

# Inside Information

## Spectrum Health

### Implementing best practices

**S**pectrum Health experts recently shared performance improvement techniques with state employees.

Terry Newell, director of best practice development at Spectrum, spoke in Lansing as part of the Office of Good Government's Lunch and Learn series.

"Michigan is taking an active interest in the techniques of process improvement by bringing in experts," said Kurt Knoth, vice president of performance improvement at Spectrum. "This was an opportunity to share the success of our program with a wider audience."

Knoth said Spectrum Health connected with Lansing through its participation in the Michigan Lean Consortium, an organization dedicated to spreading lean principles throughout public and private sector industries.

According to a 2012 Institute of Medicine report, the nation's health care system wastes \$750 billion each year, or 30 cents of every dollar spent. Labor productivity in the health care system decreased by 0.6 percent per year from 1990 to 2010. During the same period, labor

productivity in the U.S. manufacturing industry increased by 4.7 percent per year.

"The same improvement principles that helped transform manufacturing form the backbone of the Spectrum Health Performance Improvement System," Newell said.

According to Newell, Spectrum's Performance Improvement System:

- Focuses on patient satisfaction, an environment of teamwork and improvement, and a reduction of non-value-added activity
- Provides the tools for people to continually improve
- Reduces waste in the areas of overproducing, transporting, defects, waiting, motion, overprocessing, inventory and underutilized people potential

Recent examples of success include:

- More than \$2.1 million in savings, \$7.1 million in planned savings and a cost avoidance of \$750,000
- 64 percent reduction in wait time for referrals
- Structural improvements in the emergency department resulting in reduced wait time and savings

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