

Good customer service can transform failing businesses

One of the problems with healthcare in the Netherlands has been the long waiting time for an appointment. We want to reduce these waiting lists and create a more patient-centered, consumer-led system. If a patient is given an appointment for 10 a.m., then he or she will be seen at 10 a.m. In my private diagnostic clinics, the golden rule is "Today, today, today." You call today, you get seen today, you get your report today.

The hospitals that we have just bought were struggling. In fact, they were bankrupt. The Dutch government decided it was in the public interest for the hospitals to remain open, so together we came up with a business plan to restructure them.

The first task was to make an inventory of where the money goes. These hospitals were spending €35 million each year. We plan to cut this by €7 million by reducing the number of suppliers of services and consumables from over 1400 to 100. Chosen suppliers will be offered long-term five-year contracts in return for agreeing to more competitive rates.

Then we looked at the size of the hospitals. We have 45,000 square meters of space but we really need only 20,000. The excess will be rented out, generating income and saving us cleaning and heating costs.

We analyzed personnel costs in relation to revenue. The conclusion was that the productivity per full-time equivalent staff member was 20% lower than the average. People might think they are very busy, but they need to increase their productivity by 30%. Waiting lists are running at two to four weeks, depending on the specialty. We will be talking to all staff over the coming months to discuss how waiting times can be cut to three days maximum.

So how can this be done? Two key words: focus and volume. If you concentrate on certain activities, you get volume in these activities. Volume leads to a higher level of productivity and a lower level of costs. In our diagnostic clinic in Amsterdam, for example, we regularly carry out plain-film radiography. That's a high-volume procedure. We do a lot of MR scans, so again the volume is high. But the number of interventional procedures performed at a clinic such as ours is low. Two possibilities: stop doing these procedures altogether or increase the volume. To do only

10 interventional procedures each week is no good. We need to be doing 100 per week or none at all.

The most efficient way to increase productivity is to become a "focus factory"; choose what you want to offer and stop doing everything else. Medical staff can decide which areas they want to focus on, what type of clinic they want to work in, but the decisions have to be taken.

This principle is not unique to healthcare. I do believe, however, that my previous experience as a radiologist is helping my new role as an entrepreneur and CEO in the healthcare sector. Because I am from the inside, I know where the leaks are, what the pos-

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sibilities might be, what causes trouble, what the public needs. I know what the facts and the fallacies are in terms of healthcare delivery.

I do not rely on novel IT solutions to create change. When it comes to IT, I am a trend follower. I am certainly not an early adopter. The risk of operational damage is too high.

Turning around a failing hospital does not mean throwing a lot of money at the problem. Creating a consumer-oriented business can be profitable, however. Once you have increased patient flow through your infrastructure, then you will start to reap the financial rewards from higher margins.

My clinical background has helped. After studying medicine, I specialized in radiology and worked in clinical practice from 1989 until 2006. During the early 1990s, I also studied for a degree in economics. The topic of my thesis was a cost-benefit analysis of chest radiography.

We (the DC Group) started a private diagnostic clinic in Amsterdam in 1995. We opened a second in 2000 and a third in 2003. The chain is growing rapidly, and there are now nine Diagnostisch Centrum clinics in the Netherlands. Besides these, we also bought a private community health clinic and just a few months ago, two hospitals. ■

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