Chapter 74

Low Cost and Human–Centered Innovations in Healthcare Services:
A Case of Excellence in Italy

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ABSTRACT

This chapter focuses on a change effort for introduction of an e-governance innovation in the operating room management of a medium-sized Italian hospital, which led to higher levels of efficiency and effectiveness at once. The innovative project has made all the stages of the surgical process transparent, highlighting where there is an opportunity to improve overall performance via the introduction of organizational and process innovations. New techniques implemented and the specific factors that led to the hospital's success in achieving improved outcomes at lower costs are discussed. The chapter concludes by highlighting that low cost and human-centricity are amongst the key characteristics of success of this innovation.

1. INTRODUCTION

Implementing innovation is difficult in almost any organization, but it is especially so in those where the change effort must overcome the resistance of professionals. Professionals often have deeply entrenched values that are not necessarily consistent with – and often are in direct opposition to – the goals of the organization's senior management team.

Nowhere is this dilemma more evident than in the healthcare sector, where there is considerable body of evidence to suggest that physicians (and, to a lesser extent, nurses) have an agenda that often is in total contrast to that of non-clinical managers (Young & Saltman, 1985; Kitchener, 1999; Young, 2008).

We examined a change effort for introduction of e-governance innovation in the operating rooms of a medium-sized hospital. This hospital

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– Forlì Hospital, in Forlì Italy – had recently received an award from the European Institute for Public Administration[1] as a public healthcare organization in Europe that represents the best case of *Smart Public Service Delivery in a Cold Economic Climate*.

The project developed by the hospital made all the stages of the surgical process transparent, highlighting where there were opportunities to improve overall performance via the introduction of organizational and process changes. The project did not involve a significant technological innovation; indeed, it followed an e-governance approach that had been demonstrated to be effective elsewhere (Young, 2004). More importantly, the goal was to give managers (both clinical and non-clinical) the tools they needed to better plan and manage all available resources, as well as to reduce clinical risks, by measuring – and thus managing – performances. In fact, as it is discussed below this innovation refers more to its human-centered philosophy.

The chapter is organized as follows. The second section refers to the fundamentals of measuring and managing performance in healthcare organizations. The third section presents the factors that influence the implementation of successful innovations in healthcare. Section number four introduces the case that is analyzed in the following two sections, in terms of the basic ideas – i.e. the context of change – in section five, and the factors of change and how they were handled, in section six. In the seventh section some relevant conclusions are presented.

2. MEASURING AND MANAGING PERFORMANCE IN A HEALTHCARE ENVIRONMENT

The development of tools to better measure performance, improve efficiency, and increase accountability for results is on the agenda of many public sector organizations (Pollitt 2008; Van Dooren et al., 2010; Pollitt & Bouckaert, 2011). The goal of improving efficiency and effectiveness is not only a matter of managerial rationality but is also a political issue in many OECD countries. Indeed, more than two-thirds of OECD countries include non-financial performance data in the documentation available to managers and policy makers (internal use), and also provide reports on performance to the public (external use) (OECD, 2005).

From an external-use perspective, transparency has become a widespread symbol of "good governance" in many different contexts (O'Neill, 2008). It is a key element for public sector organizations that wish to become more accountable to their stakeholders, giving them the possibility to be involved in decision making (Pasquier & Villeneuve, 2012). Moreover, the collection of information through performance measurement can assist these organizations to move toward an improved allocation of resources through management control systems (Padovani & Young, 2012).

Internally, much of the recent focus has been on key performance indicators (KPIs). Designed properly, KPIs not only measure performance, but create incentives that help to align individual goals with the objectives of the organization, provide valuable feedback on the progress towards these objectives, and form the basis for internal and external accountability (Cavalluzzo & Ittner, 2004; Kravchuk & Schack, 1996).

Clinicians (both physicians and nurses) often are an impediment to the development of KPIs in healthcare organizations (Young, 2008). In part, this is because clinicians' decision-making processes typically do not include efficiency evaluations. Rather, their procedures for monitoring and evaluating clinical practice are patient centered. As a result, they may perceive the introduction of KPIs aimed at *economic thinking* as distant from their values (Kurunmaki, 1999) and perhaps even as a direct attack on the their profession norms (Young & Saltman, 1985; Maddock & Morgan, 1998). As a result, their patient centered thinking is likely to conflict with the implementation of KPIs.

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