in the hospital is not, not to mention other assets that require 24 hours uninterrupted energy supplies, such as lighting, air circulation, high-availability surgical operation theatres, A compact, high energy efficient hospitals ones will gives the inference of better use of staffing and optimizing the Logistics flow within the hospitals as less time should have been used for people to travel between various department and various facilities.

Therefore, in this study, we utilize accurate quantifiable measurement such as Annual Income of a hospital, floor area to facility / equipment ratio, electricity consumption in order to measure the efficient of the different hospitals utilization of resources. It does a detail survey in these 5 areas:

1. Buildings
2. Energy utilization and cost
3. Functional areas
4. Hospital revenue
5. Facilities management expenditure

Key Performance Indicators [KPI] that we will measures:

1. **Facility income efficiency**
2. **Facility energy efficiency**
3. **Facility management ratio**
4. **Medical services energy consumption**
5. **Medical services facility utilization**

Appendix A : **List of Victorian Public Hospitals in Queensland**

Hospital	Replied to the survey	Group AB-CDE: city teaching o small suburb ones > C > D > E
Alexandra District Hospital	./	D
Angliss Health Service	./	small HOSPITAL IN THE suburb
Austin & Repatriation Medical Centre (Austin)	./	TEACHING HOSPITAL IN THE CITY
Austin & Repatriation Medical Centre (Repatriation)	./	TEACHING HOSPITAL IN THE CITY
Bairnsdale Regional Health Service	./	small HOSPITAL IN THE suburb
Ballarat Health Service (Ballarat Base Hospital)	./	small HOSPITAL IN THE suburb
Ballarat Health Service (Queen Elizabeth Centre)		small HOSPITAL IN THE suburb
Barwon Health (Geelong Hospital)	./	TEACHING HOSPITAL IN THE CITY
Benalla and District Memorial Hospital	./	C
Bendigo Health Care Group (Bendigo Hospital)	./	small HOSPITAL IN THE suburb
Box Hill Hospital	./	TEACHING HOSPITAL IN THE CITY
Central Gippsland Health Service (Sale)	./	C
Central Gippsland Health Service (Maffra)	./	C
Dandenong Hospital	./	TEACHING HOSPITAL IN THE CITY
Djerriwarrh Health Service		C
East Grampians Health Service	./	C
Echuca Regional Health	./	small HOSPITAL IN THE suburb
Frankston Hospital		TEACHING HOSPITAL IN THE CITY
Gippsland Southern Health Service (Leongatha)	./	C
Gippsland Southern Health Service (Korumburra)	./	C

Goulburn Valley Health - Shepparton	./	small HOSPITAL IN THE suburb
Kyabram & District Memorial Community Hospital	./	C
Kyneton District Health Service		D
Maroondah Hospital	./	small HOSPITAL IN THE suburb
Maryborough District Health Service	./	C
Mercy Public Hospital (East Melbourne Campus)	./	TEACHING HOSPITAL IN THE CITY
Mildura Base Hospital		small HOSPITAL IN THE suburb
Monash Medical Centre (Clayton)	./	TEACHING HOSPITAL IN THE CITY
Monash Medical Centre (Moorabbin)	./	TEACHING HOSPITAL IN THE CITY
Northern Hospital	./	TEACHING HOSPITAL IN THE CITY
Peter MacCallum Cancer Institute	./	TEACHING HOSPITAL IN THE CITY
Portland and District Hospital	./	C
Royal Children's Hospital	./	TEACHING HOSPITAL IN THE CITY
Royal Melbourne Hospital	./	TEACHING HOSPITAL IN THE CITY
Royal Women's Hospital	./	TEACHING HOSPITAL IN THE CITY
Sandringham and District Memorial Hospital	./	small HOSPITAL IN THE suburb
South West Healthcare	./	C
St George's Health Service		small HOSPITAL IN THE suburb
St Vincent's Hospital	./	TEACHING HOSPITAL IN THE CITY
Swan Hill District Hospital (Swan Hill)	./	small HOSPITAL IN THE suburb
The Alfred	./	TEACHING HOSPITAL IN THE CITY
The Royal Victoria Eye and Ear Hospital		TEACHING HOSPITAL IN THE CITY
Wangaratta District Base Hospital	./	small HOSPITAL IN THE suburb

West Gippsland Healthcare Group	./	**small HOSPITAL IN THE suburb**
West Wimmera Health Service		**C**
Western District Health Service (Hamilton)	./	**small HOSPITAL IN THE suburb**
Western District Health Service (Penshurst)	./	**E**
Western Hospital	./	**TEACHING HOSPITAL IN THE CITY**
Williamstown Hospital	./	**small HOSPITAL IN THE suburb**
Wimmera Health Care Group	./	**small HOSPITAL IN THE suburb**
Wodonga Regional Health Service	./	**small HOSPITAL IN THE suburb**
Yarra Ranges Health Service (Healesville)	./	**C**
TOTAL HOSPITALS	**52**	
TOTAL REPLIES	**44 (85%)**	

Note : Those hospitals in the Categories C & D & E are smaller senior citizens community hospitals

2 Key Performance Indicators [KPI] that we will measures:

1. Facility income efficiency
2. Facility energy efficiency
3. Facility management ratio
4. Medical services energy consumption
5. Medical services facility utilization

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Formulae explanation of key performance indicators

Key Performance Indicator -- KPI --	Calculation formulae of the KPI	Units
Facility income efficiency	ratio of annual hospital income to hospital gross floor area	$/m^2
Facility energy efficiency	ratio of annual energy use to hospital gross floor area	GJ/m^2
Facility management ratio	ratio of annual facility management expenditure to annual hospital income	%
Facility energy cost	ratio of annual energy costs to hospital gross floor area	$/m^2
Medical services energy consumption rate	ratio of annual energy cost to annual WIES units	$/unit
Medical services facility utilization	ratio of annual WIES units to hospital gross floor area	unit/m^2
Capital utilization	ratio of capital replacement value to annual hospital income	%

Key Performance Indicator -- KPI --	In Laymen's term, what does that refer
Facility income efficiency	Effective usage of hospital gross floor area
Facility energy efficiency	Lower the efficiency, more Modern High tech equipment being used
Facility management ratio	Lean service deliveries OR Administrative work is dominant
Facility energy cost	Gross cost : area -- efficiency indicator
Medical services energy consumption rate	Whether the medical service use expensive MRI equipment or low energy consumption equipment such as Ultra-sound
Medical services facility utilization	expensive equipment density per square foot
Capital utilization	Whether the hospital purchasing power of more sophisticated machines is sustainable from its income

WIES is the service offered by different department in the hospital –
W = weighted (an adjustment factors)

Methodology selection

Traditionally, ABC analysis of the medical service will based on how many customers served, how long is the duration of treatment, outcome satisfaction etc. However, this is related to the treatment selection and the expertise of the medical doctors. Therefore, the measurement is subject to the skill and the facilities available to the medical doctors. Since all the Australian doctors are trained locally, the performance outcome differences would probably due to the age group of the community that they serve, the availability of facility and equipment in that particular hospital.

Therefore in this ABC analysis, we will use those subjective measurements that differentiate one hospital from another. Like facilities availability, functional units available, theme of the hospital e.g. just like whether it is a teaching hospital or a hospital in the remote area that serve a community of retiree senior citizens etc.

Method of choice -- be subjective, be accurate, able to measure the effective use of resources or facility available to the medical team

We have identified the following activities to be measured >>

Specific area of activity
• Functional floor area utilization
• energy use of each functional area
• energy cost to facility management budget
• facility management budget to capital replacement value - recurrent investment
• facility management budget to current value
• energy cost to capital replacement value
• cost of occupancy
• asset value to space
• weighted energy distribution each functional area

And we could use these performance indicators to measure them

	Performance Indicator		**Specific area of activity**
1	FA_{fa} (m^2) / GFA (m^2)		Functional floor area utilization
2	$Energy_{fa}$ (GJ) / $Energy_{Tot}$ (GJ)		energy use of each functional area
3	Energy cost ($) / FMB ($)		energy cost to facility management budget
4	FMB ($) / CRV ($)		facility management budget to capital replacement value - recurrent investment
5	FMB ($) / CV ($)		facility management budget to current Value
6	Energy cost ($) / CRV ($)		energy cost to capital replacement value
7	FMB ($) / GFA ($m^2$)		cost of occupancy
8	CV ($) / GFA ($)		asset value to space
9	Weighted Energy distribution (GJ)/ FA_{fa} (m^2)		weighted energy distribution each functional area

CRV ($)	Capital replacement value
CV ($)	Current value of assets
$Energy_{Tot}$ (GJ)	Total energy
FA_{fa} (m^2)	Floor area of functional area
FMB ($)	Facility management budget
GFA (m^2)	Size of facility
HRI ($)	Hospital recurrent revenue
Th_{fa} (hr)	Hours of operation for functional area
WIES	Weighted inlier equivalent separation

Subjective AND independent variables

This is an illustration that we could use some subjective AND independent variables to accurately measure the functional floor area and activity that carried out in each of these variables.

A good analog will be 3D animation creation process, more expensive and superfast graphic computer should produce high quality animation movies. Unlike the more traditional Disney approach that use intensive labor without computer assistance. Just like MRI machine, those superfast graphic computers are very expensive, but they could produce much better differential diagnosis data much quicker than the other means. Therefore, using such methodology is appropriate, the patients will also feel better if their case receive more high tech equipment treatment.

As a result, we use these indicators to present a more accurate ABC analysis PLUS comparing different hospitals' facility and performance in the region

Michael Porter -- UNDERSTANDING STRATEGY AND ACTIVITIES

In 1997, Chicago, USA; Michael Porter spoke at the seventh annual ABC Technologies International User Group conference in Chicago in 1997, he encouraged his ABC audience to march on in their mission. He spoke of the importance of linking activities to strategy and Michael Porter said that strategic fit of activities was a profound measure of strategy. In a lower level in the search of activities in the ABC context. Just using ABC/M to identify and improve the activities in a company or improve the cost management aspects of the business which does not forge a competitive advantage. However, using ABC/M to align activities to strategy offers tremendous value.

According to Porter, strategy has been incorrectly viewed in the context 0f operational effectiveness. Michael Porter has outlined a way to differentiate between strategic positioning and operational effectiveness.

Operational effectiveness is performing similar activities better than rivals, while **strategic positioning** is performing different activities or performing similar activities differently. In some ways, when organizations do anything as a competitive advantage using operational effectiveness, others will follow. "The trouble with forging a highway is that if you are right, imitators will follow. Then you are back into protecting your base and become subject to conventional wisdom." Porter emphasizes that benchmarking only makes companies similar. Just using ABC/M to identify and improve the activities in a company or improve the cost management aspects of the business does not forge a competitive advantage. However, using ABC/M to align activities to strategy offers tremendous value

APPENDIX medicare in America – How the public use Hospital Resources

Paying healthcare expenses of the Elderly

The Medicare unselfish value does improving seniors' health, but it also produce dependencies from the senior as distinct from the delivery of healthcare services as an end in itself. Moreover, people may attach little or no value to providing health care in excess of what they define as an adequate level. Medicare may therefore over-subsidize service that conveys little medical benefit, even considering the unselfish externality.

Government health care scheme can often be justified as expanding choice by offering well-rounded service that private market are unable to supply such medical service. Medicare pertaining to forced saving and portfolio choice is examples of limiting choice.

Medicare does induce health-based redistribution from the high-risk to the low-risk, and from the healthy to the sick. Both redistributions are easy to rationalize. Medicare health services mean transfer money from the Better-off to the worst-off. In addition, some risk-based differences, such as the genetic, do not raise moral hazard issues because they are beyond the individual's reasonable control, and yet become uninsurable. These types of transfers that can be affected by the enroller's behavior, however, such as through diet, exercise or seeking early preventive treatment, present moral hazard problems that Medicare does little to address. This point can be demonstrated by comparing Medicare does little to address. This point can be demonstrated by comparing Medicare does little to address while maintaining a potential senior citizens group of people under the Medicare protection.

Few groups of individual make contribution or reliance on the Medicare scheme:

- Health condition for ability, although health condition might be denied in terms either of physical well-being or capacity to be insured by Medicare medical treatment;
- Medical expenditure for earning, as a signal of health condition (in lieu of ability , in replacement of ability for earning) that is flawed by its also reflecting the extent to which one seeks care (this is an analogue to work effort)
- MRR – Medicare's marginal reimbursement rate for the income tax's MTR. Thus, just as a 60% income tax MTR would mean that you pay 60 cents and keep 40 cents out of your next dollar of earnings, a 60 percent Medicare MRR would mean that you get reimbursed 60 cents and have to pay 40 cents out of your next dollar of medical expenditure,

Change management – for project planning and launch (First Step in ABC analysis of a co)
Assessment Process definition -- for current state assessment and going through the learning curve (Second Step in ABC analysis of a co)
Organizational design – for solution design (Third Step in ABC analysis of a co)

Taking Care of Customer Requirement and Customer Expectation in Public Hospitals

The researchers used the customer window quadrant (CWQ), to summarize customer requirements (Figure 3). The CWQ is an analytical quality tool designed to group and classifies customer requirements based on level of importance and satisfaction (Intel Corporation, 1997). There are four quadrants whose characteristics and guidelines are described as follows:

. Quadrant A – Customer wants it and does not get it. High importance/low satisfaction.

The critical quadrant. All customer requirements placed here require immediate action to be moved to quadrant B as soon as possible.

. Quadrant B – Customer wants it and gets it. High importance/high satisfaction.

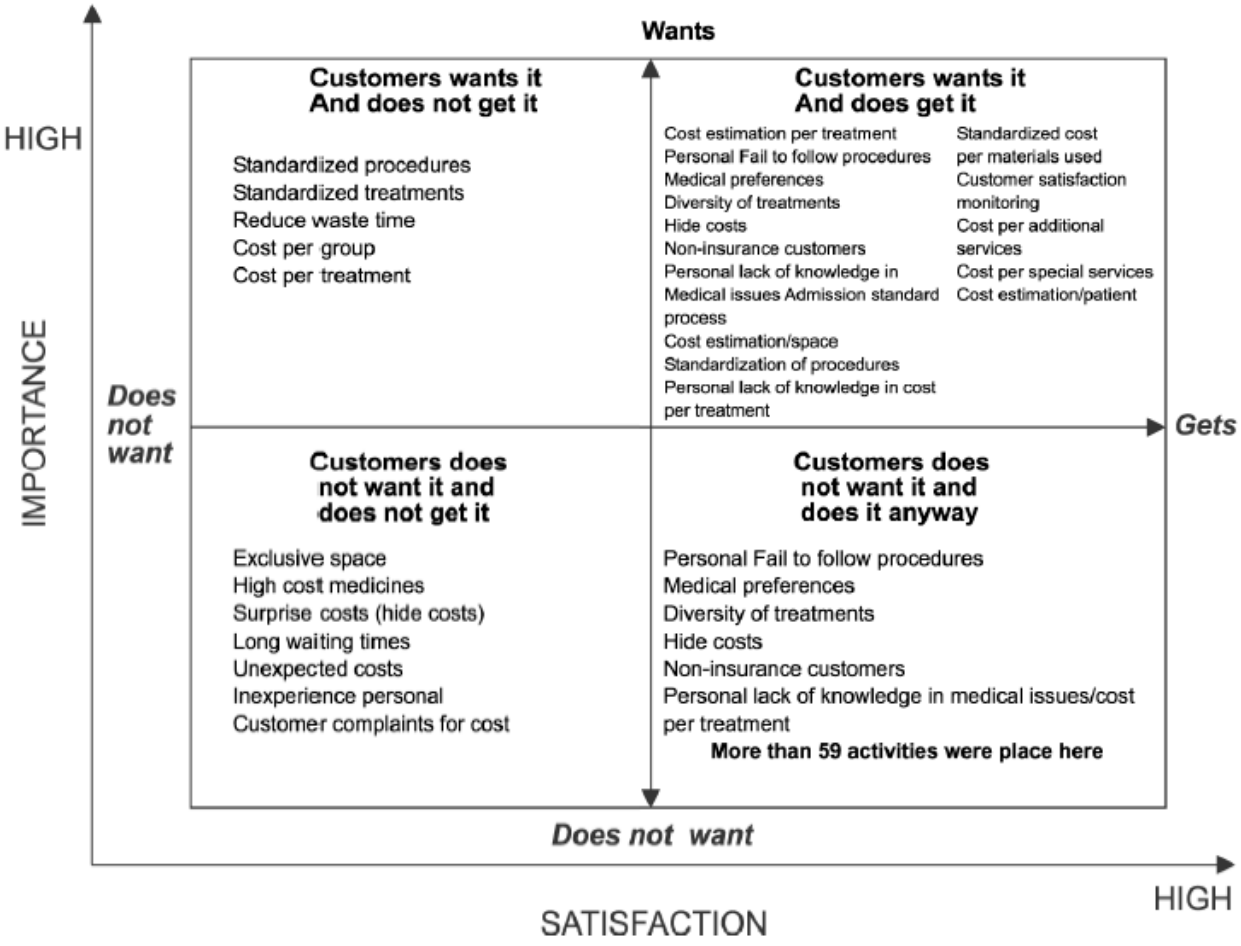
It is the most desired quadrant. All important and critical customer requirements should be maintained here. The task is to continuously improve and monitor all quality characteristics placed in this quadrant.

. Quadrant C – Customer does not want it and gets it anyway. Low importance/high satisfaction.

An action should be taken if the customer requirement is expensive or represents any other type of risk to the organization. If the quality characteristic placed here is eliminated or reduced, perhaps the customer will not notice it.

. Quadrant D – Customer does not want it and does not get it. Low importance/low satisfaction.

The quadrant with lowest importance and focus for now. Do not take any action yet unless indicated by a change in market, service strategy or customer requirements.



SECTION B

ABC analysis applied to the Hospitals Comparison Benchmarking

Activity-based cost -- "the basics"

ABC shifts the focus from managing costs to (as the name implies) managing activities that occur within public hospital setting. Costs are assigned to products, services, and surgical case that based on the resources they consume. Direct costs of all activities are traced back to the surgical case for which they are performed; overhead costs are assigned to a particular treatment / procedure, rather than spread arbitrarily across all projects. In this way, managers are better able to determine the way in which activities contribute to the cost of a project and how effectively resources are being used.

ABC is one part – and business process reengineering the other part – of activity-based management, which takes a process perspective rather than a functional or line perspective. Key processes in the organization, such as Research and Teaching Duties in a Hospital, are viewed as being composed of distinct activities, each (presumably) adding value to the final outcome of that process.

Streamlining processes to maximize customer value is the objective of business process reengineering, and ABC can be an important tool for achieving that objective. Initially, ABC was applied to factory overhead (Berliner and Brimson, 1988). Managers recognized that traditional methods for allocating overhead to products or services were too arbitrary and did not necessarily reflect the specific resources used in producing diverse outputs (Cooper and Kaplan, 1988). The result was inaccurate product cost information, costs of some products were too high and others were too low or simply inaccurate. Consequently, decisions based on those costs, such as pricing or expanding or dropping product lines, were suboptimal. With evidence of the value of ABC, managers in other industries

(including health care) began using ABC methodology.

3 Solution Design and parameters selection : Medical Equipments and its principle, related to the energy consumption and customer perception on their quality of care

Comparison energy consumption of different medical equipment

MRI > CT > X-ray >> EEG > ECG > ultra sound

Different medical equipment use different physics principle, therefore they varies in consumption of energy

Basic physics principle of a CT

A collimated narrow beam of X-ray beam move synchronously with its detectors across a target organ. The differences in X-ray attenuation (i.e. X-ray density) across the bone, muscle, brain tissue

Medical conditions that may use **CT** – X-ray production is much lower intensity than normal X-ray

- Cerebral tumors
- Hemorrhage (internal bleeding)
- Nerve lesions etc

For more accurate and differential diagnosis, MRI (medical resonance imaging) will be used

- Enormous consumption on electricity as hydrogen nucleus as a proton whose electrical charge will creates a local electric field

Then the proton will subject to aligned with a sudden strong magnetic impulse
The protons will then be resonated and spin and through some electronic lens
There will be a high power computer to produce the resulting images by accurate measurement and image regeneration

Medical conditions that MRI is proven to be very helpful in diagnosis -- **MRI** offers excellent resolution and distinction between different tissues

- MRI can distinguishes between the brain - white matter AND the brain - grey matter
- Resolution of MRI is much higher than CT scam
- No radiation at all
- MRI allow the blood vessels to be imaged WITHOUT using any X-ray dye that could have serious side effect it the human subject is allergic to X-ray dye

MRI equipment is very expensive and the consumption of electricity is high, Besides, for a single region to be examined, MRI machine will take 30 minutes to do it

Ultra-sound
Ultra-sound is commonly used in pregnancy
Ultra-sound use high energy B-mode sound wave Doppler Effect for imaging purpose
More advance ultra sound use Digital subtraction angiography , in which computerized subtraction to replace the traditional percutatneous angiography.

EEG
EEG is just electrode recording device of the brain activity

Other electricity usage include Lighting and Computer usage, medical gas supplies circulation, pump etc

The 7 PHASES WALKING THROUGH OF ABC ANALYSIS

PHASE ONE

TRACE THE STEPS for a proper ABC analysis

- preparation for the ABC Journey
- educating and training for the Organization Adaptation to the ABC approach

PHASE TWO

UNDERSTAND THE EVOLUTION OF ABIS -- Activity Based Internal Strength

PHASE THREE

GET TO KNOW THE ROADMAP FOR DESIGNING AN ABIS -- Activity Based Internal Strength differential analysis

PHASE FOUR

TREAT THE ENDEAVOR AS A PROJECT

PHASE FIVE

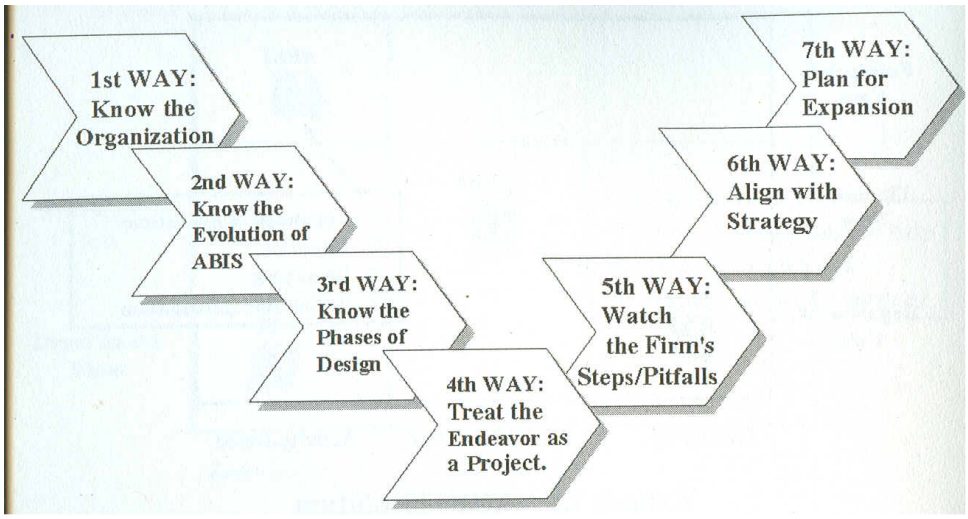
WATCH OUT FOR THE EIGHT OBSTACLES

PHASE SIX

ALIGN WITH STRATEGY

PHASE SEVEN

PLAN FOR AN ENTERPRISE-WIDE EXPANSION



NOTE:

The Fifth Way: Watch the firm's steps, beware of the obvious pitfalls. Experience has revealed major hurdles that reduce the likelihood of success in an ABC/M project. These hurdles seem simple when identified upfront but are dangerous when unanticipated and can cause a project to fail.

@@ **Change management – for project planning and launch (First Step in ABC analysis of a co)**

➔ **Assessment Process definition -- for current state assessment and going through the learning curve (Second Step in ABC analysis of a co)**

@@ **Organizational design – for solution design (Third Step in ABC analysis of a co)**

PHASE ONE

TRACE THE STEPS for a proper ABC analysis

- preparation for the ABC Journey

In our case study, ABC/M begins as an initiative to compare and contract the efficiency and future development of the hospital in the Queensland area. Rather than giving away funding to each hospital based on patients number and patient outcome. Using ABC analysis will give a fair view on the hospital activities, productivity, channels of its popular service delivered to the local community.

We will deal with the alternative approach or methodology in another earlier section.

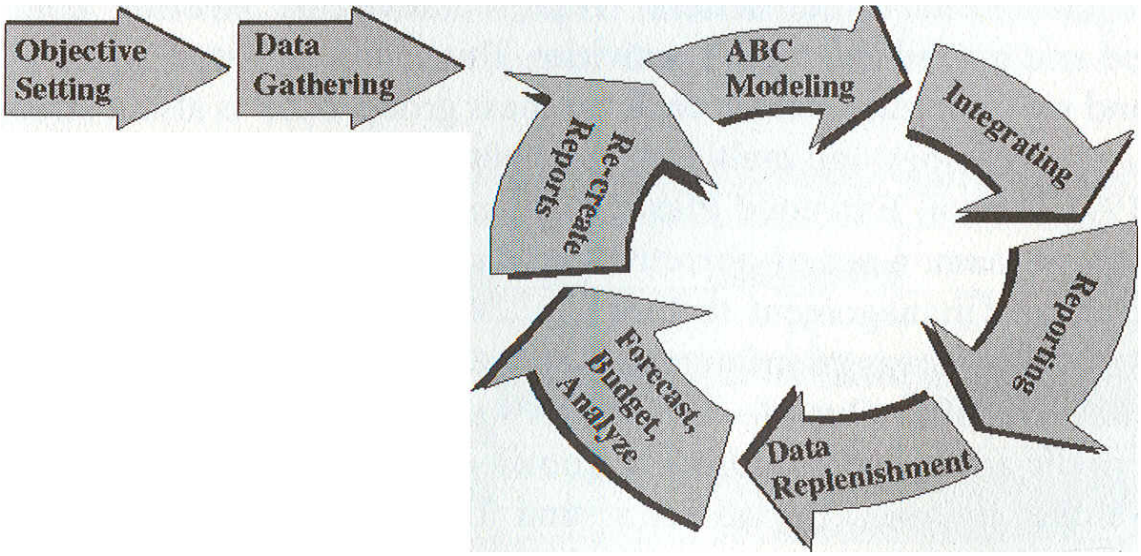
Since ABC is a company-wide implementation, therefore, before ABC is implemented, company could try out implementation of TQM, BPR or process improvement to see the acceptance of change in organizational development culture. Organizations do resist change, even when change is the only way they can survive. To reveal the possible smokescreen for a more systemic basic problem --- the readiness of an Victorian hospital to accept, to embrace, and use new ideas for improvement in hospital management.

From implementing of this project, users should try to understand and then plan through four aspects:

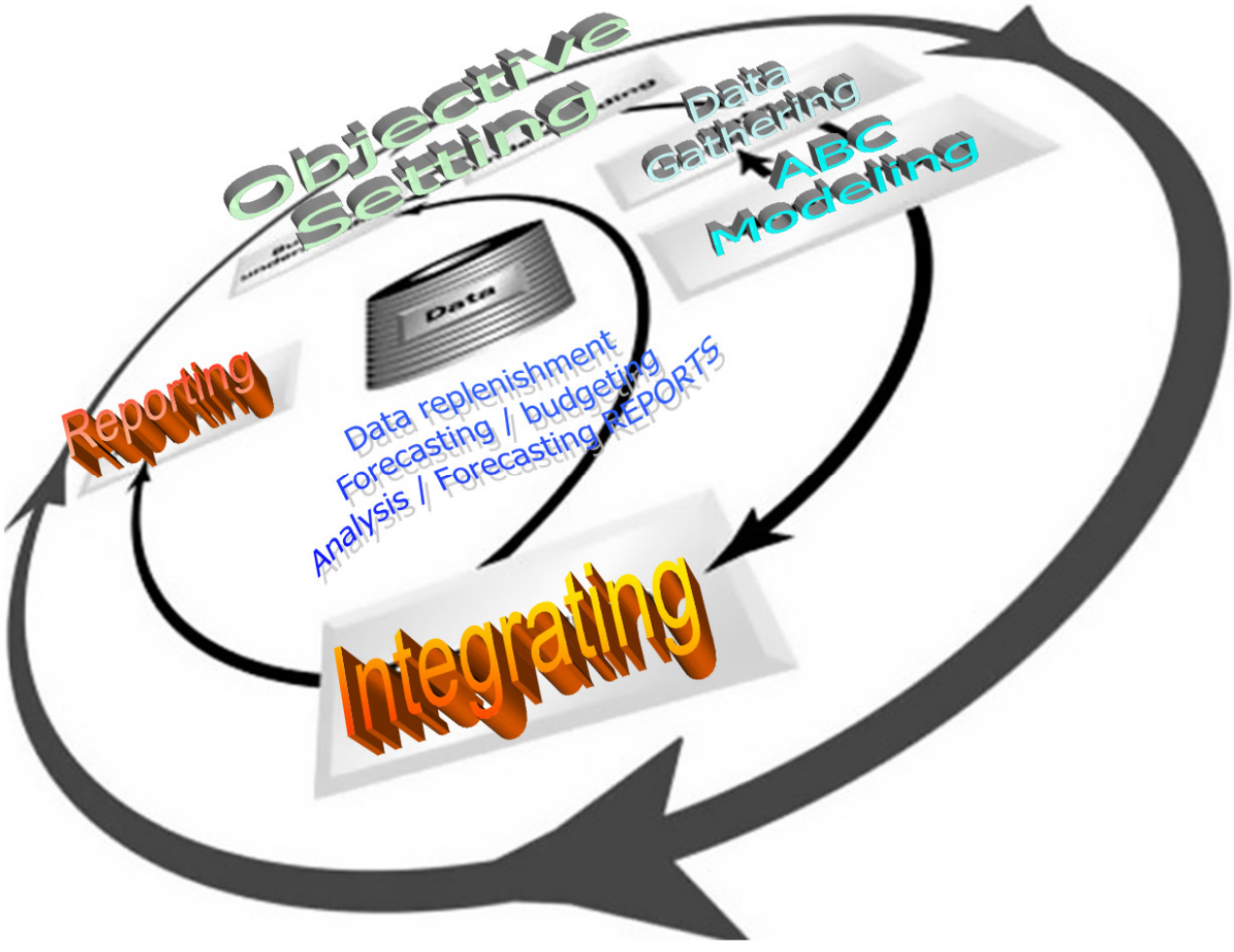
1. Collect the key factors to launch an ABC implementation.
2. Align the program to the organizational personality and tradition
3. Educate the hospital staff.
4. Move from agreement to commitment of the whole organization

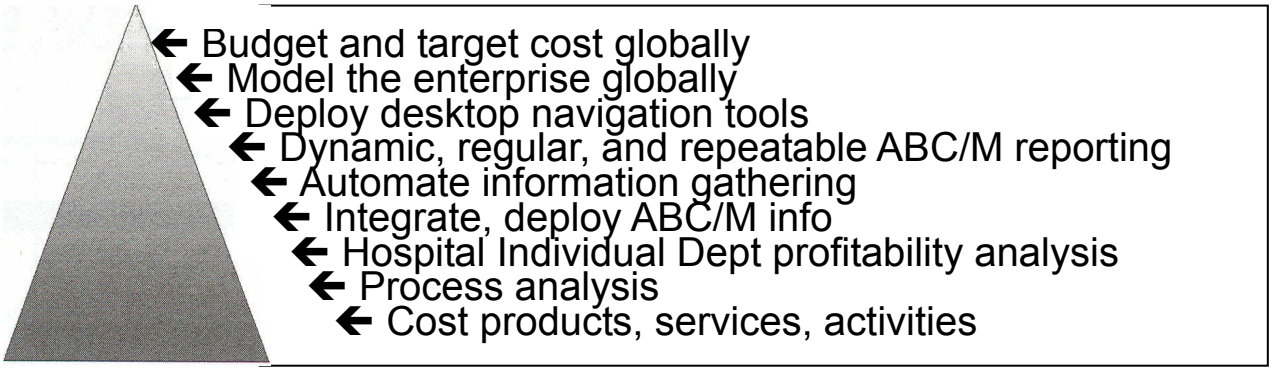
PHASE TWO

Understand the ABC/M endeavors (what's going on in an ABC orientated programme)



1. Objective setting
2. **Data gathering**
3. **ABC modeling**
4. Integrating
5. **Reporting**
6. Empirical data replenishment
7. Forecasting and budgeting
8. Re-creating reports





ABC Hierarchy of Needs

Organizations that succeed in their implementations anticipate and overcome the following obstacles:

- Data-gathering time: a technology challenge
- Education of users: a people challenge
- **Management understanding and support**: a people challenge
- System maintenance and data replenishment: a technological challenge . "Freeloaders" resist change: a people challenge
- Searching for "push-button" solutions: a technological challenge
- Expecting the model to freeze: a technology challenge (technology could facilitate the implementation and reduce human input)
- **Hidden costs**: a resource challenge

DATA-GATHERING TIME

DATA-cleansing are challenging, but organizations do not suffer from too little data. Someone, somewhere, somehow in the organization at any time is collecting point-oriented data. It is easy to be saddled with too much data. The skill is in identifying the correct sources of data and drivers.

EDUCATING USERS

ABC/M fundamentals. This includes learning the basics about ABC, the CAM-I modeling method, and the output measure approach, and understanding a case or two and how to approach the challenges of change management.

PHASE SIX

STEP 6 – Align with Strategy >> Strategy is the weapon and language of upper management. Cost is the language of finance. Both must meet if ABC/M is to survive in any organization.

Projects can go into the direction of IGNITE way or the COMBUST way: Project ignition demands that the ABC/M champion bring the following PRE-CONDITION into focus:

VISION ➔ The ability to see and articulate the way things that could be for optimal performance
KNOWLEDGE ➔ Responsiveness built on keen, leading-edge and rational way of thinking and analysis
EXPERIENCE ➔ Practical enough, hands-on responsiveness based from "being there, doing it, FIXING it"

Each Victorian hospital tends to have one of three STRENGTH being emphasized

1) **PEOPLE and STAFFING** – remote community ones
2) **PROCESS** – shortage of funding one tried to maximize its process efficiency
3) **TECHNOLOGY** – city teaching hospital that require more expensive equipment

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Hospital organization embarking on ABC/M should plan for the way that the organization adopting the upcoming new ideas and process. Hospital organization should have one of these three factors focuses

1) **People**
2) Process
3) **Technology**

	Vision	Knowledge	Experience
People	**Executives, CEOs**	**consultants or thought-leaders**	**Practitioners, ABC modelers, surgery project consultants**
Process	**ABC/M life cycle, project management, objectives setting, and decision-making expectations**	**consultants in the medical industry,**	**Hospital Industry-specific examples, cases, best practices, worst practices**
Technology	**Chief information officers, ABC committee**	**Technology-enabled consultants for facilitating DECIDSIVE JUDGEMENT CALL (consultant doctors)**	**Through outside Medical Equipment vendors for local adaptation, internal IT department**

Main Characteristic of Different type of hospital type will focus on different view, as a conclusion

People-focused hospitals tend to:

- View their world through human issues.
- Believe that if people are already - motivated and happy.
- Believe that layoffs are traumatic and not an option.
- Believe that firings benefit are contemplated
- Permit human resources and management to guide the company.

Process-focused hospitals tend to:

- Are really excited about organizing initiatives.
- Get things done by project management.
- TQM-orientated, process-centric.
- View the world through finite processes, activities, and tasks.
- Value people who are members of a process.
- Tend to have operating teams rule. i.e. more practical and focus on improvement.

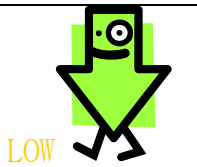
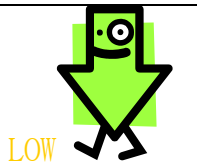
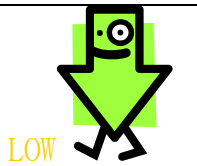
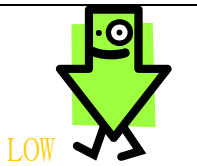
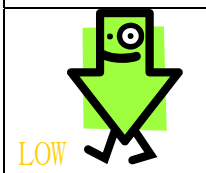
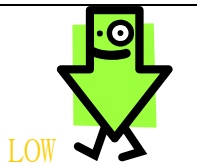
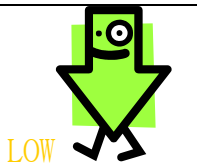
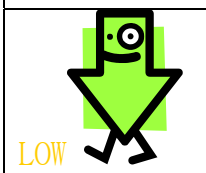
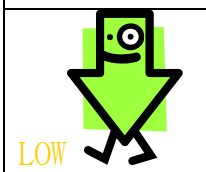
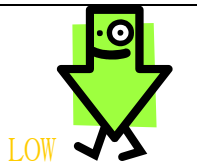
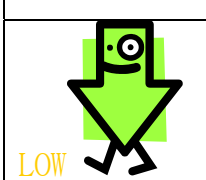
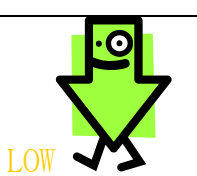
Technology-focused hospitals tend to:

- Already have an IT team focusing on using IT to improve workflow and information transparency
- IT focused and motivated
- Early adopters of new technology
- Change management is easiest here and sometimes forgot about evolutionary change and compatibility.

➔ **Change management – for project planning and launch (First Step in ABC analysis of a co)**

Assessment Process definition -- for current state assessment and going through the learning curve (Second Step in ABC analysis of a co)

➔ **Organizational design – for solution design (Third Step in ABC analysis of a co)**

People	Process	Technology	Possible Condition
			The project may lack focus. High achieving in nature.
			Focus on people and process issues. Structured methodology is important. Management may consider follow consultants advice exactly
			People and technology focused. Beware that human issues may divert ultimate objectives. Fad technologies may divert project. Consider bringing in consultant/ project manager.
			People-centric. Insensitive to cause-effect relationships. Politics of people may kill project orientation. Priority may be to maintaining relationships.
			Nowhere land. Don't attempt anything.
			Process and technology focused. People communication lacking emphasis. Consider consultant to contain project. Create communications systems. Remove fear.
			Technology is worshipped. "Ready-fire-aim" way of thinking. Belief: technology overcomes all. Consider process consultation, communications consultant.
			Process-centric. Acceptance criteria: fits into process. Technology training is necessary. Communication process may work.

➔ **Change management – for project planning and launch (First Step in ABC analysis of a co)**

Assessment Process definition -- for current state assessment and going through the learning curve (Second Step in ABC analysis of a co)

Organizational design – for solution design (Third Step in ABC analysis of a co)

Michael Porter speech about ABC linking activities to strategies

When Michael Porter spoke at the seventh annual ABC Technologies International User Group conference in Chicago in 1997, he encouraged his ABC/M audience to march on in their mission. He spoke of the importance of linking activities to strategy and said that strategic fit of activities was a profound measure of strategy. In a dialog with Porter, one high-ranking participant stated that he used strategy and ABC/M to align his activities. He claimed that if any activity was not aligned to a strategy, it would either be removed or moved to a lower level in the hierarchy of activities. This method serves two purposes:

1. As a way to determine the value of any activity using strategy
2. As a way to monitor the size and hierarchy of a model so that it does not get too large and complicated

Porter emphasizes that benchmarking only makes companies become more similar (homogenous). Just using ABC/M to identify and improve the activities in a company or improve the cost management aspects of the business does not forge a competitive advantage. However, using ABC/M to align activities to strategy offers tremendous value.

Strategy without strategic alignment to KPIs and activities renders organizations impotent. The strength of a competitive organization comes from its ability to change its strategic thrust and see how it reflected in actions and corresponding performance measures [Flexible Adaptation]. This connections presence among strategy, KPIs, and activities can be achieved using ABC/M. Aligning an ABC/M program to these higher goals will strengthen and focus a mission and align it to the strategic program on the desk of decision makers.

An analysis of the impacts of different strategic thrusts. . An analysis of the connections and relationships between:

- -Strategy and profitability
- -Strategy and resource consumption
- -Strategy and activity costs
- -Strategy and value-added analysis

PHASE SEVEN

PLAN FOR AN ENTERPRISE-WIDE EXPANSION

Many organizations that wish to expand beyond their local sites to multiple ABC endeavors worldwide form internal competency centers to dispense and distribute learning and technology. These centers are responsible for:

. Educating and training users
. Ensuring design and implementation consistencies
. Central technical support
. Implementation priority selection and negotiation
. Functioning as a clearinghouse for upgrades and updates of software . Certification of model architectures and model consistencies

Change management – for project planning and launch (First Step in ABC analysis of a co)
Assessment Process definition -- for current state assessment and going through the learning curve (Second Step in ABC analysis of a co)

➔ **Organizational design – for solution design (Third Step in ABC analysis of a co)**

4 Executive summary , key finding, drafting a viable solution (viable solution in the attached power point) that could be deduced from the above analysis

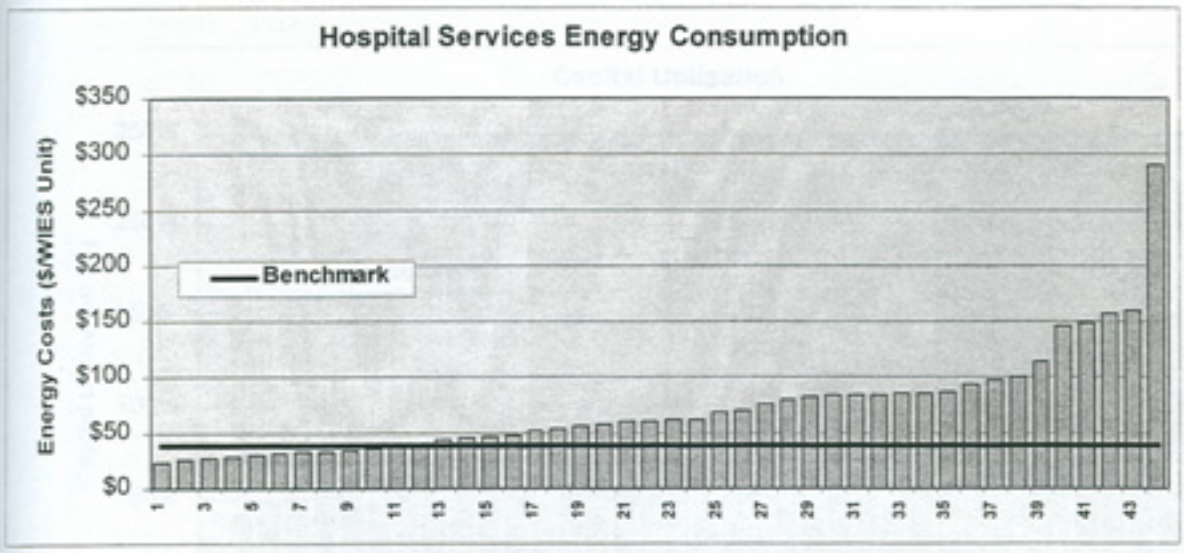


Figure 3.3 Hospital services energy consumption rate – all hospitals

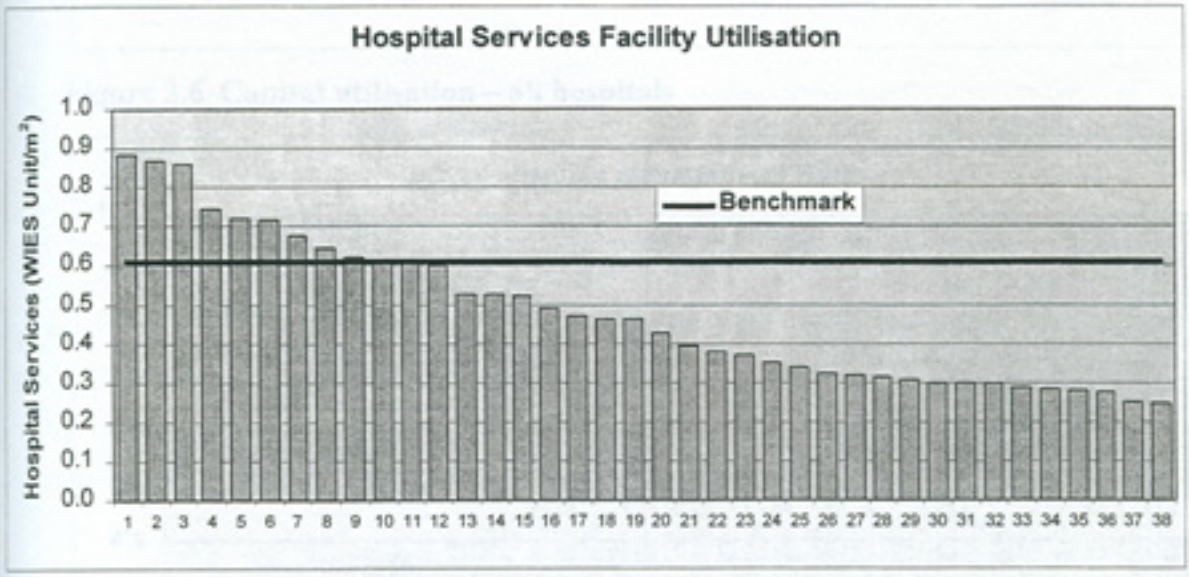


Figure 3.4 Hospital services facility utilisation – all hospitals

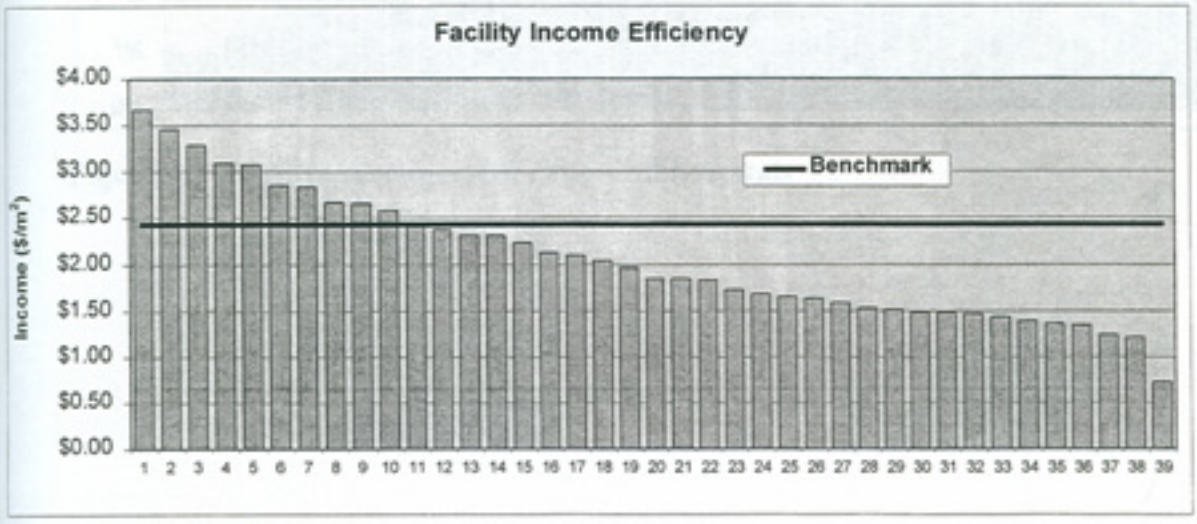
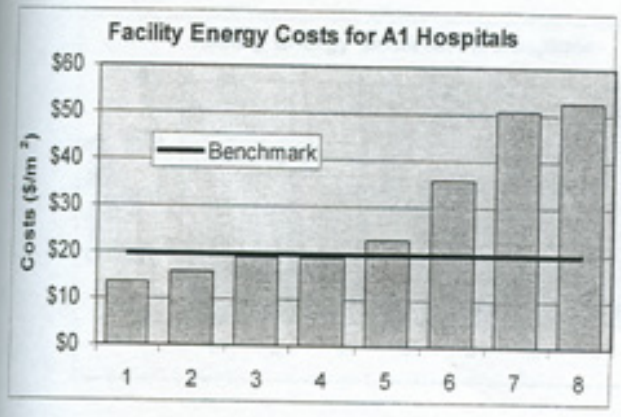
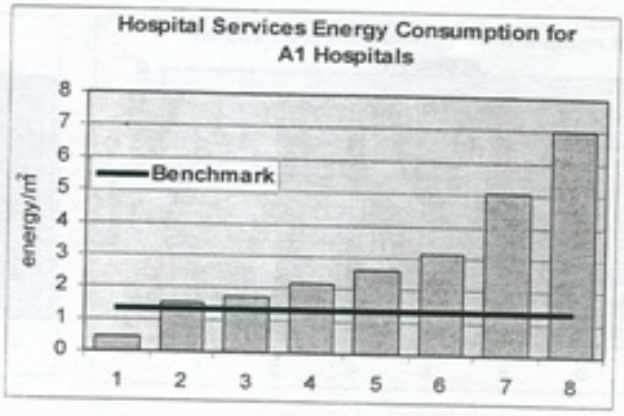
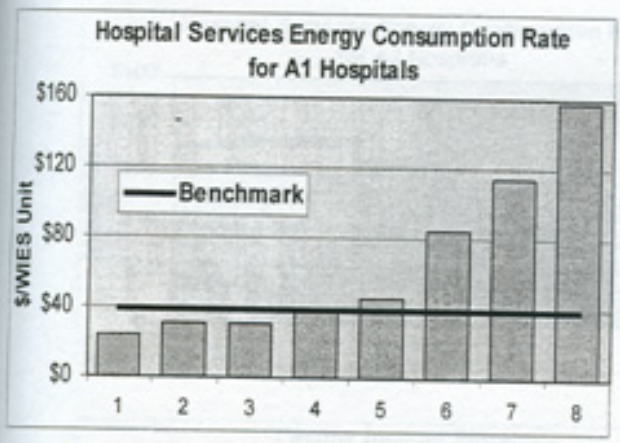


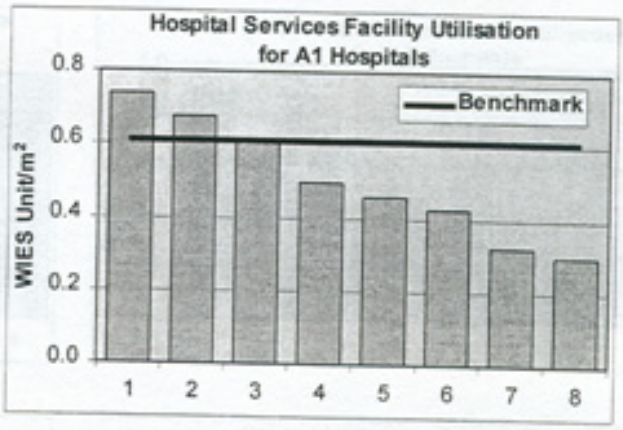
Figure 3.5 Facility income efficiency – all hospitals

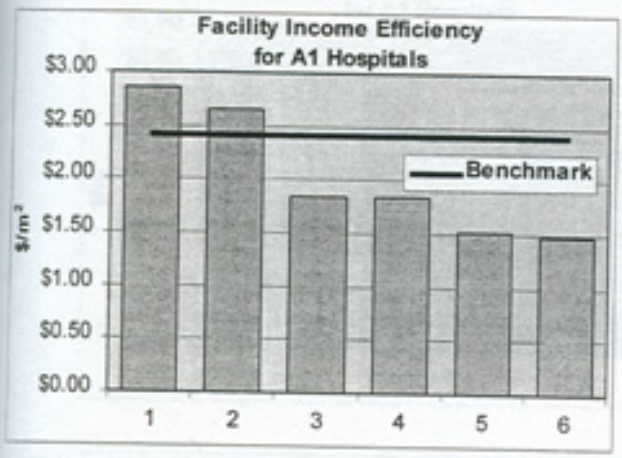
33 Hospital group ranking

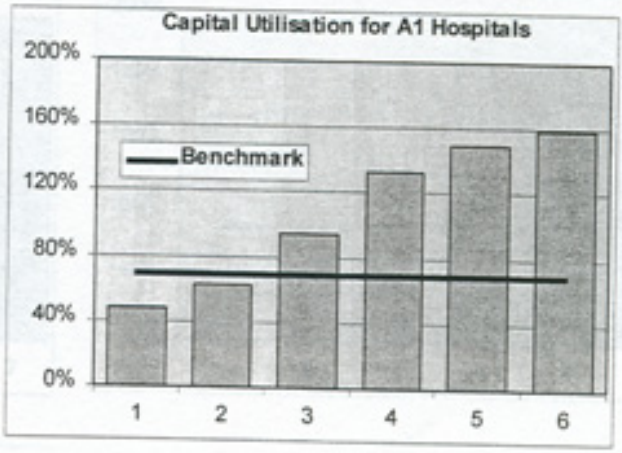


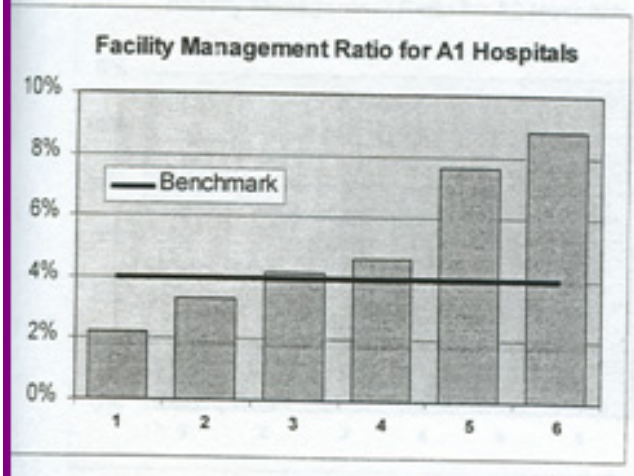




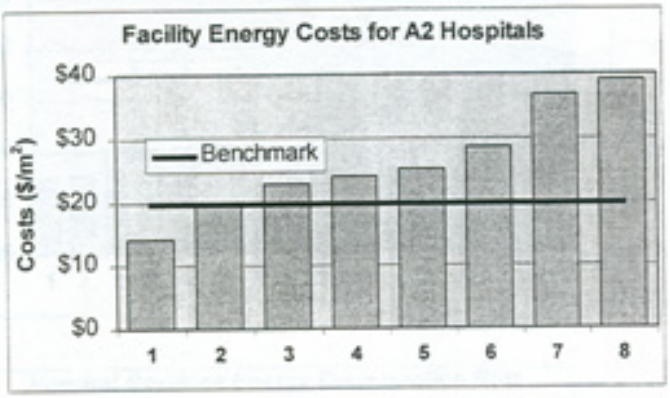


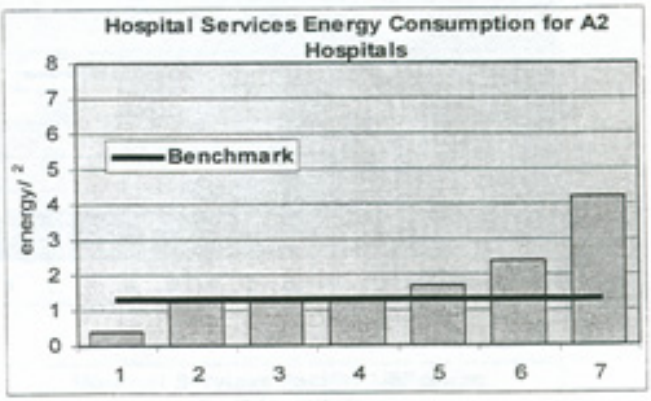


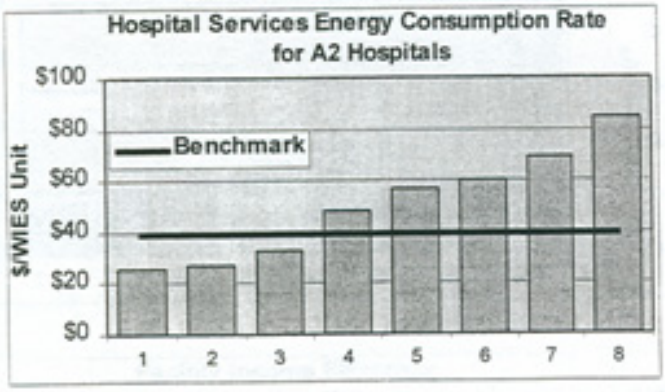


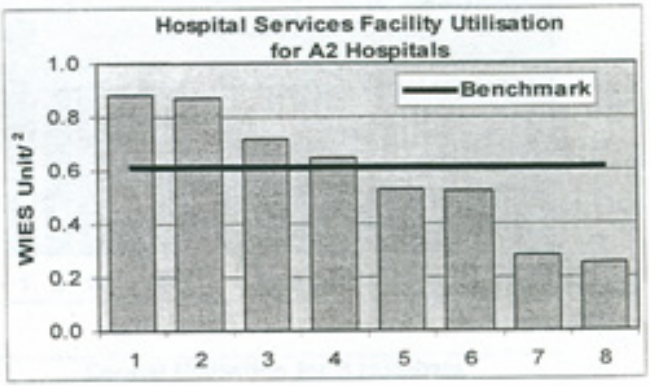


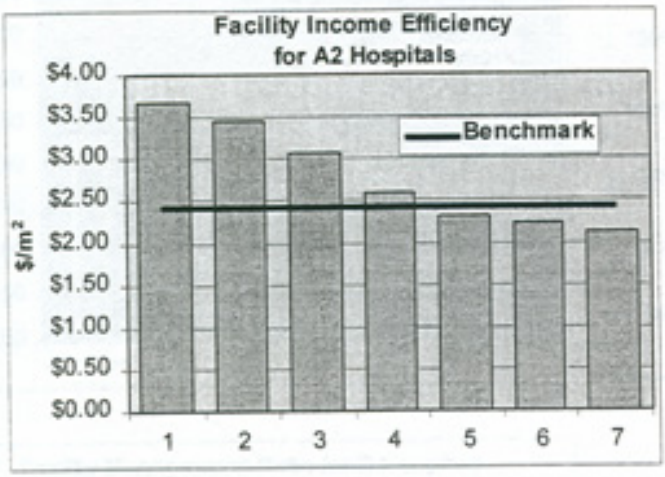
igure 3.8 Expenditure profiles for A1 hospitals

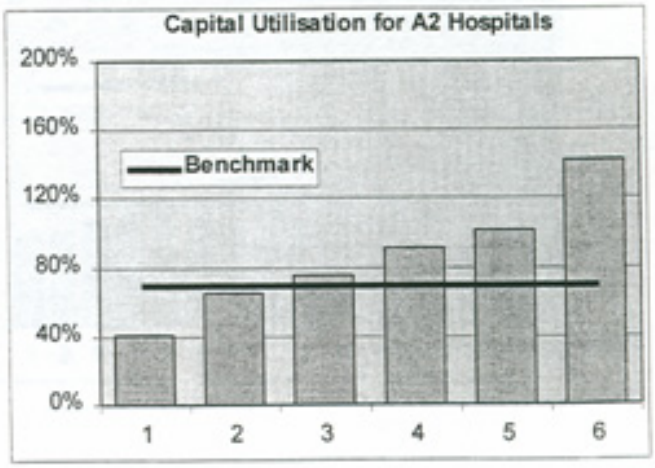












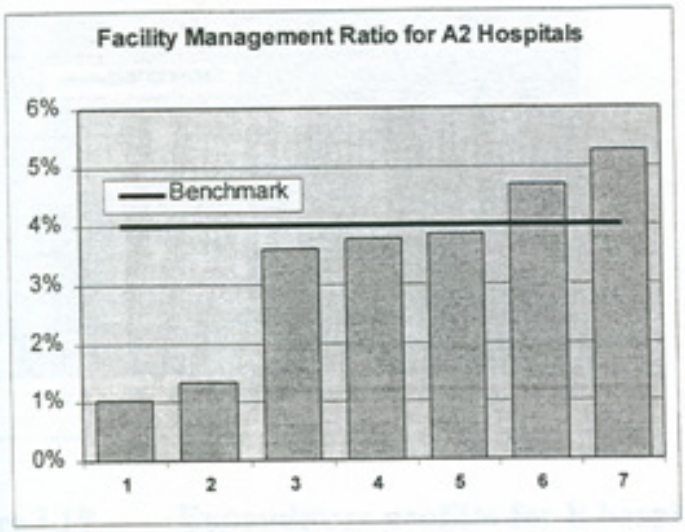
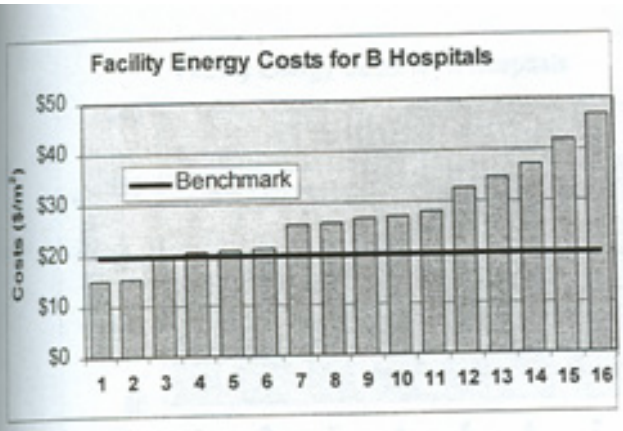
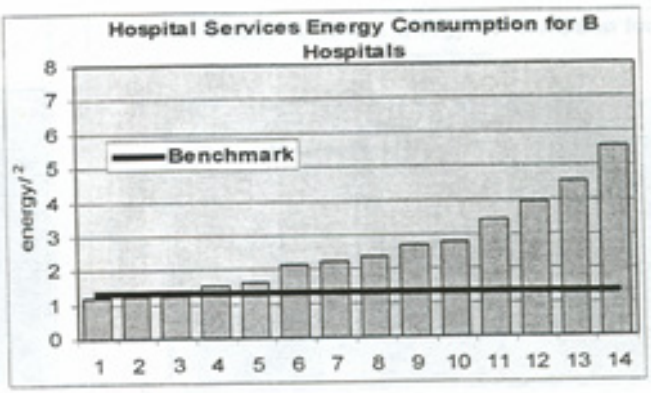
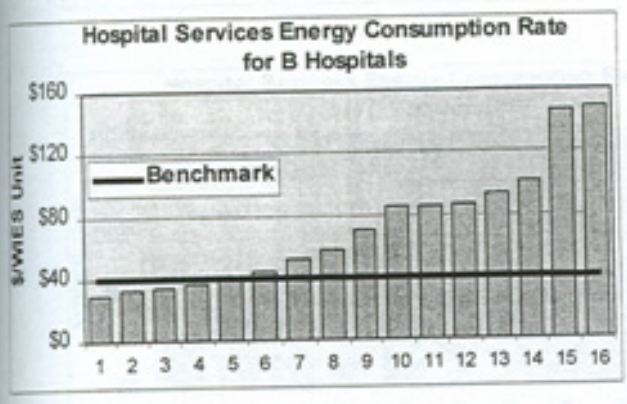
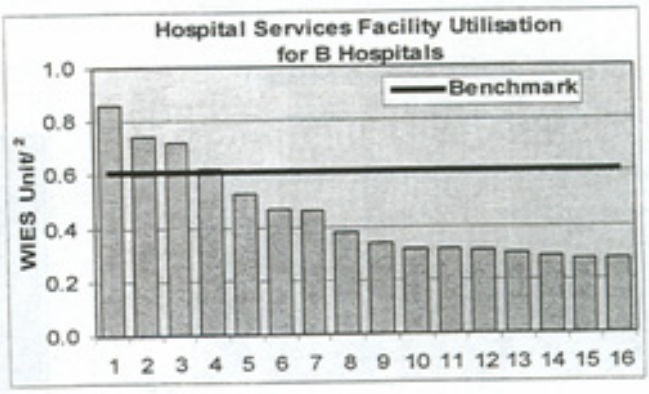


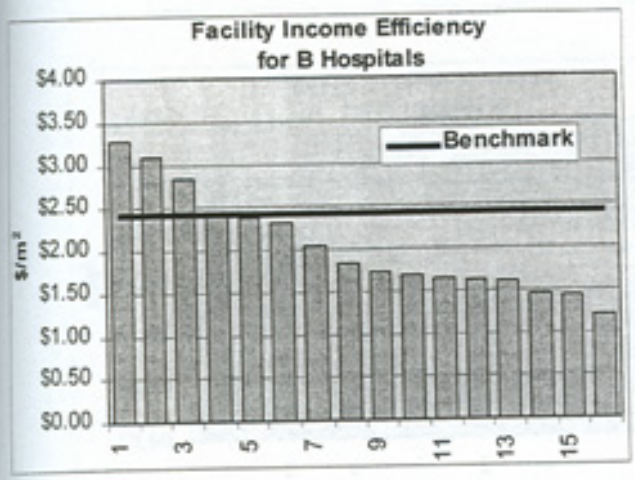
Figure 3.9 Expenditure profiles for A2 hospitals

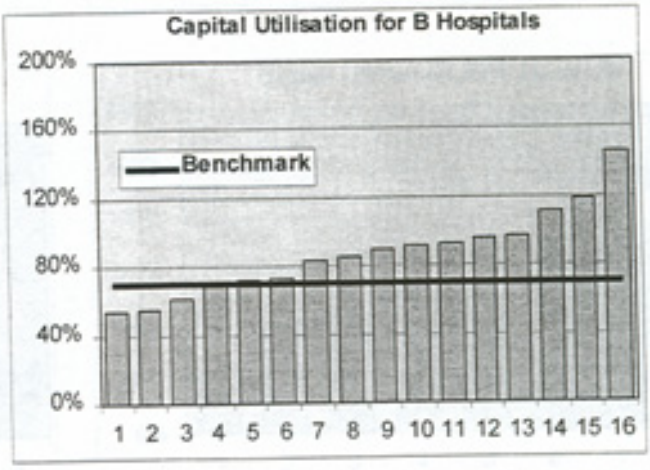












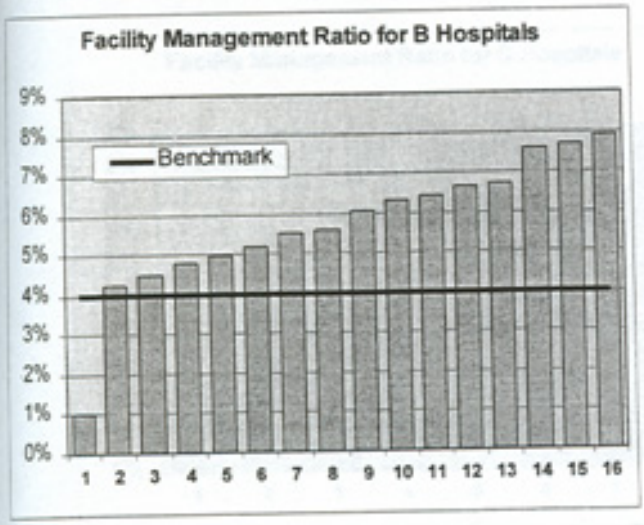


Figure 3.10 **Expenditure profiles for B hospitals**

In the above charts, a horizontal dark line shows the value of the benchmark for the key performance indicator. It is interested to notice that if the value is too much higher or too much lower than the benchmark, it probably indicates the data has not been provided on the same basis as others that would need verifying the received data before conclusions could be drawn, as the results collected may not be used for comparison on the same ground.

How to read the graph

Each graph show the values of the KPI in rank order with the best performance value to the hospital on the LEFT, the numbers on the x-axis are just the ranking number. Please note that for the 2 graphs >> Hospital services energy consumption rate and Hospital services facility utilization rate, Higher than benchmark value (also to the LEFT), those hospital perform better.

With these graphical representation of the findings, with the ABC analysis. When granting the funding for each hospital and even merger of some less efficient hospital OR contract out of some of the low efficiency department, Australian Queensland Local government could make a sound judgment on which hospital require more funding. As there is subjective standard for measurement and comparison. The decision process would become more transparent and rational, improvement must be made for those Low Efficient hospital and they know how much improvement that they have to make. As a conclusion, ABC analysis make a fair view and sound judgment on Efficiency improvement, fund allocation; identify the short coming process to focus sharply on the inefficient process.

The key findings are comparison of various performance indicators in different hospital that belong to the same group **(e.g. teaching hospital compare with other teaching hospital in the city)**

Before these ABC performance benchmarking

There are other ways to implement ABC in a commercial setting , for example

Operating Expenses		
1	Operating Supplies	Includes the materials needed for the program to carry out its tasks & functions. For most units, several line accounts will be consolidated into this one category. Includes non-capital out-lay equipment, tools, & software.
2	Purchases	Cost of property or materials purchased
3	Training	Includes all training related expenses for employees.
4	Maintenance & Repair-Equipment	Includes service and repairs to equipment & office machines. Includes maintenance contracts.

For measuring of cost-saving with this ABC exercise

In order to do a cost-benefit analysis and break-even analysis, we must able to find out the funding of each activity first. Since the Victorian hospitals that we studied are public hospital, they are not in the business factor, they got the money in a lump sum. Therefore, at the current stage of ABC analysis, we are not in the prefect stage to analyze its cost and revenue yet.

Benefit-cost analysis puts both costs and benefits into standard units (usually dollars terms) so that they can be compared directly.

A similar studies about cost : cost-effectiveness analysis, which is a cost-minimization technique

Define options in a way that enables the analyst to compare them fairly. If one option is being assessed against a base case, ensure that the base case is optimized

In this report, we could use the benchmark as the base case, the hospital may set out a framework for procurement, controlling cost and effective optimize use of expensive equipment with reference to the comparison data provided in this report. Furthermore, let's say, if it is a private hospital, in which the standard charges will be applied to each procedure and use of each equipment. We could apply the break-even analysis easily. Therefore, it is a matter of quantifying the REAL COST and REAL REVENUE. This will not be applied that well in light of public hospital funding in which each hospital will be receiving their funding in a lump sum or from private donation.

In today's competitive world, customer care in hospitals is a vital goal to be accomplished at an affordable price. One important factor in the customer care is the effective control of costs and satisfying the customers in terms of the percepted high quality of care that they received.

Future research can benefit from this research by:

(1) microscopic view into the ward / dept within a hospital in order to comparatively analyze the applicability of the effective use of resources, as the revenue and the staffing and capital cost of each department is disproportionate at this current stage, we must try to better justify the resources spend in each department

(2) applying the same methodology to other voluntary organization for developing a model for a standardized costing system in expensive equipment such as computing equipment purchase in school, organization, improvising for better community care by choosing the modern equipment that the clients will enjoy, rather than cutting human resources without improving the quality of community care of the needy

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Hospital Authority (Hong Kong, China)	**Annual report**	Hong Kong : The Authority, 2000-
Glad, Ernest.	**Activity-based costing and management**	Chichester; New York
Department of Human Services and Construction Industry Institute	**Benchmarking energy and asset performance in Victorian public hospitals**	Brisbane, Qld. : Construction Industry Institute
Cokins, Gary.	**Activity-based cost management in government**	Vienna, Va. : Management Concepts, c2003.

Presentation Group >> Andrew

Australian Hospitals

A B C analysis

ISE 538

a recommendable and sophisticated viable solution

For Queenslands-HA

using ABC benchmarking for enhancing its productivity AND more accountable time management of each staff and each equipment usage

1 Creating additional value, 2 synergy of patients satisfaction by 3 >> better justification of round-the-clock use of expensive medical equipment

Presenter : andrew wood
subject: ISE 538
HK polytechnic university

Queensland-HA synergy of the time and knowledge and fast articulated workflow

S imple -- Lean quality professional service-deliveries and Lean timeliness Logistics, mitigate / reduction of non – interfaced activities (e.g. preparation – contract-it-out to semi-professional staff)

A rticulated -- Smooth out the workflow, better articulation of the hospital staffing, synergy for the FLOW of the standard procedure just like the non-stop experienced nursing staff facilitated SURGICAL OPERATION type of co-operation in the Surgical O. R.

J ustifiable -- Fair system of activity and performance measurement in various rank and better use of talents

I nitiative -- Proactive Involvement of good initiative to make vital information more transparent, delegation of staff duties and each staff TIME MANAGEMENT should have more clarity to the management group

Presenter : andrew wood

methodology/ approach – 7 Bases, ABC approach

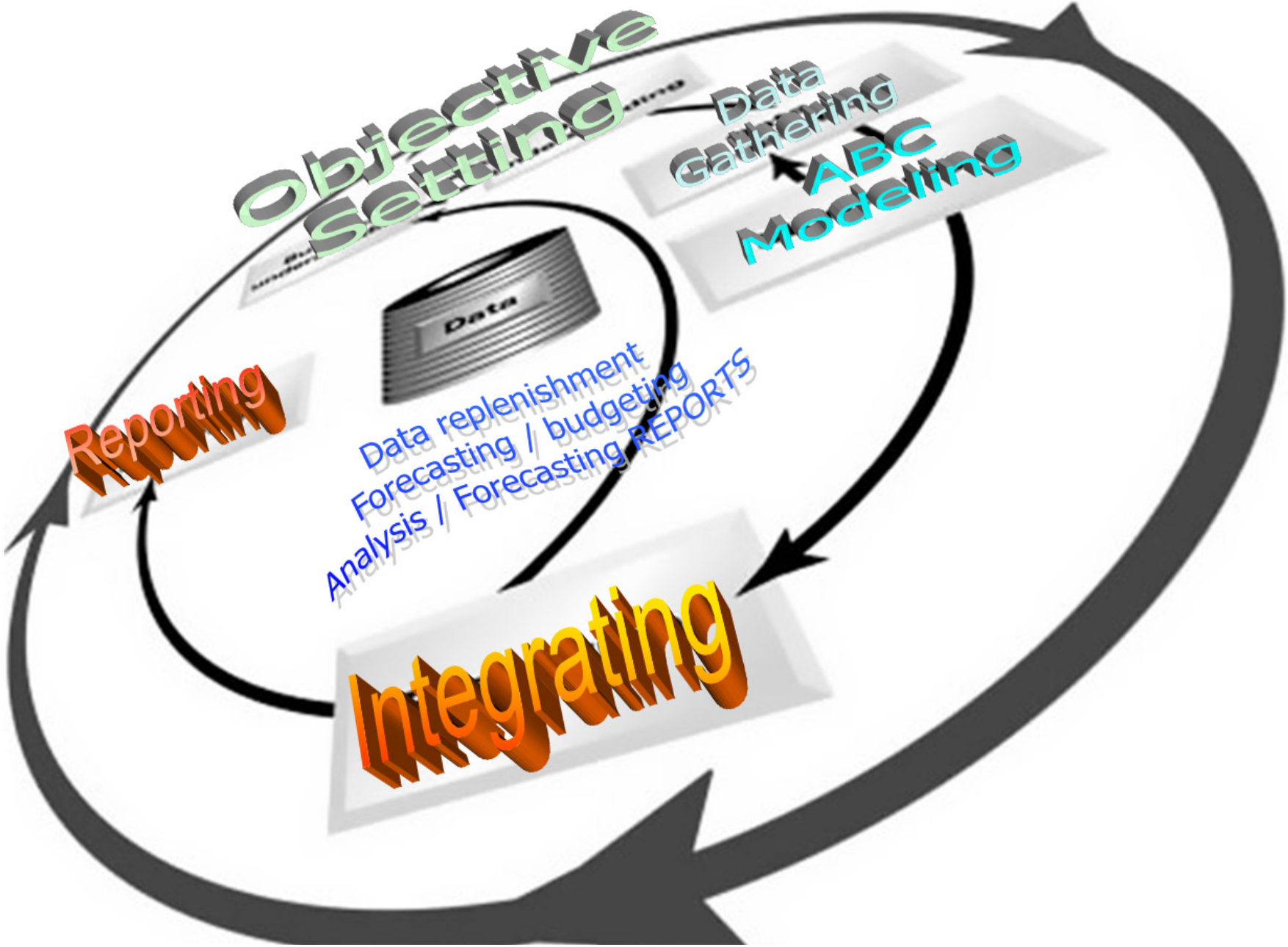
- **PHASE 1**
  >>> >> TRACE THE STEPS for a proper ABC analysis
- **PHASE 2**
  >>> >> UNDERSTAND THE EVOLUTION OF ABIS -- Activity Based Internal Strength
- **PHASE 3**
  >>> >> GET TO KNOW THE ROADMAP
- **PHASE 4**
  >>> >> TREAT THE ENDEAVOR AS A PROJECT
- **PHASE 5**
  >>> >> WATCH OUT FOR THE EIGHT OBSTACLES
- **PHASE 6**
  >>> >> ALIGN WITH STRATEGY
- **PHASE 7**
  >>> >> PLAN FOR AN ENTERPRISE-WIDE EXPANSION

PHASE SEVEN

PLAN FOR AN ENTERPRISE-WIDE EXPANSION

- Educating and training users
- Ensuring design and implementation consistencies
- Central support Unit
- Implementation priority selection and negotiation

A B C analysis



Other analysis that we may consider include:

- Business Analysis
- Business Structure Analysis
- Business Organization Analysis
- Business Development Analysis

Process Management Analysis

- Process Management Analysis include
  - Management Organization Analysis
  - Order Flow Analysis
  - Process Flow Analysis
  - Process Cycle-time Analysis (JIT)

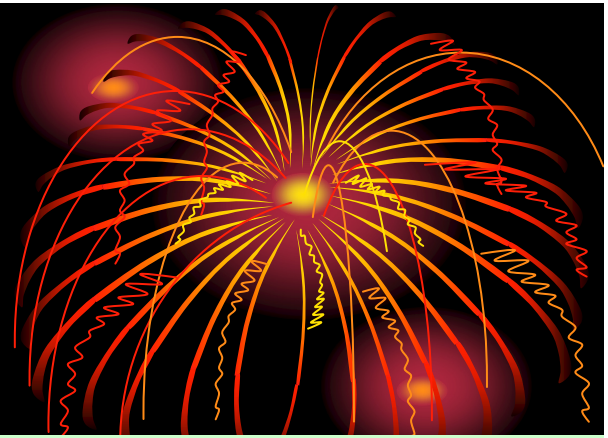
West Gippsland Healthcare Group	./	small HOSPITAL IN THE suburb
West Wimmera Health Service		C
Western District Health Service (Hamilton)	./	small HOSPITAL IN THE suburb
Western District Health Service (Penshurst)	./	E
Western Hospital	./	TEACHING HOSPITAL IN THE CITY
Williamstown Hospital	./	small HOSPITAL IN THE suburb
Wimmera Health Care Group	./	small HOSPITAL IN THE suburb
Wodonga Regional Health Service	./	small HOSPITAL IN THE suburb
TOTAL HOSPITALS	52	
TOTAL REPLIES	44 (85%)	

Hospital resources for measurement in this ABC analysis

1. Buildings
2. Energy utilization and cost
3. Functional areas
4. Hospital revenue
5. Facilities management expenditure

KPI that measured

1. Facility income efficiency
2. Facility energy efficiency
3. Facility management ratio
4. Medical services energy consumption
5. Medical services facility utilization



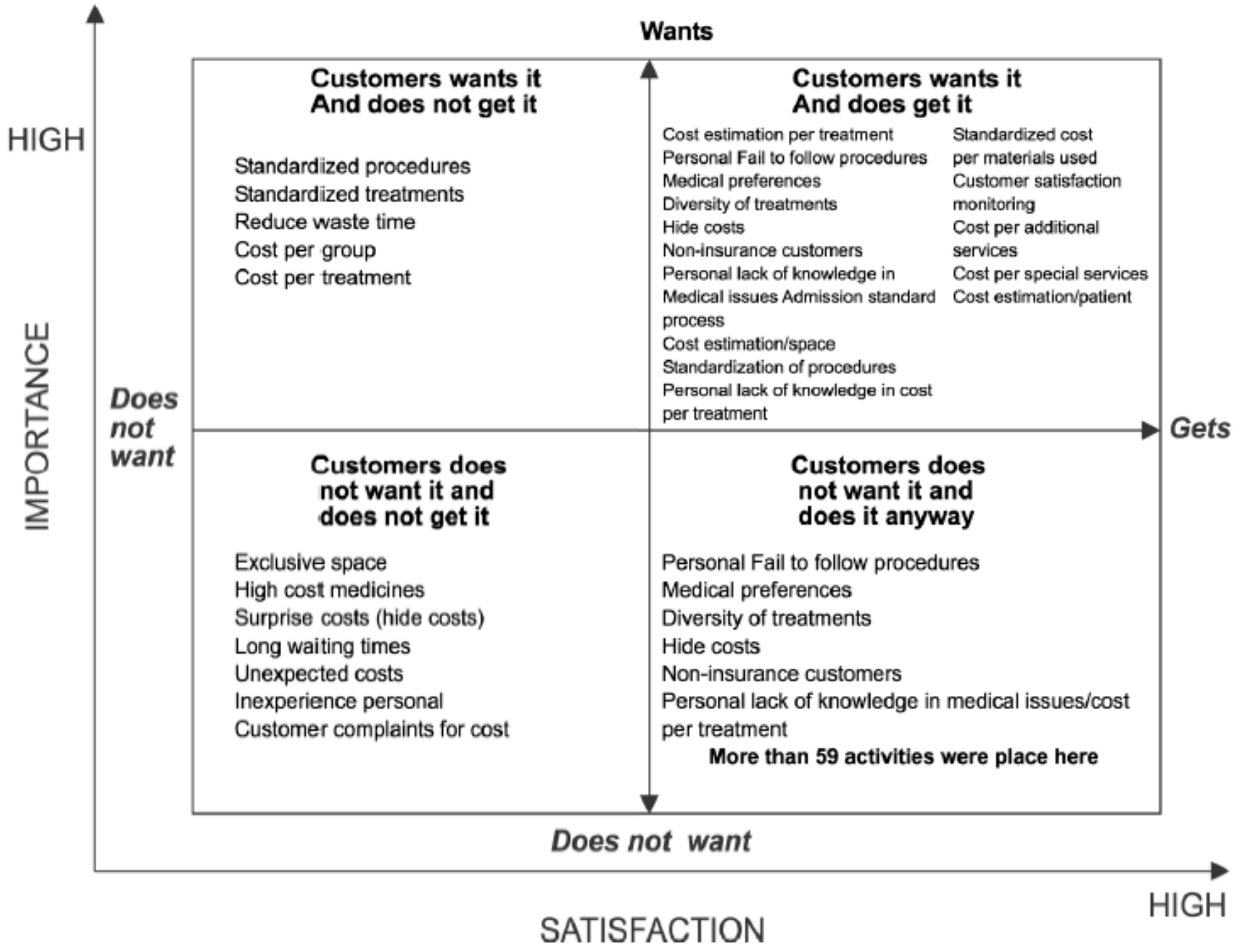
Key Performance Indicator -- KPI --	In Laymen's term, what does that refer
Facility income efficiency	Effective usage of hospital gross floor area
Facility energy efficiency	Lower the efficiency, more Modern High tech equipment being used
Facility management ratio	Lean service deliveries OR Administrative work is dominant
Facility energy cost	Gross cost : area -- efficiency indicator
Medical services energy consumption rate	Whether the medical service use expensive MRI equipment or low energy consumption equipment such as Ultra-sound
Medical services facility utilization	expensive equipment density per square foot
Capital utilization	Whether the hospital purchasing power of more sophisticated machines is sustainable from its income

Formulae explanation of key performance indicators

Key Performance Indicator -- KPI	Calculation formulae of the KPI	Units
Facility income efficiency	ratio of annual hospital income to hospital gross floor area	$/m^2
Facility energy efficiency	ratio of annual energy use to hospital gross floor area	GJ/m^2
Facility management ratio	ratio of annual facility management expenditure to annual hospital income	%
Facility energy cost	ratio of annual energy costs to hospital gross floor area	$/m^2
Medical services energy consumption rate	ratio of annual energy cost to annual WIES units	$/unit
Medical services facility utilization	ratio of annual WIES units to hospital gross floor area	unit/m^2
Capital utilization	ratio of capital replacement value to annual hospital income	%

ABC project – succeed!

- **Manager must able to see>>**
- **VISION** **to see and to articulate**
- **KNOWLEDGE** **rational**
- **EXPERIENCE** **practical enough**


Wants
Customers wants it
And does not get it
Standardized procedures
Standardized treatments
Reduce waste time
Cost per group
Cost per treatment
Customers wants it
And does get it
Cost estimation per treatment
Personal Fail to follow procedures
Medical preferences
Diversity of treatments
Hide costs
Non-insurance customers
Personal lack of knowledge in
Medical issues Admission standard
process
Cost estimation/space
Standardization of procedures
Personal lack of knowledge in cost
per treatment
Standardized cost
per materials used
Customer satisfaction
monitoring
Cost per additional
services
Cost per special services
Cost estimation/patient
HIGH
IMPORTANCE
Does
not
want
Gets
Customers does
not want it and
does not get it
Exclusive space
High cost medicines
Surprise costs (hide costs)
Long waiting times
Unexpected costs
Inexperience personal
Customer complaints for cost
Customers does
not want it and
does it anyway
Personal Fail to follow procedures
Medical preferences
Diversity of treatments
Hide costs
Non-insurance customers
Personal lack of knowledge in medical issues/cost
per treatment
More than 59 activities were place here
Does not want
HIGH
SATISFACTION

People	Process	Technology	Possible Condition
HIGH	HIGH	HIGH	The project may lack focus. High achieving in nature.
HIGH	HIGH	LOW	Focus on people and process issues. Structured methodology is important. Management may consider follow consultants advice exactly
HIGH	LOW	HIGH	People and technology focused. Beware that human issues may divert ultimate objectives. Fad technologies may divert project. Consider bringing in consultant/ project manager.
HIGH	LOW	LOW	People-centric. Insensitive to cause-effect relationships. Politics of people may kill project orientation. Priority may be to maintaining relationships.
LOW	LOW	LOW	Nowhere land. Don't attempt anything.
LOW	HIGH	HIGH	Process and technology focused. People communication lacking emphasis. Consider consultant to contain project. Create communications systems. Remove fear.
LOW	LOW	HIGH	Technology is worshipped. "Ready-fire-aim" way of thinking. Belief: technology overcomes all. Consider process consultation, communications consultant.
LOW	HIGH	LOW	Process-centric. Acceptance criteria: fits into process. Technology training is necessary. Communication process may work.

Michael Porter speech -- about ABC linking activities to strategies

- Michael Porter (porter 5 forces creator)
- Michael Porter spoke about the importance of linking activities to strategy and said that strategic fit of activities was a profound measure of strategy

1. As a way to determine the value of any activity using strategy

2. As a way to monitor the size and hierarchy of a model so that it does not get too large and complicated

Viable Solution For Queensland Victorian Health Services

I. Consolidation of administration / preparation activities by creating a central admin / preparation unit – outsource combined activities after applying ABC

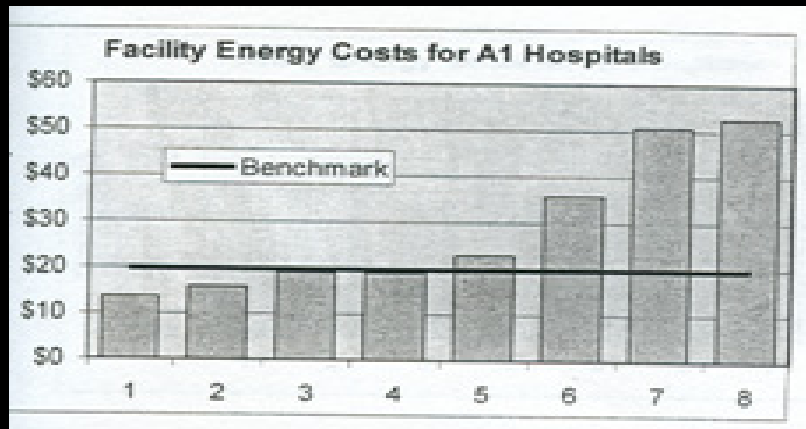
II. Many worldwide companies allow employees to become the shareholders of the company, rather than having a fixed salary, their salary should be performance link

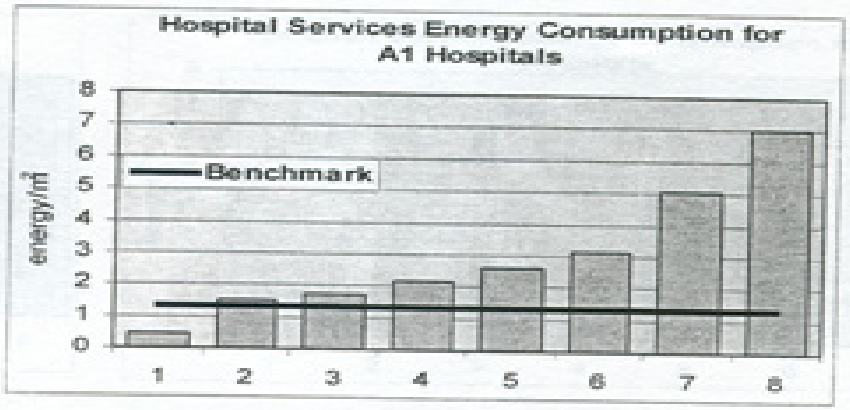
III. The medical staff would only get the performance bonus when the performance benchmark of the company have been met according to a scaling system

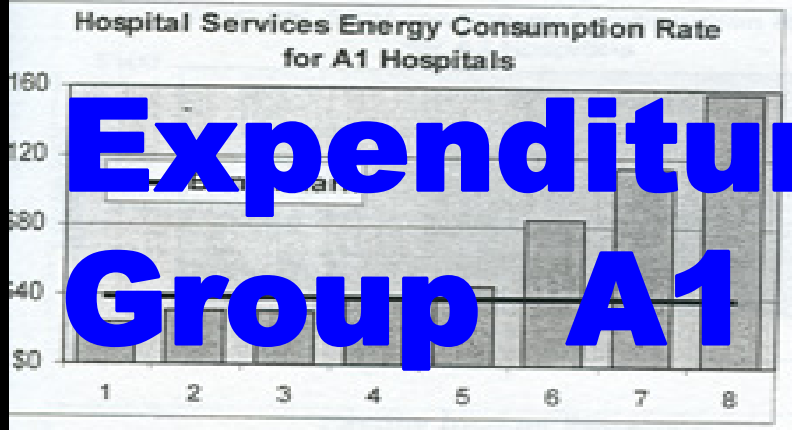
IV. Since the staff will be more focus on economise usage of resource and maximise the total number of patients served, therefore they might Accept RFID usage near PRODUCTIVE EQUIPMENTS e.g. MRI, CAT scan , ECG, EEG machines, Computerise medical record workstation

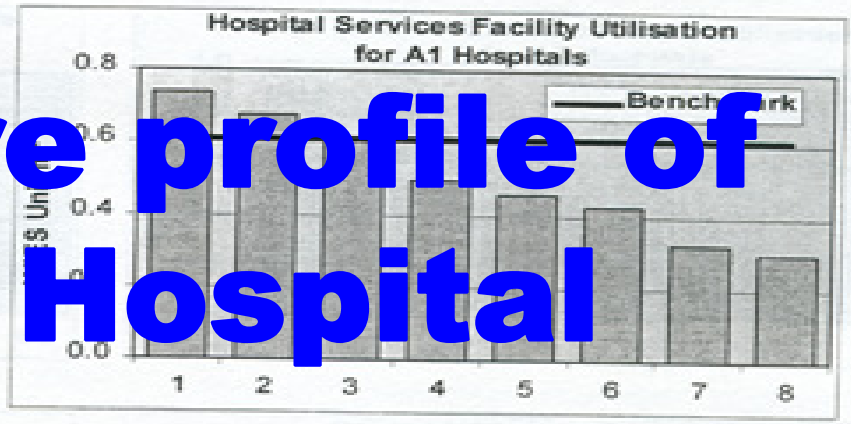
V. Just like hourly workers in McDonald, RFID in the name badge of the medical staff and RFID responder near the productive medical equipment will improve the whole process and activity and performance measurement, thus, better ABC implementation in the future

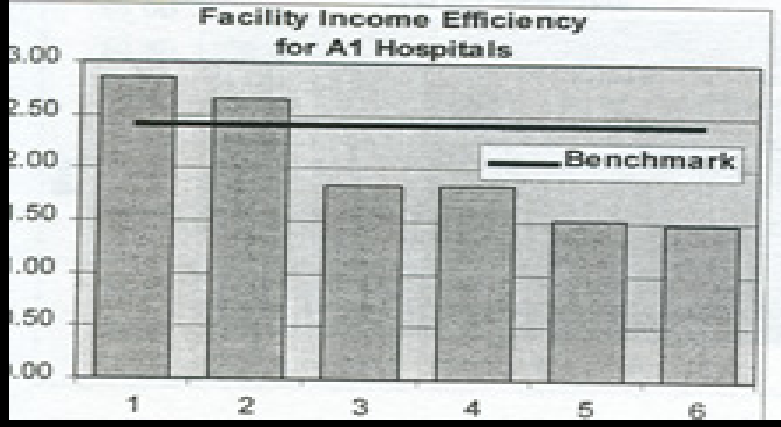
Expenditure profile of Group A1 Hospital

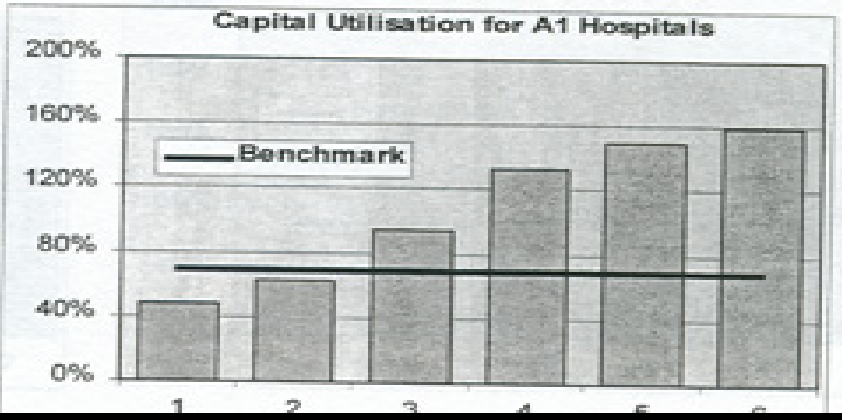


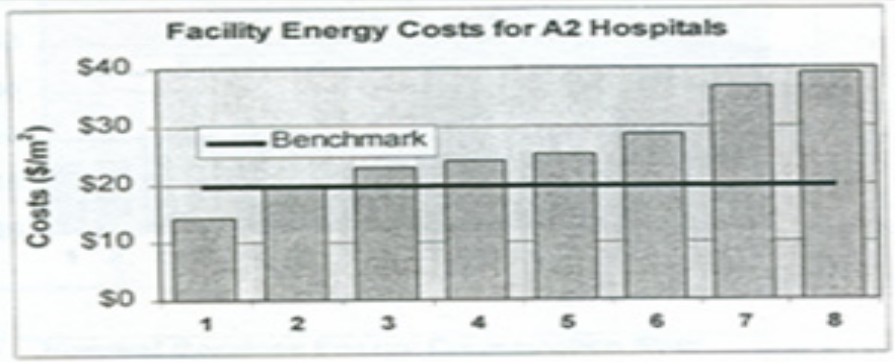


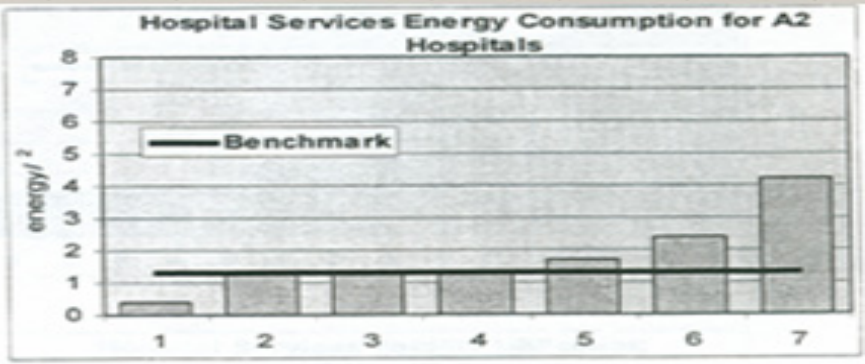


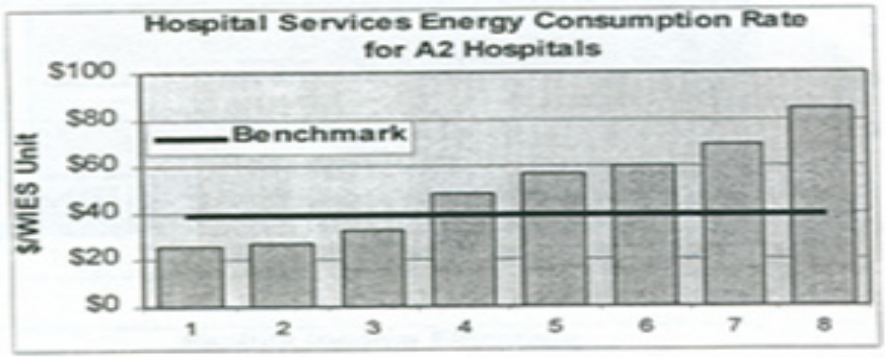


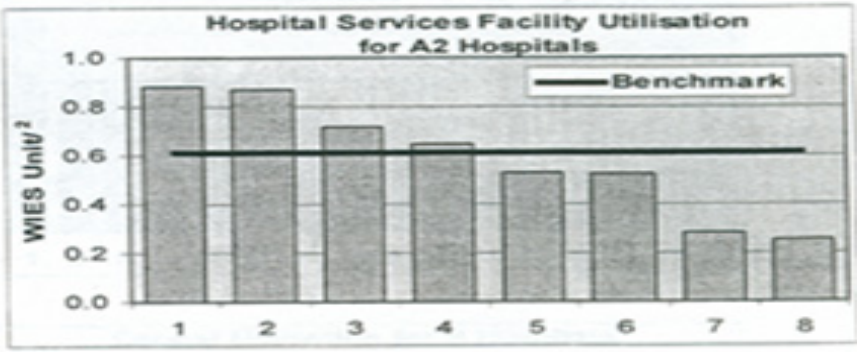












Expenditure profile of Group A2 Hospital

Performance Measurement

A. WHY MEASURE
B. FACTORS
C. HOW – ABC comparative analysis

Performance Measurement

WHY MEASURE

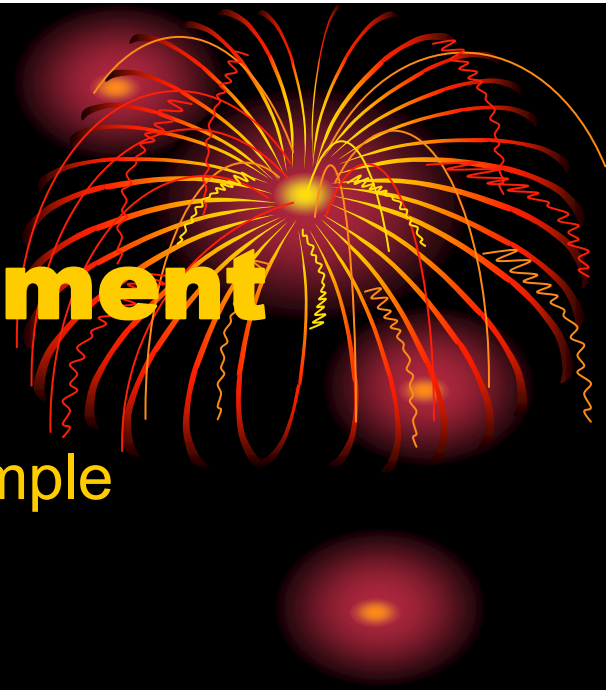
- Crucial for effective medical service deliveries
- Co-ordinate constructive feedback
- Comparison of different same niche hospitals in the same region
- Reward/ Recognize

Performance Measurement

FACTORS

- Reliable
- Simple
- Meaningful
- Easy to understand
- Current

Performance Measurement



Weighing of different services, example

- Cost (10%) -
- Innovation (5%) -
- Service (15%) -
- Quality (20%)
- Safe Operation (surgical procedure) (30%)

Performance Measurement

Queensland Medical service should focus on-

- Total cost
- Availability
- Lead time
- Turn time
- Responsiveness
- Administration workload

Contract-out service Management

Contract-out

Address the temporary staff obligations –

Ensure focus on key performance areas

- Include detail performance commitments to patients, hospital and medical staff

Competitive Analysis

- Understand in more details the staff perceptions.
- Generate a stronger sense of competition amongst staff in different ward

How to build a staff desire to acquire addition job duties within hospital setting

- Built the staff belief of opportunity, career advancement, prestige, further studies etc.
- Built the staff expectation / perception with the new arrangement
- Prepare to award the best staff for promotion

What specific actions should be taken?

- Identify and establish the benefits.
- Ensure that the staff understands the benefits.
- Test through negotiation whether the staff is ready, willing and able to fulfill a more hectic workload.
- Take time to debrief unsuccessful incompetent staff who may have potential for the same job

What specific actions should be taking?

- Establish the real reasons why changes and facilitation have to be made
- Build the staff fear on the new mode on operation while provide enough training
- Let the staff know that you are looking at the external competitive personnel for the same position
- Build credibility with the proficient and effective staff
- Competitive and proactive negotiation to form the desired supportive staff relationships.

How does competition analysis work?

Competition Analysis segments the supply into 3 categories:

- **Type 1**: **Multiple Medical staff Sourcing agency And Real Competition**
- **Type 2 : Multiple Sourcing, no Competing**
- **Type 3 : Single Sourcing, No Real Competition**

Type 1: Multiple sources and real competition

Situation Analysis	Potential Buyer Actions
1. Medical Staff Agency Doesn't Believe There Is Competition / You Will Move The Business	• Move all or part of the business to an alternative medical staff agency
2. Current Staff Agency Does Want To Compete	• Understand the reasons • Agree for cost improvement / principles
3. Current Agency Wants To Keep The Business	• Threaten loss of business • Build the belief that additional business is available for a better deal
4. Other Medical staff Agenc Want To Gain The Busines	• Use enquiries & active conditioning • Build the belief that new business is available &business out there to be won

Type 2: Multiple sources but not competing

Situation Analysis	Potential Hospital Actions
1. Cartel / Quasi Cartel	• Form a consortium • Focus on the “weak link”. • Seek extra value. • Create distrust.
2. Medical staff agency Recognize The Danger Of Competition	• Create uncertainty. • Focus on the “weak link”
3. Acquire more medical sta Pressure Is Weak	• Commit to change. • Find non-competing allies.

Type 3: Single source, No real competition

Situation Analysis	Potential Hospital Actions
1. Apply Planned Pressure	• Information is power: build your knowledge about staff, agency, outside competition • Bombard with logic. • Catalogue failure: cause turbulence.
2. Push For Added Value	• Take away the hassles. • Improve the service from the Medical staff agency. • Push back payment as penalty for less efficient staff

Negotiation with medical doctor, nursing staff is tough

- Since there could be a lengthy negotiation with existing medical staff when ABC proposed initiative are introduced
- Therefore, the following section will be talking about NEGOTIATION technique

Negotiations – Assertive Questioning

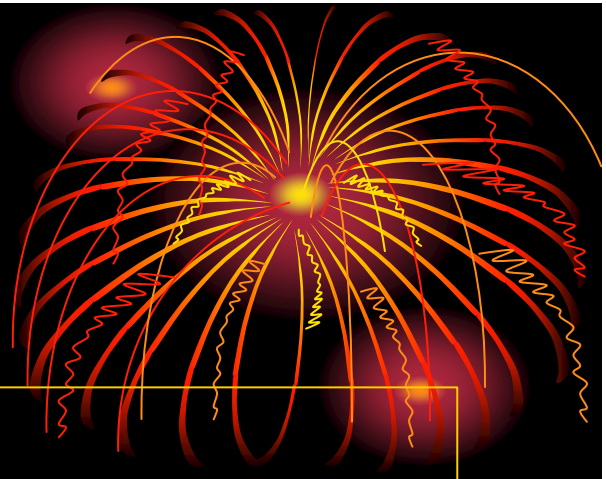
- **Seek information**
- **Test understanding**
- **Open questions**
- **Leading questions**
- **Empathizing/ reflective questions**

- Hypothetical questions
- Option questions
- Extension questions
- Build agreement staircase
- Deflecting questions
- Persist
- Apply pressure

The Testing Phase of new initiative

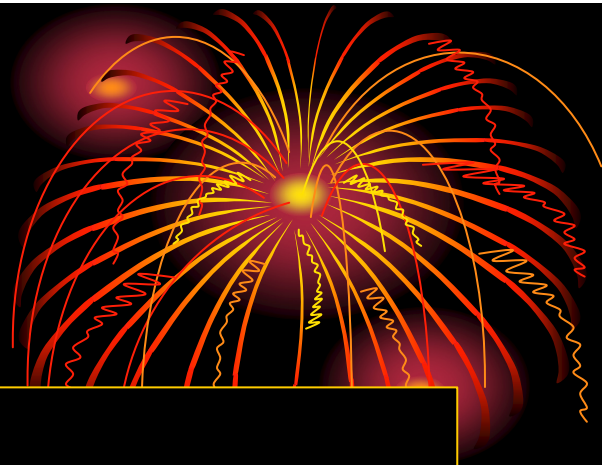
- **Probe facts**
- **Maintain the aspiration level**
- **Conditioning**
- **Information exchange**
- **Issues sequencing (prioritize)**
- **Look for signals - ‘swap’ concessions**

Bargaining Persuasions



- **Positional bargaining - start high**
- **Don't move - very slowly**
- **Control the signals**
- **Concession cycle**
- **Manipulative bargaining**
- **Options bargaining - take care**
- **Linking issues**

Concessions



- **Concession sequence**
- **Concession value**
- **Obtaining concessions**
- **The perfect concession**
- **Linking**
- **Beware the hidden concession**

Staff Agency Management

SUMMARY

- Essential to monitor logistics by performance monitoring
- Should inject commercial considerations rather than the # of fellowship that the staff previously acquired
- Choose well-articulated staff agency
- Understand what is needed!!
- Plan for negotiation
- Regular review and monitor

Future Research

- Use ABC analysis for individual wards and depts inside ONE hospital

- Apply Same Methodology for other voluntary organisation

Bibliography web site

Achieve Breakthrough Performance through RFID Automated Identification

- Home
- Introduction
- Discussion
- Knowledge Base
- References
- RFID
- RFID at Walmart
- RFID Technology
- RFID News
- RFID Benefits
- RFID Applications

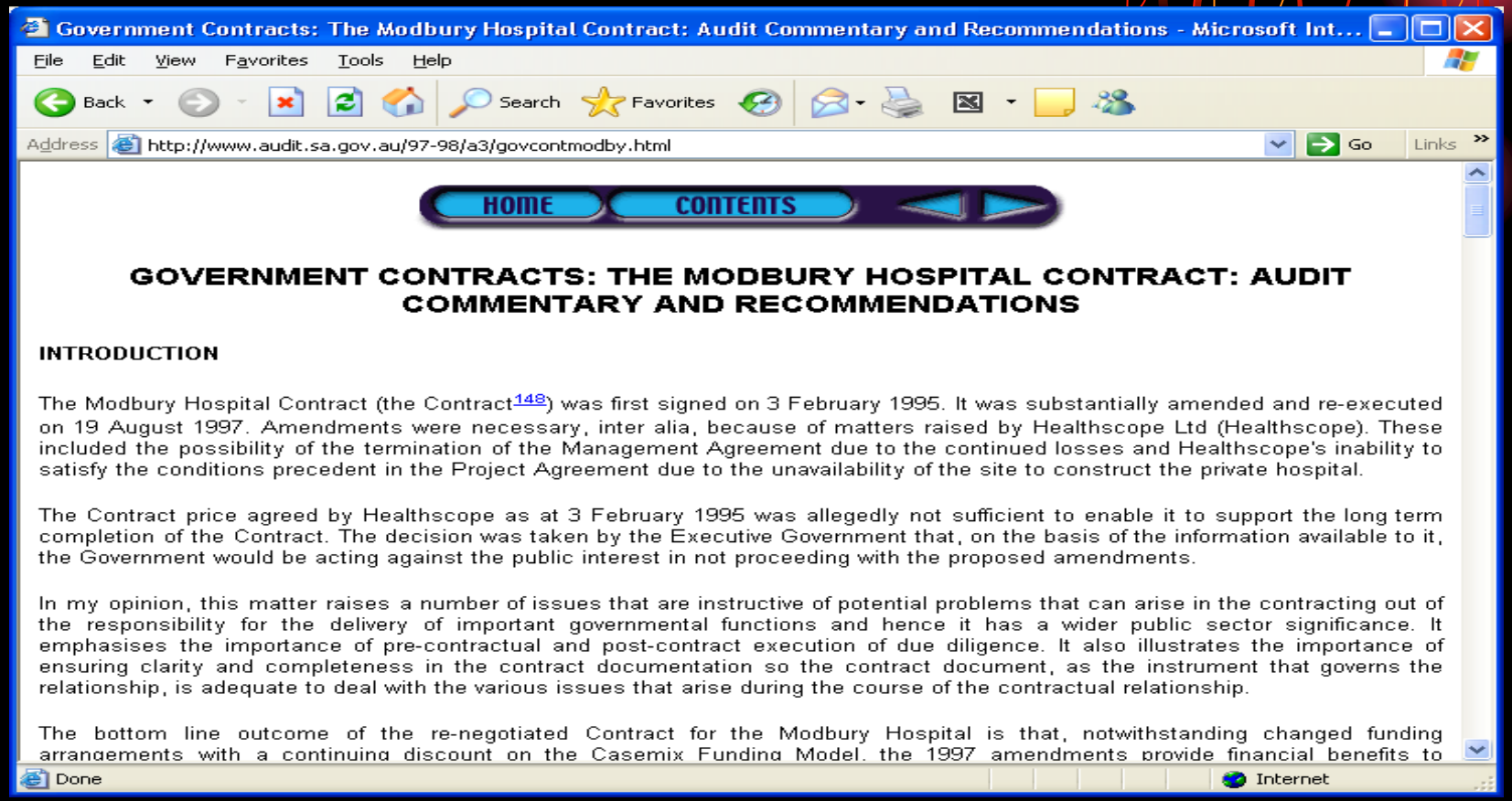
Introduction: Trends in RFID and Auto-ID

Welcome to the home for information on RFID and automated identification technology. Achieve breakthrough performance through the application of RFID technology. This site, RFiDa.com, is a source for trends in the RFID space.

We have developed areas of interest on RFID, the technology of RFID, and the leaders in RFID, such as Walmart RFID program. We also have real-time RFID news. We are developing resources on benefits, business cases, and novel applications. We invite you to explore our site. Please check back often as we will continuously update our information.

http://rfida.com/

Bibliography web site



http://www.audit.sa.gov.au/97-98/a3/govcontmodby.html