



Top Management Study

IMPROVING QUALITY AT HOSPITALS

Quality and efficiency—
tension or symbiosis

Porsche Consulting



Streamlined and successful—two words that immediately come to mind in association with the name Porsche. But that has not always been the case. In the early 1990s, the sports car maker faced a major crisis.

A radically new approach and modernization process were needed. And Porsche met the challenge. The company turned itself around in just three years.

The success of the restructuring program led to the founding of a new subsidiary in August of 1994: the Porsche Consulting management consultancy.

The founding team had four members.

Today, more than 385 employees take precisely the practical experience that led and continues to lead Porsche AG to success and pass it on to companies from a broad range of industries.

This makes Porsche Consulting probably the only management consultancy that has already successfully applied all of its methods and recommendations within its own corporate group.

Porsche Consulting has offices in:

Bietigheim-Bissingen near Stuttgart, Hamburg, Munich, Milan, São Paulo, Atlanta, and Shanghai.

Porsche Consulting

IMPROVING QUALITY AT HOSPITALS

Quality and efficiency—tension or symbiosis

The quality campaign linked to the Hospital Restructuring Act that went into effect at the start of 2016 is having an ever more concrete effect on the German health-care system. Above and beyond all the discussion about suitable quality indices, the general relevance of the law is beyond dispute. When patients are asked what criteria they use to select a hospital, 82% give the highest priority to the quality of medical results.* In light of all this, it is important to know more about quality at German

hospitals—and about what can be done to improve it. The patient side has already been studied. But what are the priorities of hospital physicians? Answers have now been provided by a survey from the Porsche Consulting management consultancy of 154 leading physicians in Germany. Two main results: head physicians assess the quality at their hospitals on average with “good” to “satisfactory,” and ways are needed to increase quality without sacrificing cost efficiency.



Methods and aims of the survey

A survey on hospital quality was carried out by the Porsche Consulting management consultancy. It queried 154 physicians in the Association of Leading Orthopedists and Trauma Surgeons (VLOU) throughout Germany. Fifty-seven percent of the respondents work at hospitals with fewer than 400 beds, and 43% at hospitals with 400 or more. All types of hospital ownership are represented: 43% work at state-owned hospitals, 36% at independent non-profit hospitals, and 21% at privately owned hospitals.

The aim of the study was to answer the following key questions:

→ **Determining the status quo**

What is the level of quality at German hospitals?

→ **Potential for improvement**

What means are available to increase quality?

→ **Tension between quality and efficiency**

Can quality be raised without sacrificing cost efficiency?

The results

Status quo:

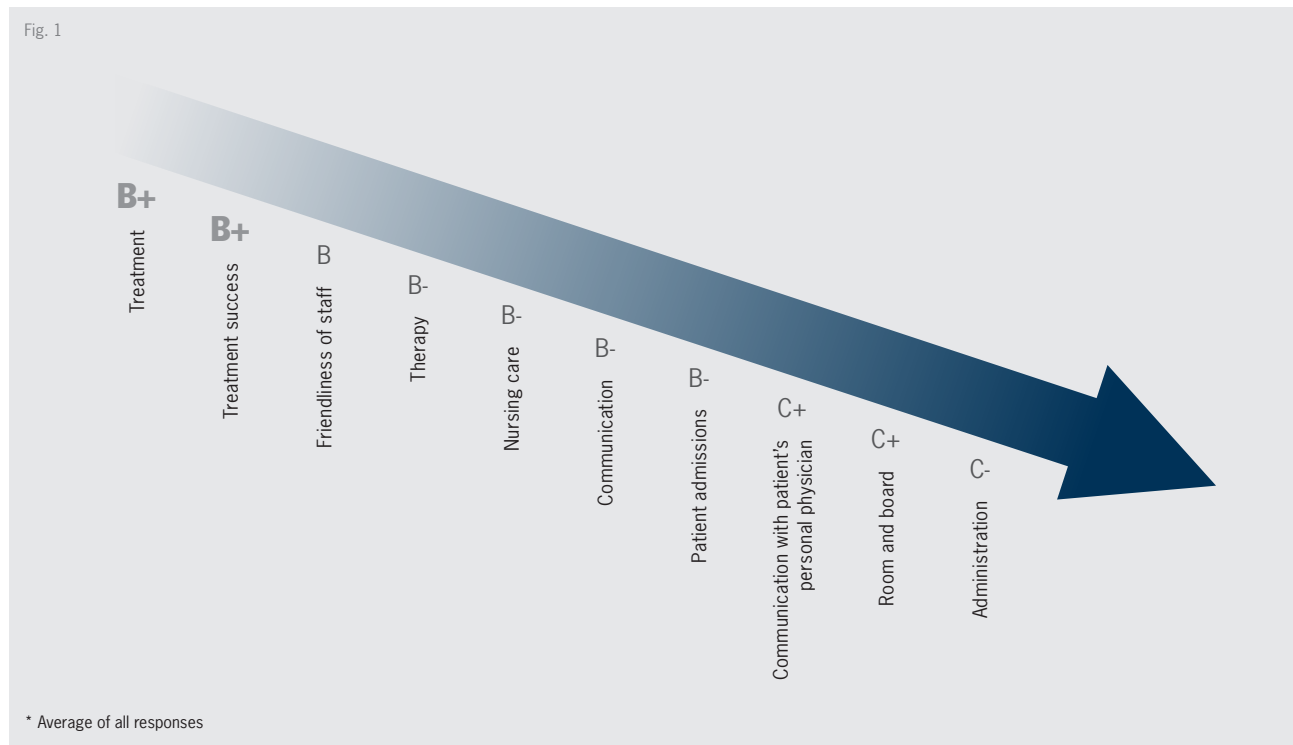
Quality at German hospitals

It is often said that “patients cannot assess the quality of medical results.” But the fact is, they do anyway. That makes it all the more relevant to consider how patients assess quality at German hospitals. When asked to evaluate their hospitals from the perspective of their patients, leading orthopedists and emergency room physicians would give a grade of “B+” to the quality of medical treatment and to the treatment results. They would assign a “B” to the friendliness of the staff, a “B-” to therapy services, nursing care, communications, and patient admissions, and a “C+” to communications with their patient’s personal physician, and to the quality of room and board. Bringing up the rear, but still more or less satisfactory, is the patient-administrative interface with a grade of “C-.”

* See the Porsche Consulting study on “Hospitals from the Patient’s Perspective.”

THE GRADES HEAD PHYSICIANS WOULD GIVE *

(grades A to F)



Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

Source/graphic: © Porsche Consulting

Of note here is that the larger the hospital, the lower the assessment of quality. Treatment quality at hospitals with fewer than 150 beds receives an average grade of “A-,” but only a “B” at those with 800 or more beds. The greatest differences in quality assessment between small and large facilities, however, lie in the categories of “administration” and “food.” Whereas small hospitals (< 150 beds) receive an average grade of “C+” here, larger facilities (800+ beds) barely squeak by with a “D+.” The situation is similarly serious in the food category. Leading physicians at smaller facilities assign it a “B+,” while those at large hospitals give it a “C-.”

HOW WOULD PATIENTS GRADE THE FOLLOWING CATEGORIES AT YOUR HOSPITAL?

(grades A to F)

Fig. 2

Number of beds	≤ 149	150–399	400–799	≥ 800
Treatment	A-	B+	B+	B
Treatment success	B+	B+	B+	B+
Friendliness of staff	B+	B+	B	C+
Therapy	B+	B-	B-	B-
Nursing care	B+	B-	B-	C+
Communication	B-	B-	B-	C
Patient admissions	B-	B-	B-	C-
Communication with patient's personal physician	B-	C+	C	C
Room and board	B-	C+	C+	C-
Administration	C+	C-	C-	D+

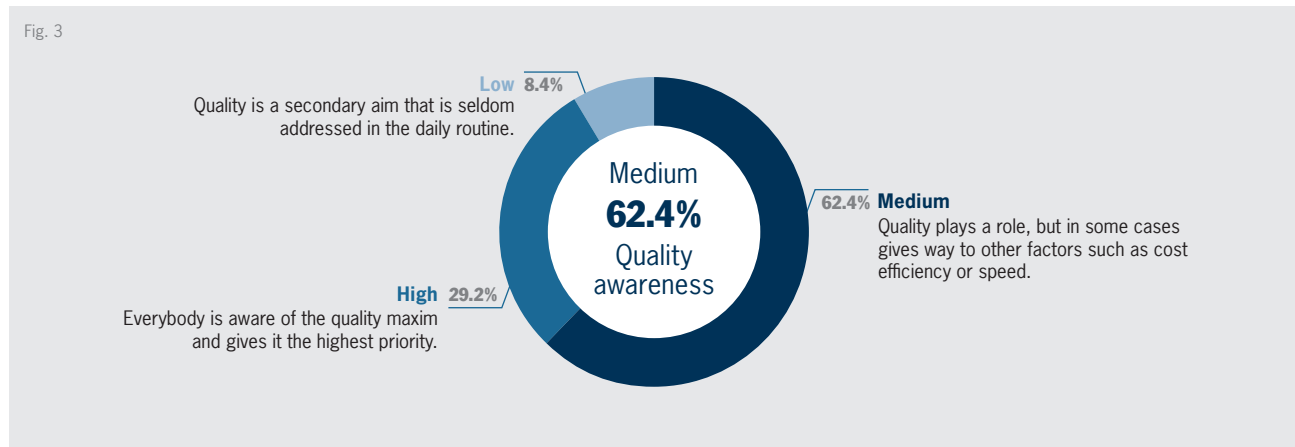
Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

Source/graphic: © Porsche Consulting

Hospital quality is largely a matter of the people who work there on a daily basis and care for patients. In concrete terms: quality is a maxim that is lived by hospital staff and has to be anchored in their consciousness. It therefore seems alarming that more than two-thirds of the physicians surveyed say that quality is not the determining factor in the consciousness of their hospital staff. Sixty-two percent of participating physicians agree that quality plays a role, but in some cases has to give way to factors such as cost efficiency or speed. An additional 8% even say that quality is a secondary aim that is seldom addressed in their daily routine.

HOW WOULD YOU DESCRIBE EMPLOYEE AWARENESS OF QUALITY AT YOUR HOSPITAL?

(select one)



Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

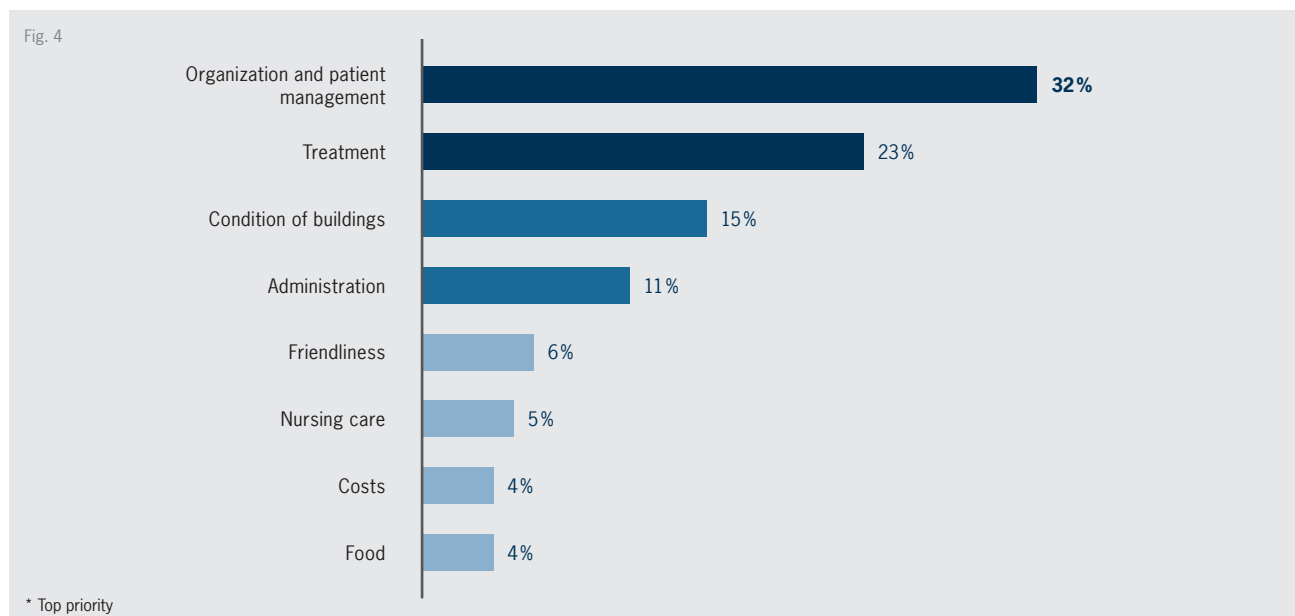
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Potential for improvement: Means available to increase quality

To increase quality, around one-third of the physicians surveyed would start with patient management and organization. An additional one-quarter see the primary need for improvement in nursing care. The third most commonly cited top priority is the condition of the buildings. Another 11% see the greatest need for action in administration, whereas a comparatively small group of 5% see the greatest need for optimization in medical treatment.

WHAT HEAD PHYSICIANS WOULD IMPROVE FIRST *

(select one)



Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

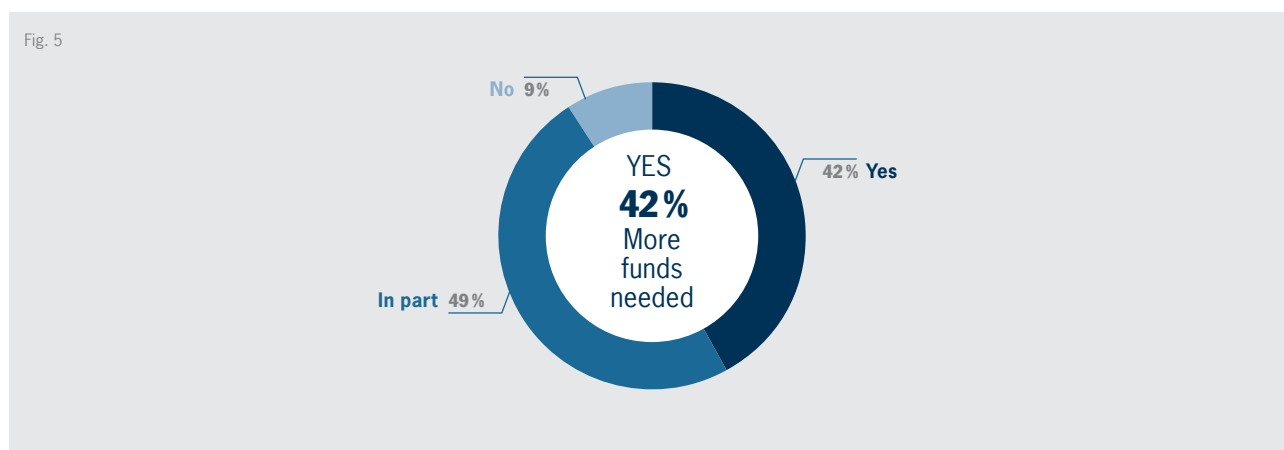
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The high need for action in the area of organization is confirmed by other studies from Porsche Consulting. They show that hospital staff spend less than one-third of their time on activities that provide direct benefit to patients (e.g., examinations, treatment, consultations). The remaining time is taken by activities of only indirect benefit (e.g., documentation, coding, meetings) or of no benefit at all (e.g., waiting, searching, duplicate efforts). Moreover, management personnel are often ambivalent about the organization and processes at their hospitals. Around half of these managers lack or have only partial confidence in the processes at their hospitals, as shown by the Top Management Study on “Lean Hospital Management.”*

On being asked about the main means of increasing quality, a large share of respondents cited additional funding. Forty-two percent consider a larger budget to be absolutely necessary, 49% say additional funding would only help in part, and 9% think it possible to increase quality without further financial resources. Physicians at medium-sized hospitals are most likely to view additional funding as the driving force behind quality. Nearly half of respondents in the category of 150-399 beds say that a larger budget is needed for this purpose. Only one-third of respondents from hospitals with 800 or more beds are of this opinion. The type of hospital ownership plays less of a role in the question of quality vis-à-vis funding. Around 45% of respondents from both state and privately owned hospitals consider additional funding to be essential for improving quality. At independent non-profit hospitals, this figure is 38%.

DOES IMPROVING HOSPITAL QUALITY REQUIRE MORE MONEY?

(select one)



Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

Source/graphic: © Porsche Consulting

Certifications are considered only partly helpful. They are viewed as a positive factor only if they trigger real dialogue on the subject. That is the opinion of around 71% of the leading orthopedists and emergency-room physicians in the study. Another 23% think certifications have little significance and often only a slight effect. Just 6% of respondents ascribe a major effect to certifications alone. By contrast, a key factor in achieving high levels of quality appears to consist of interdisciplinary, trans-departmental cooperation. Asked which professional specialty is especially important for hospital quality, around 69% of the participating physicians responded with “All divisions and departments as a team.” Around one-third of them listed physicians as the most relevant group.

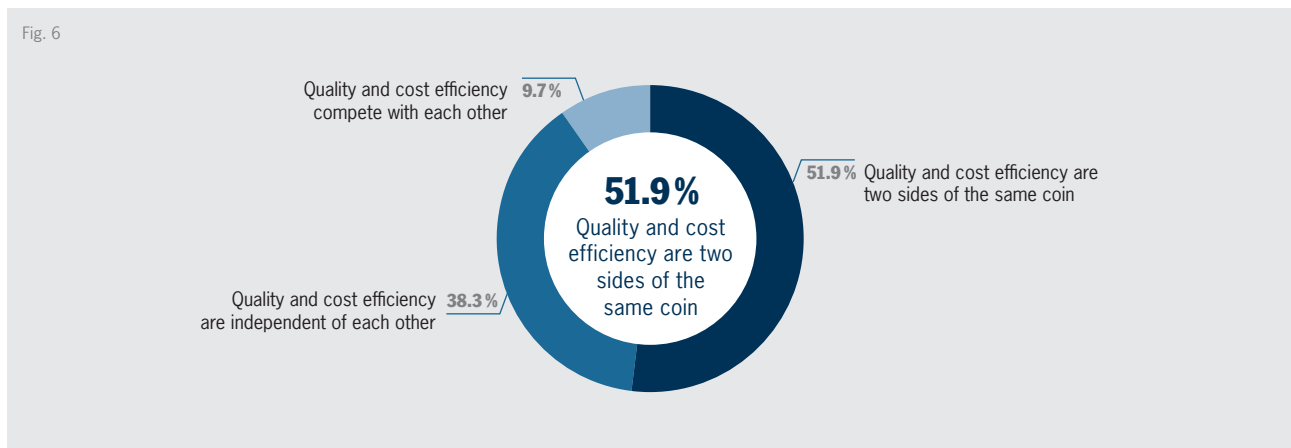
The quality-efficiency tension: Providing better services while remaining economical

Increasing quality at hospitals does not mean reducing cost efficiency. On the contrary, under optimum conditions quality and efficiency can go hand in hand and even have a mutually beneficial effect. Around 52% of the leading orthopedists and emergency-room physicians surveyed confirm this on the basis of their own experience. Around 38% see no connection between quality and efficiency, and another 10% view them as competing with each other.

* See Porsche Consulting’s “Top Management Study—Lean Hospital Management in Germany.”

WHICH OF THESE STATEMENTS ON “QUALITY AND EFFICIENCY” WOULD YOU AGREE WITH?

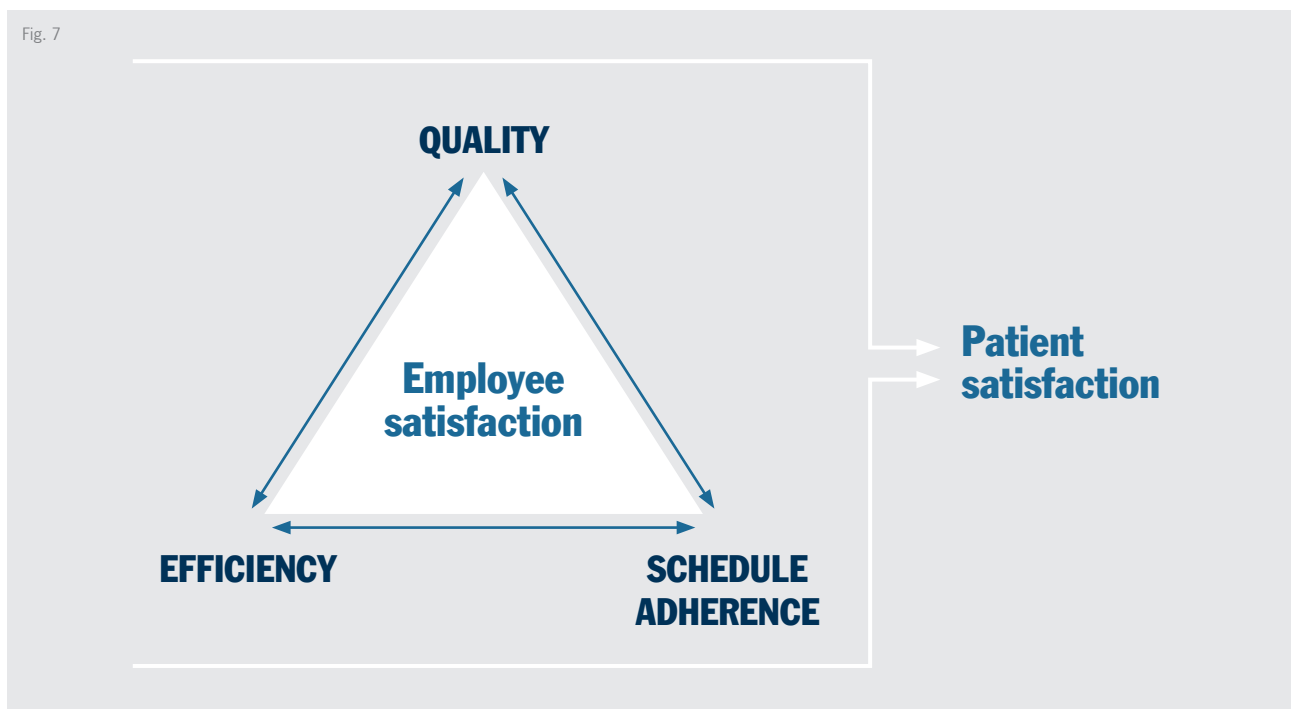
(select one)



Basis: Germany-wide survey by Porsche Consulting in November 2016 of 154 leading orthopedists and emergency-room physicians.

Source/graphic: © Porsche Consulting

To ensure a high level of quality for all hospital services, it is essential to establish efficient and reliable processes. In addition to the associated quality, they also help the hospitals' bottom line. And high-quality patient management increases efficiency by means of stable and patient-friendly work processes. This is where the Porsche Consulting management consultancy focuses its attention. "At well-managed hospitals, team performance will ensure success," says Dr. Roman Hipp, the partner at Porsche Consulting in charge of the healthcare sector. "When all the departments work together in well-coordinated ways, the skills and capacities of the staff, rooms, and equipment will meet the need. Better coordination frees up personnel and helps patients."



Source/graphic: © Porsche Consulting

Conclusion:

This study shows that head physicians assess the quality at their hospitals as “good” to “satisfactory.” Despite that, there remains a clear need for action—especially in the area of hospital organization. Hospitals should set themselves the goal of improving both quality and efficiency. This benefits patient care, and is also important from an economic perspective. To achieve this goal, Porsche Consulting recommends focusing on three factors for success.

1 Quality in hospital “DNA”

To become a leader in quality, all of a hospital's dimensions (in results, structures, and processes) should be firmly anchored in its business strategy. This paves the way for orienting the entire organization and its processes toward quality. The strategy should be formulated in such a way that the main focus is on the quality of key medical results. This is the core area of expertise at hospitals, and the most important criterion in patients' quality assessments.

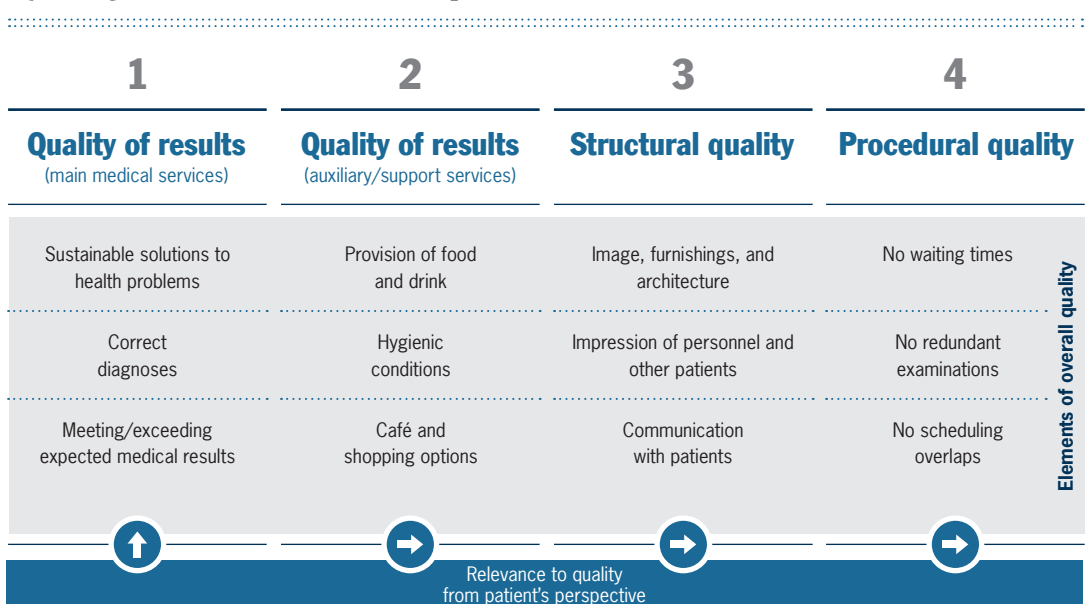
2 Decentralized approach to quality management

To achieve high and sustainable levels of quality, it is essential to stop seeing quality management only in terms of a separate centralized unit. The recommendation is therefore to implement a decentralized approach to quality management whose task is to continuously improve quality by working together with the teams at the individual clinics. Because the team aspect is a primary factor in achieving quality, hospital personnel should be closely involved in quality management. The aim is to make quality an inherent part of day-to-day work as opposed to giving it a secondary role with limited effect.

3 Quality based on efficient processes

Hospital processes should: a) extend beyond individual clinics; b) clearly assign responsibility; and c) be based on sound criteria for quality and efficiency. At the same time, an appropriate system of key indicators should be established that makes quality and efficiency levels transparent from a process perspective. Defined target values allow quality and efficiency aims to be objectified, and suitable means for achieving them to be specified. Key indicators can enable quality and efficiency at hospitals to be improved on a continuous basis.

Porsche Consulting Quality dimensions at hospitals:



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