

# Can innovation improve Business Operations & Financial Outcomes?



The Answer Is Out There

By Lawrence Dillon  
COO & Principal Consultant  
ENKI, LLC



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# WHO IS ENKI?

## ENKI, LLC

### *Executives Networking, Knowledge & Insight*

- A woman-owned consulting firm founded in 2006
- We Solve your most vexing challenges
- Hire former corporate executives
- Average of 28 years of experience
- We Know what is needed to transform a business

We reduce your investment and avoid failure by...

- We use existing employees when possible
- Accelerate delivery time
- Reduce external consulting costs
- Deliver small cumulative wins to fund effort

Our team has the knowledge and experience to engage employees and build support. We find hidden dollars to help pay for our services. **We have walked in your shoes and** have delivered success.

### Our core values

Integrity  
Honesty  
Trust  
Respect  
Continuous Improvement

Lawrence Dillon

Current: COO & Consultant (4 yr+)

Former: CIO & COO – RS Medical (2.5 Yr)

CIO – Aramark Healthcare (5yr)

CEA – HCSC (BCBS) (3 yr)

# Cross industry experience



## Healthcare

Created new business model and five-year roadmap. Install and optimize EMR. Reduced operating costs. Enhanced customer service. Deliver 120% ROI in first 12 months.



## Education

Triage, remediate, and redesign University IT operations. Address security patch backlog. Build new IT operational capability, reduce business risk of system failures.



## Software

Triage, remediate, and redesign SaaS software company. Turned around money losing business into profitable enterprise. Created long-term software roadmap.



## Telecomm

Created IT Strategy. Identified revenue opportunities for B2B customers. Upgraded Oracle eBusiness Platform. Identified \$1.075 billion in annual project savings.



## Food & CPG

Assessed business and IT capabilities. Structured projects to address business gaps. Modeled revenue opportunities. Identified Amazon as a competitive threat.



## Banking

Delivered Operating Model (TOM). Found \$147 million in annual savings with new TOM beyond initial project goal. Demonstrated 3X improvement in delivery capabilities and reduced time to deliver new D&IM requests by 60%.

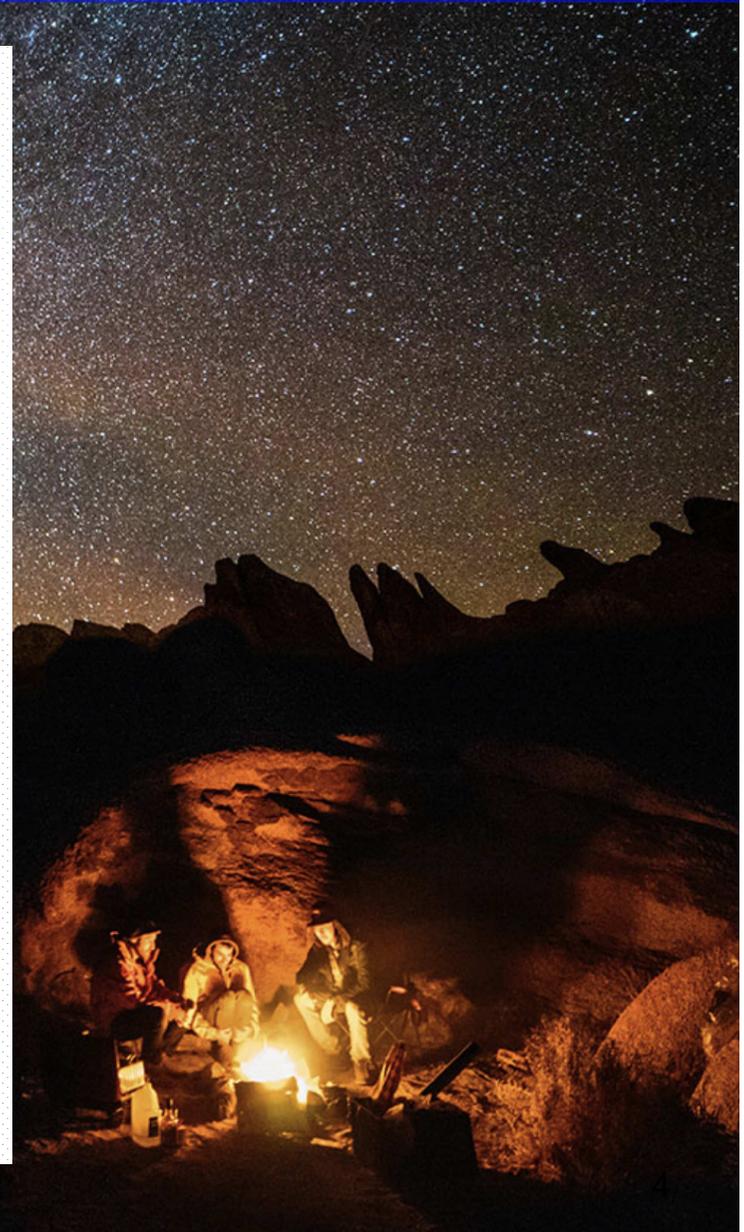
# OUR TEAM

## Examples of our consultants' corporate experiences:

- Former CIO (most industries, healthcare)
- Former CEO (Food, services, healthcare)
- Former CFO (manufacturing, healthcare, services CPG)
- Former CISO (financial services, healthcare)
- Former CDO (banking, insurance)
- Former COO (services, software, manufacturing, healthcare)
- Former SVP Global SCM (manufacturing)
- Former VP Risk & Compliance (banking, insurance)
- Former Sr. Director – Business Architecture, professor
- Former Chief Enterprise Architect (\$50B insurance)

## Example Credentials

MBA, PhD, Adjunct Professor, Licensed Insurance Producer  
PMP, Six Sigma Master Black Belt (SSMBB), Business  
Architecture, Agile, Lean Six Sigma, Certified Negotiator,  
Certified Audi Race Car Driving



# Topics

- Business Innovation in Healthcare
- Business innovation to improve performance
- Business Innovation Ideas

# Healthcare is REALLY, REALLY HARD!

- Customers do NOT pay the majority of the bill?
- Another business tells you how to service your customer?
- And then there is the Alphabet soup
  - CMS, CDC, ADA, AMA, EMR, PHR, HCAHPS, HIE, HIX, USDA, FDA, ISO, CHIP, Medicare, Medicaid, MAC, MCO, MDISS, Joint Commission, HAI/C, HDHP, SOX, PCI, ACA, NRC, HIPAA, HIMSS, HHS, OIG, RAC... Just to name a few.

# Metrics show the struggle

- Average Hospital (350-bed) missing targets
  - Misses \$22 million in revenue capture opportunities<sup>1</sup>
  - 90% more write offs of denials than six years ago<sup>2</sup>
- Bad Debt write-offs swell from 2% to 5%<sup>4</sup>
- Employees' deductibles > \$2,000 increase from 5% to 19% (> \$1,000 = 27%)<sup>3</sup>
- Allowable actually collected ≈ 67% on average

**NOTE:** Metrics are from over 1.013 Billion annual visits to hospitals and practice offices visits

1. Beth Jones Sanborn, Healthcare Finance, June 28, 2017
2. Jeff Lagasse, Healthcare Finance, November 16, 2017
3. Reed Abelson, NY Times, September 22, 2015
4. Ayla Ellison, Hospital CFO Report, March 21, 2017

# And it hits the bottom line

- A/R outstanding  $\approx$  90-120 days
- Final payment denial rate  $\approx$  10% on average
- 49% of Medicare claims contain billing errors<sup>1</sup>
  - Resulting in 26.4% over-payment for the care
- First pass recovery target rate  $\approx$  80%<sup>4</sup>
  - Average claim submission cost  $\approx$  \$25
  - Average first pass recovery rate  $\approx$  61%

1. Dan Munro, "Hospital Bill For \$292,643 Is All Math And No Accounting", Forbes, October 12, 2014

2. Jeff Lagasse, Healthcare Finance, November 16, 2017

3. Reed Abelson, NY Times, September 22, 2015

4. DECO, <http://decorm.com/monitoring-metrics-healthcare-revenue-cycle-management-poses-benefits-revenue-stream/>

# In 2007, Nokia Owns Multi-billion Dollar Cell Phone Market

PRESS RELEASE  
JANUARY 9, 2007

## Apple Reinvents the Phone with iPhone

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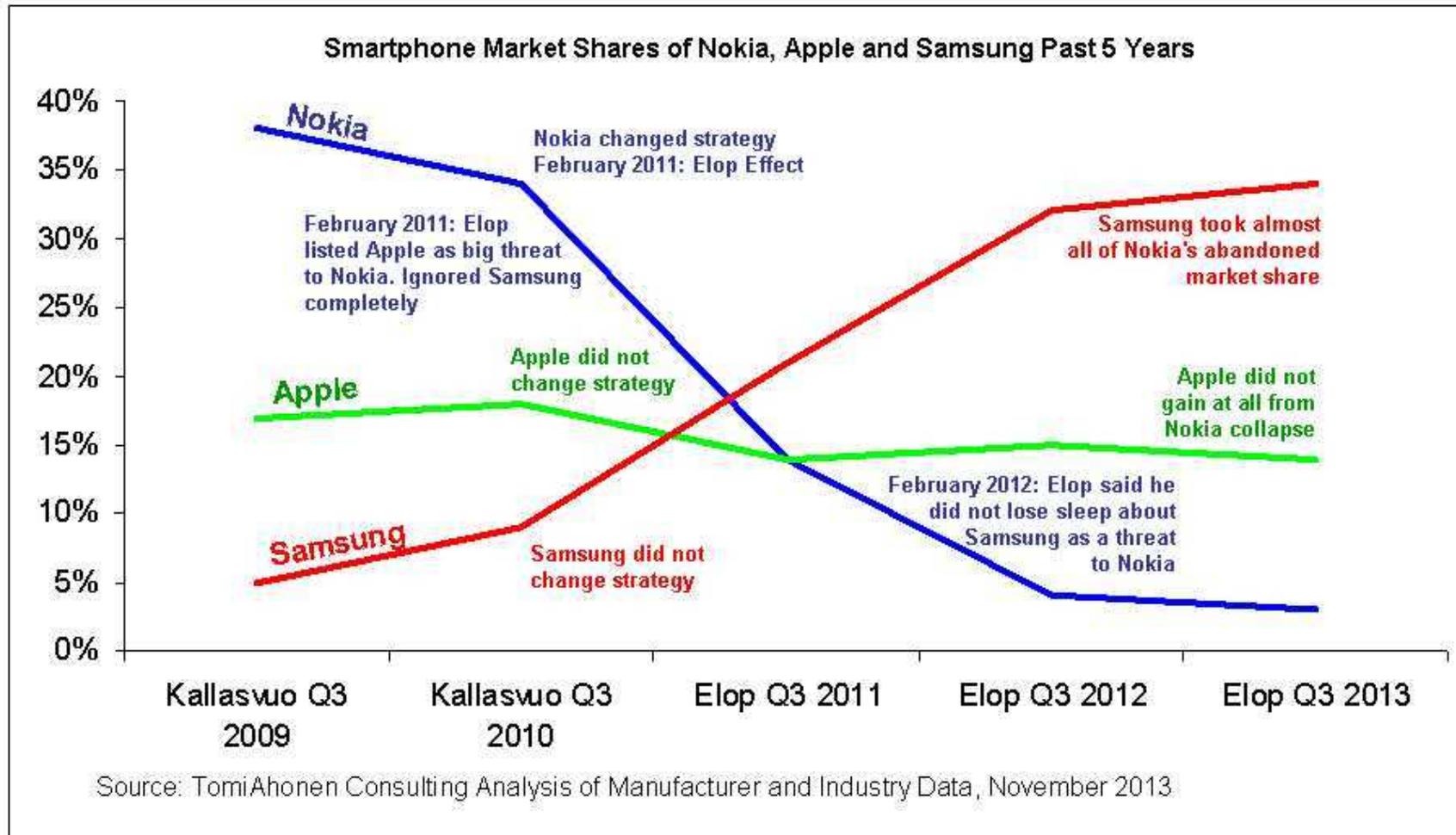
MACWORLD SAN FRANCISCO—January 9, 2007—Apple® today introduced iPhone, combining three products—a revolutionary mobile phone, a widescreen iPod® with touch controls, and a breakthrough Internet communications device with desktop-class email, web browsing, searching and maps—into one small and lightweight handheld device. iPhone introduces an entirely new user interface based on a large multi-touch display and pioneering new software, letting users control iPhone with just their fingers. iPhone also ushers in an era of software power and sophistication never before seen in a mobile device, which completely redefines what users can do on their mobile phones.

# Where are Nokia phones today?

## ■ Nokia

- Q4, 2007 market share = 62.5%
- Q4, 2008 market share = 52.4%
- Q4, 2009 market share = 46.1%
- Q4, 2010 market share = 32%
  - ❖ Smartphone unit was profitable
  - ❖ Sales grew every quarter in 2010
  - ❖ 2010 total units sold = 4 million
- February 2011 = New Leadership
- 2013 = Nokia sells phone business to Microsoft

# Was it really Apple?



***Nokia made a strategic misstep that cost them the smartphone market***

Did iPhone share grow in 2011?  
 Did Samsung stay the course?

# Is Amazon your industry's Apple?

## Amazon gains wholesale pharmacy licenses in many U.S. states: report

Reuters Staff

1 MIN READ



(Reuters) - Amazon.com Inc has gained approval from a number of state pharmaceutical boards to become a wholesale distributor, St. Louis Post-Dispatch reported on Thursday, citing public records.



# Or, is it really CVS?

CVS Gets Close to Buying Aetna as Amazon Threat Looms

CVS begins strategic vertical integration

Quality health care.  
On your schedule.

Why choose us

# Why worry, Innovation is easy...

- **IBM tops** annual US Patents list every year<sup>1</sup>.
- By 2014, **Bell Labs** (aka Alcatel-Lucent and as of 2015, Nokia Bell Labs) had 29,002 patents<sup>2</sup>.
- In 1973, **Motorola** was a huge radio & TV manufacturer with 14,000 employees<sup>3</sup> with 1.43 billion in revenue (\$7.7 billion in today's dollars)
  - Demonstrated the first mobile telephone based on technology from AT&T
  - Similar to AT&T spinning off Bell Labs in 1996 to form Lucent, Motorola split into two companies (Mobility and Solutions) with the Mobility business becoming part of Lenovo in 2014.

1. As described on Wikipedia: [List of top United States patent recipients](#)

2. [The Ghost of Invention: A Visit to Bell Labs](#), by Douglas Coupland

3. As described on Wikipedia at <https://en.wikipedia.org/wiki/Motorola>

4. As explained in Motorola's 1973 Annual Report, which can be found at [https://www.motorolasolutions.com/content/dam/msi/docs/en\\_xw/static\\_files/1973\\_Motorola\\_Annual\\_Report.pdf](https://www.motorolasolutions.com/content/dam/msi/docs/en_xw/static_files/1973_Motorola_Annual_Report.pdf)

# ...but Business Innovating is HARD...

## Business

### Stop us if you've heard this one before: IBM sheds more workers – this time, tech sales

'Very big cut' hits teams in US

By [Shaun Nichols](#) in [San Francisco](#) 31 Mar 2017 at 01:38

52  SHARE ▼



IBM is once again laying off folks – this time swinging its axing mostly through sales teams in the US.

This latest round of headcount slashing – coldly categorized internally as a "resource action" – started on Thursday, according to multiple sources. This reduction is taking place throughout North America, with some offices in Europe affected as well.

-- The Register, March 31, 2017

# ...even in Healthcare Analytics

**Reports: IBM layoffs hit Watson Truven Health group, including RTP**



by [Rick Smith](#) – July 31, 2017

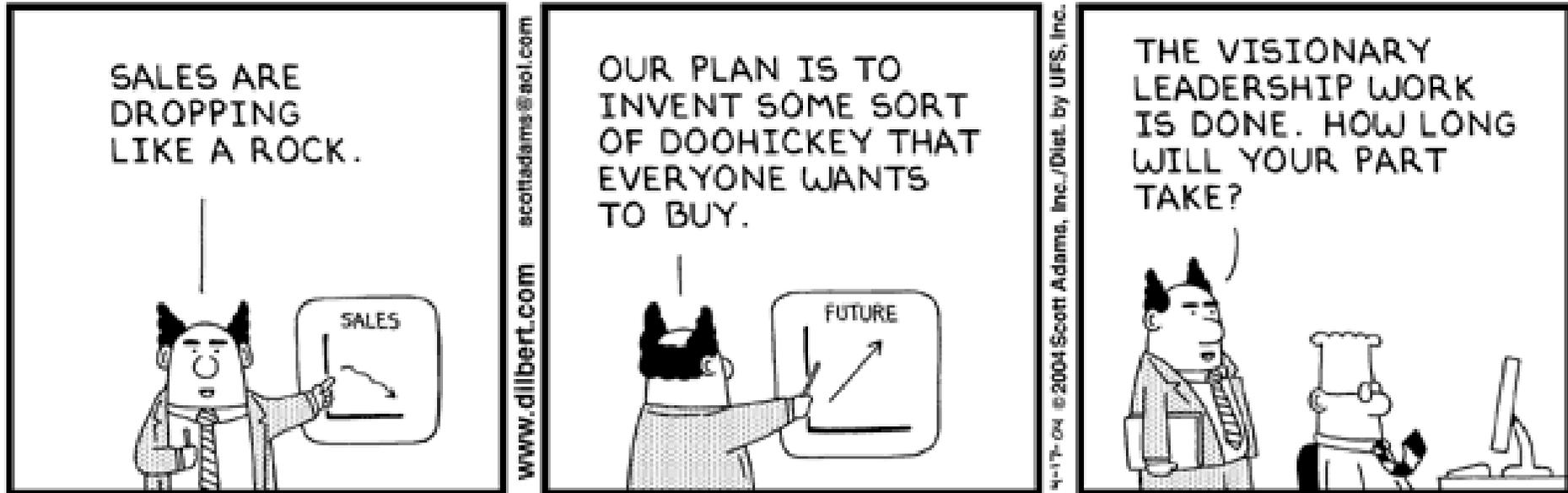
IBM Watson employees at various locations around the country found out Friday night they are losing their jobs.

Watson Health, one of IBM's bests for the future of the tech giant on cognitive computing and artificial intelligence, is laying off workers in its Watson health

# Topics

- Business Innovation in Healthcare
- Business innovation to improve performance
- Business Innovation Ideas

# Just innovate something valuable!



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# Transforming any business is higher risk than IT project work

- **Project Management in Information Technology failure rates average 71%.<sup>1</sup>**
- **Recent meta-analysis of organizational change implementation efforts show an average failure rate of 73%.<sup>2</sup>**
  - Projects are abandoned 30% of the time
  - Financial objectives are missed 33% of the time
  - Reduction of business unit costs and earnings growth are missed as much as 70% of the time
  - Quality improvement efforts fail as much as 93%.<sup>3</sup>

1. Dr. Robert Klein, 1998, Stephens, 2008; Wong, Chau, Scarbrough & Davison, 2005, Standish Group, 2015

2. Candido & Santos, 2008; Bridgeforth, 2000, Standish Group, 2015

3. Ibid

# Why the challenges

- Transformational leaders see the change coming
- Missing ability of deploying the change (execution)
- Expects everyone is like them
- Leadership by example, not empowerment
- Tell people what to do
- Focused on the change, not the people
- Missing coaching, mentoring, metrics and rewards – Missing HR as a driving force

# Why Servant Leadership improves the odds for a successful transformation?

- Amplify the Voice of the Doers
- Real People, i.e., Authentic
- Represent the Team Well
- Don't micromanage
- Useful, helpful
- Say No with Tact
- Defend the Team Consistently
- Empower employees
- Trust the judgment of the team
- Keep team strategically aligned and tactically engaged



# Why is Healthcare different

- **Contradictory leadership styles are required**
  - Patient care is best delivered using command and control
  - Running a business is best accomplished with servant leadership to engaged innovative, and flexible employees
- **Medical experts have a learning curve when introduced into business leadership roles**
  - Past career success was driven by the tyranny of the urgent
  - Future career success in roles such as RCM Director, VP, CIO, CMIO, CDO, COO, or CEO require long-term focus on achieving strategy direction and organizational

# Topics

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# Example 1 - Business Innovation Ideas

## ■ Use Big Data & Analytics **from all sources**, not just “*your data*”.

- Payer audits, patient visits, supplier analysis, pricing comparisons, clinical equipment maintenance, outsourcers
- **Estimated 27% business improvement**

## ■ Define a **SERVICE** based **BUSINESS** model

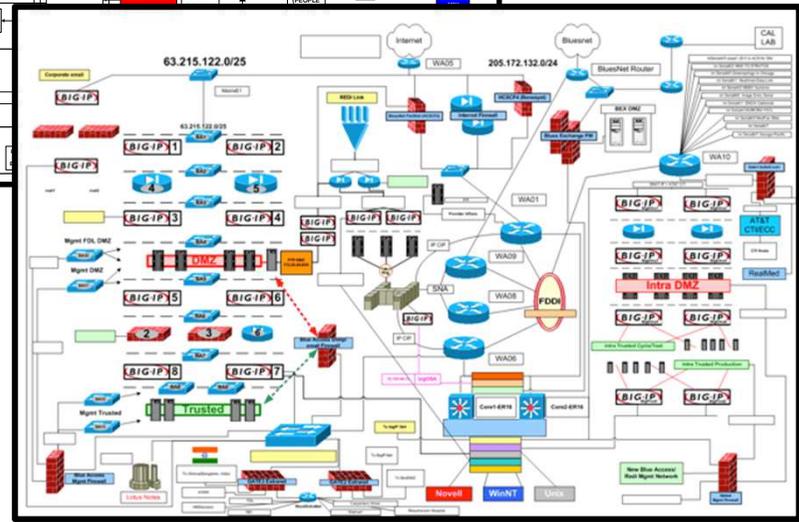
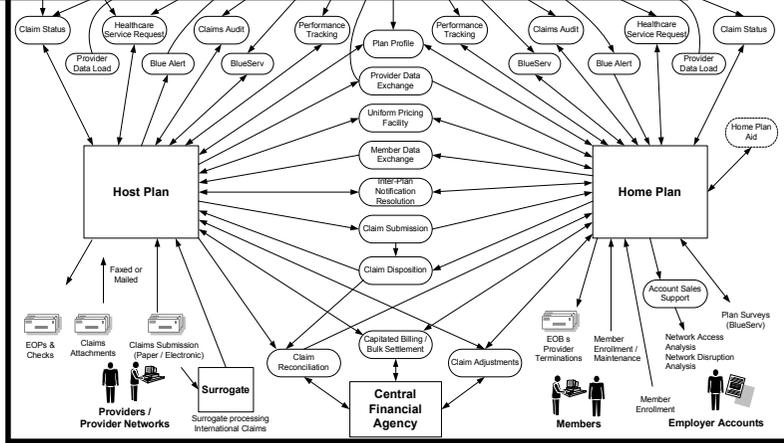
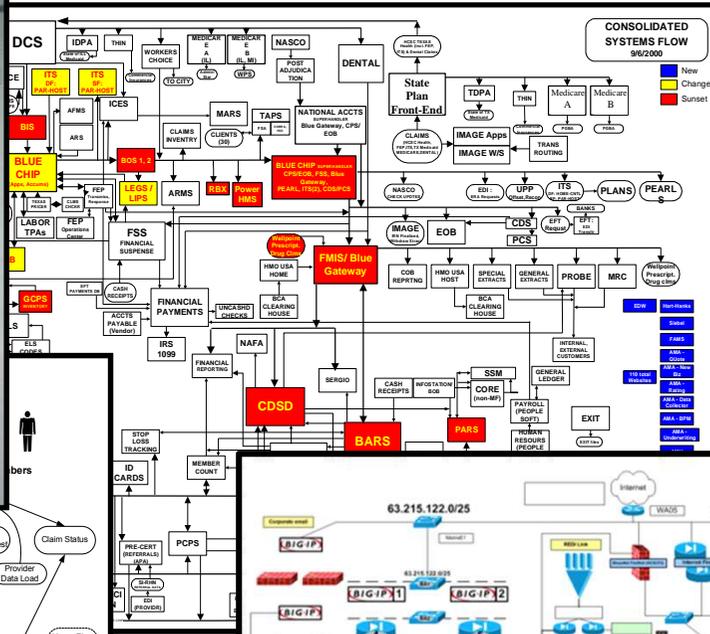
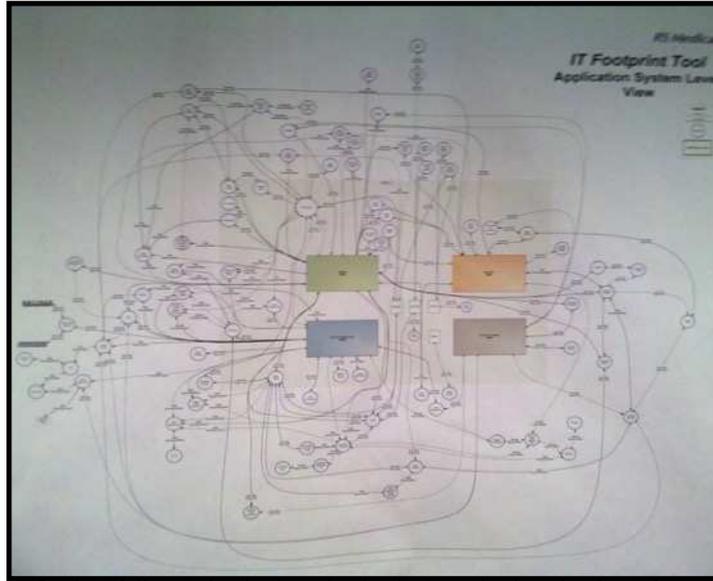
- Identify internal and external “business services”
- Create a new organizational structure based on services defined
- Develop roles, responsibilities, metrics and job descriptions based on the new organizational model
- **Potential 35%+ increase in business productivity**

## Example 2 - How many medical records exist just for YOU?

- Hospital
- Independent provider (Dental, Optometrist, primary care, Chiropractor, Orthopedic, physical therapy, Mental Health, Acupuncturist, etc.)
- Have you relocated for work in your lifetime
- Military, private, closed system
- Testing lab work – Do you even know what lab?
- 23&Me, Ancestry.com, others

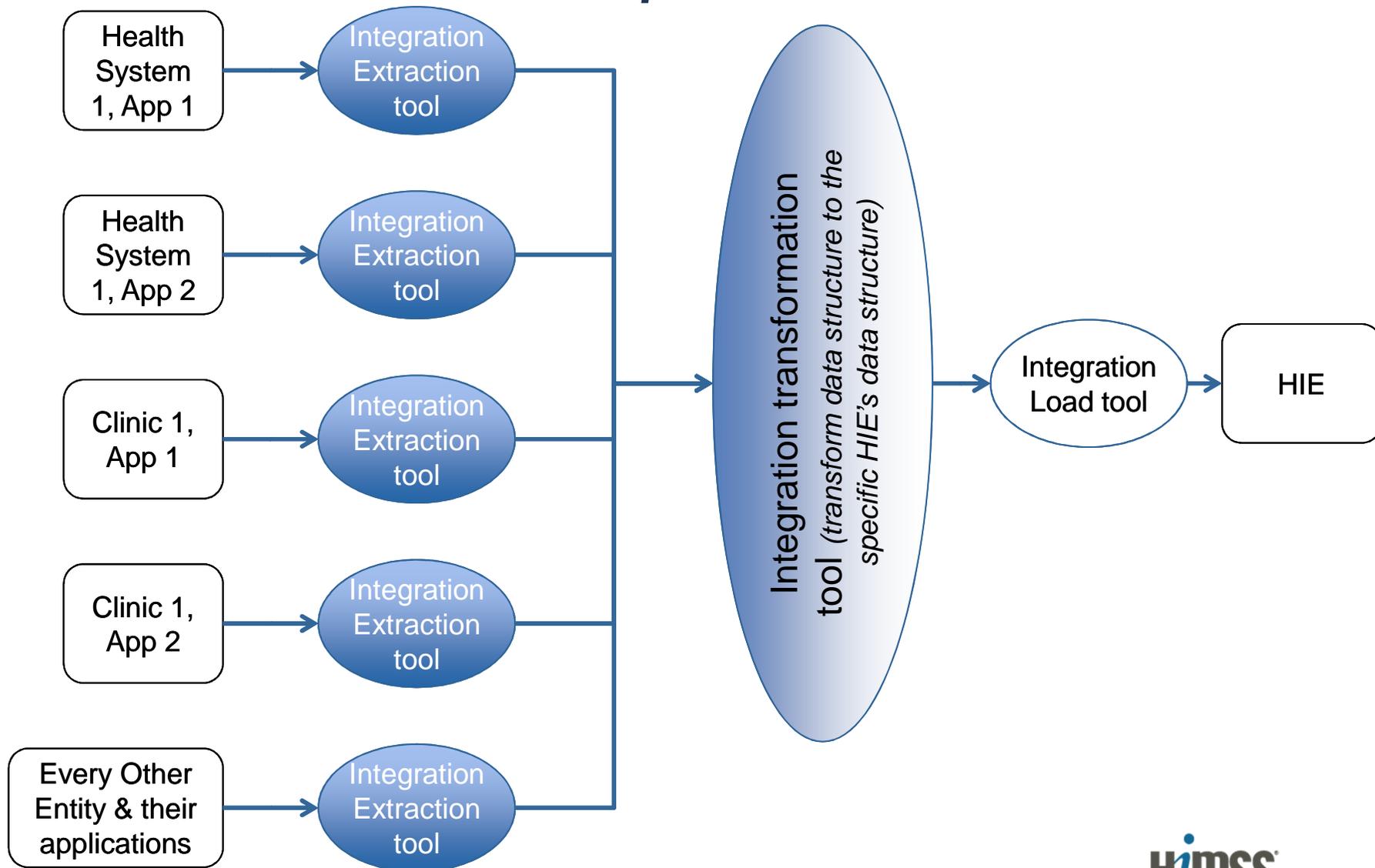
**NOW, multiply by 330,000,000 for the US alone**

# Do these look familiar?



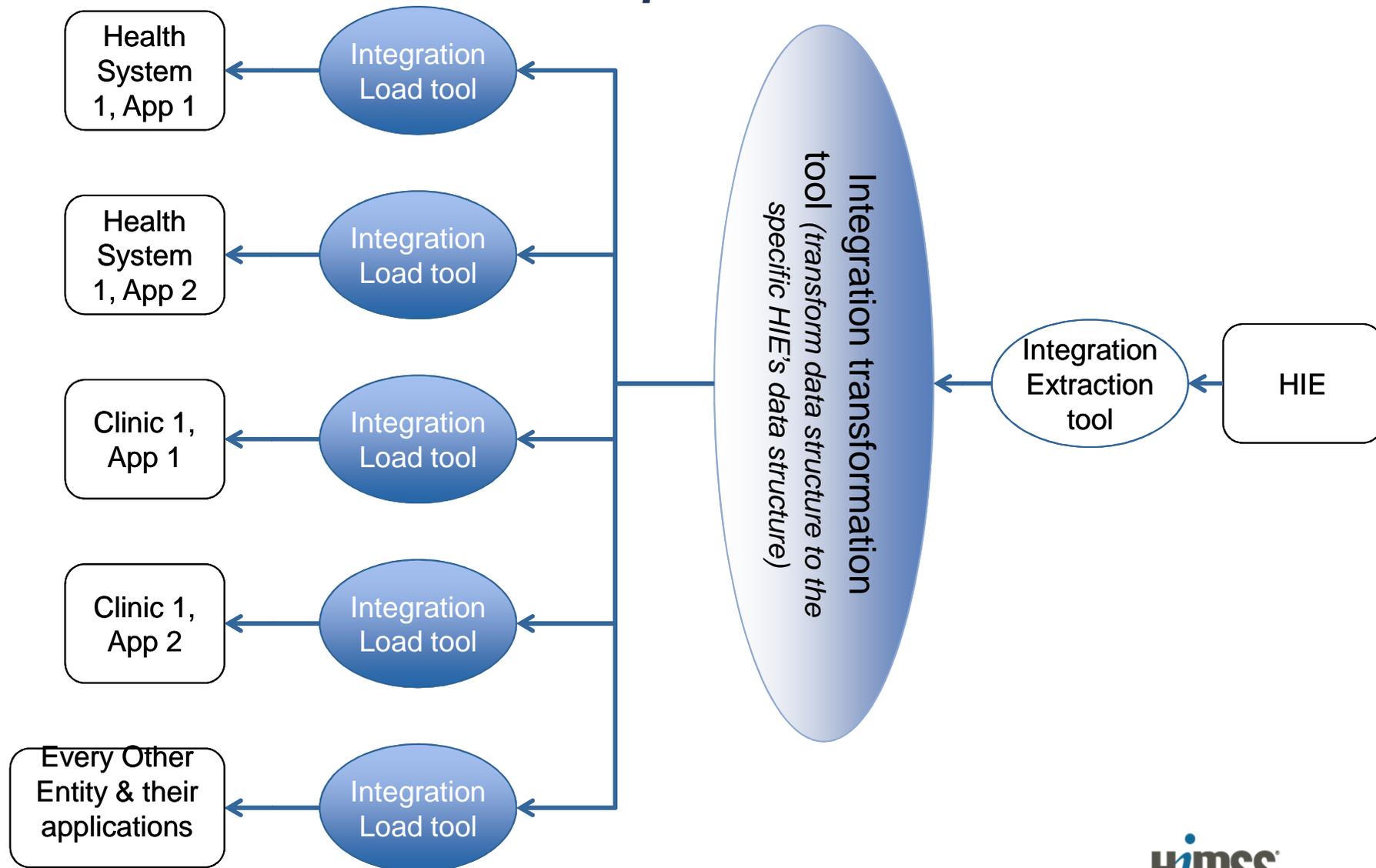
# Traditional integration approach TO HIEs

## *A simplified view*

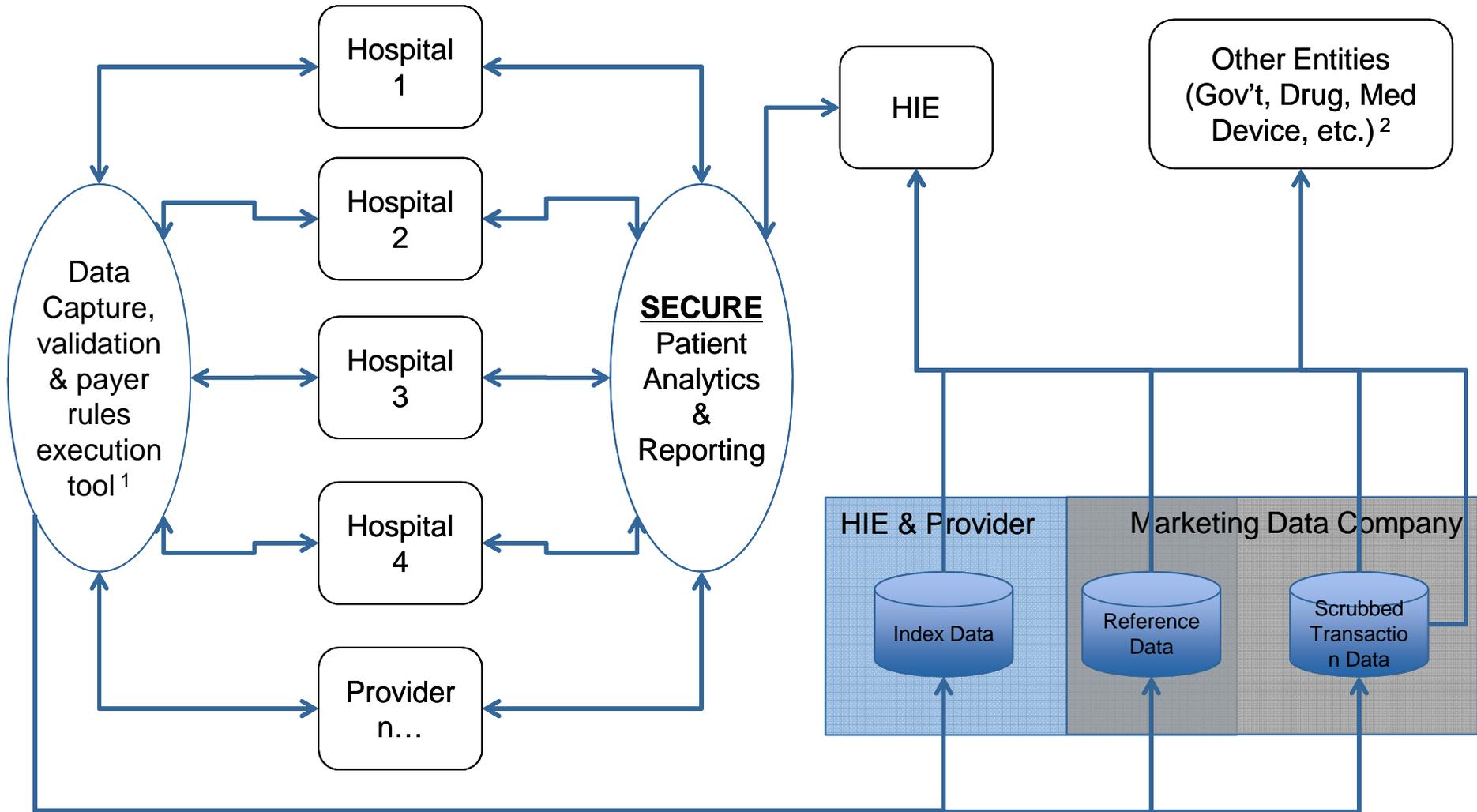


# Traditional integration approach From HIEs

## *A simplified view*



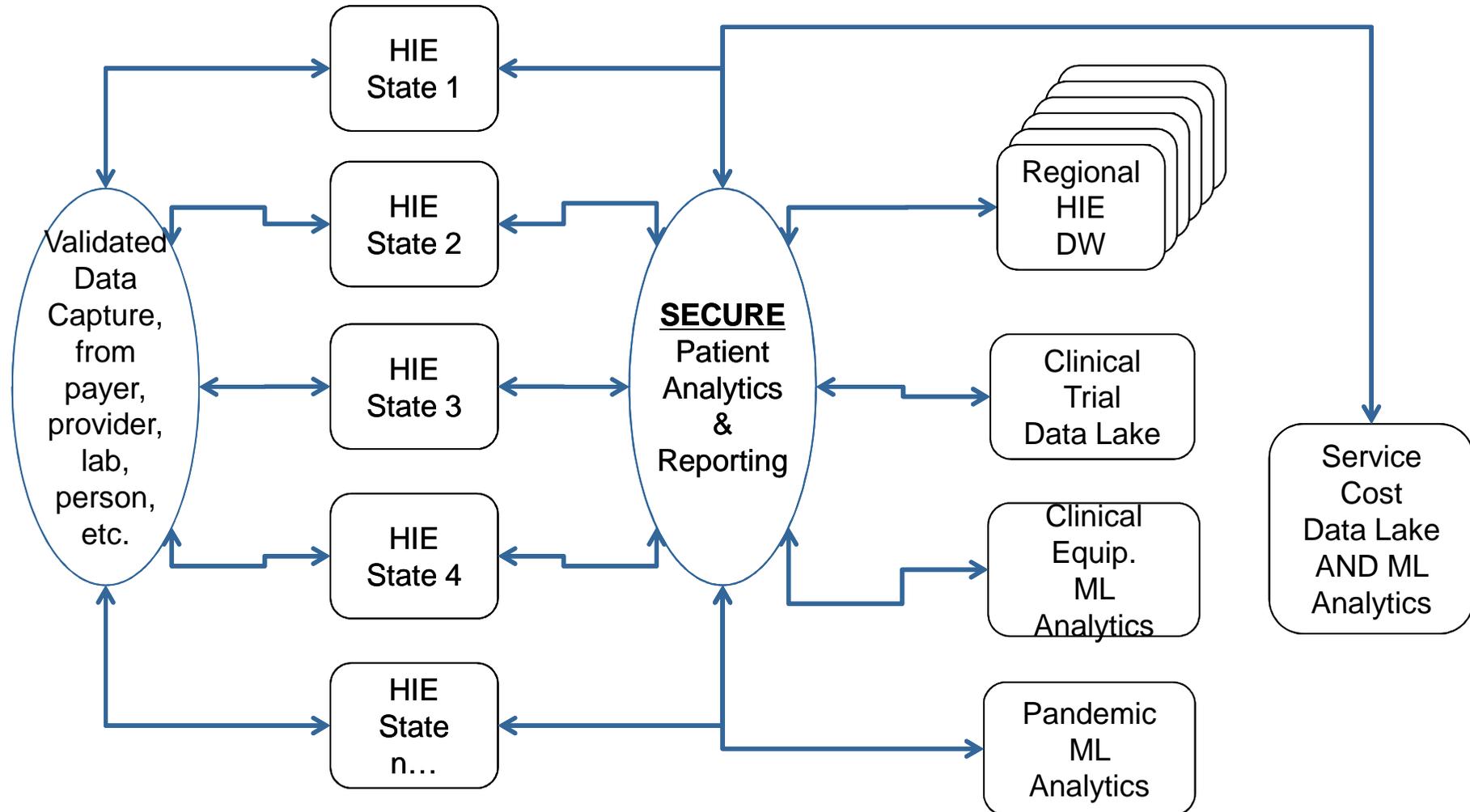
# Single Patient Record, secure HIE & Clinical Analysis



1) Charge a small upcharge above the cost of our software, per user per month, for providers to use patient data capture software to feed to their EMR(s), billing, HIE and other provider locations

2) Charge for "marketing" related data on product usage, services fulfilled, payer reimbursement analysis, etc.

# Consider the possibilities of rolling all “Scrubbed” patient data together



# How is aggregated healthcare data a Business Innovation Idea?

- Reduces or eliminates some EDW uses
- Improves security potential
- Reduces or eliminates medical data mistakes
  - Missing record due to nickname, typos, etc.
  - Validated by patient directly – in real time
  - On-line patient validation and verification
- Reduces costs of data mgmt. for all parties
- Provides greater insights
  - Clinical analysis, trials, and long-term ML & AI
  - Analysis of costs with services, machines, drugs, etc.
  - Patient Billing for all parties

# QUESTIONS?



# THANK YOU

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ENKI<sup>SM</sup>  
Success unlocked