Defend Your Lab as a Vital Resource to Your Parent Hospital/Health Network

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“It's not what we know that matters, it's how what we know matters to someone else.”

Defend Your Lab as a Vital Resource to Your Parent Hospital/Health Network
Meta-Trends

- Commoditization
- Elevate, Accelerate & Sustain Profitable Growth
- How is the New What
- Create Value beyond the Product
- Rise of Risk Aversion, Stuck with Status Quo
- Bring Simplicity to Complexity
- Battle for Mindshare
- Relevance Matters More than Intelligence

Meta-Trends Manifest as Laboratory Industry Trends

<table>
<thead>
<tr>
<th>Meta-Trend</th>
<th>Laboratory Trend</th>
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<tbody>
<tr>
<td>Commoditization</td>
<td>Outsourcing/Sale of Laboratories</td>
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<tr>
<td>Accelerate &amp; Sustain Profitable Growth</td>
<td>Health System Complexity &amp; Integration</td>
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<td>Value Beyond Product</td>
<td>Value-Based Medicine</td>
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<td>How is the new What</td>
<td>Staffing &amp; Complex Technology</td>
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<td>Risk Aversion, Simplicity, Mindshare</td>
<td>Leadership doesn’t try to understand Laboratory</td>
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Self-Assessment

- What is your laboratory worth?
- How do you articulate laboratory value beyond financial value (e.g. cash)?

“No Money, No Mission”

~Sister Generose Gervais, Mayo Clinic
How do you Build a Picture of Laboratory Value?

Making Connections and Building the Picture

Tri-Relevance

- Clinical
- Operational
- Financial
- Patient
Operational Relevance

- System integration
- Efficiency
- Standardization
- Longitudinal medical record
- Serve population
- Infrastructure alignment
- Patient access
- Patient satisfaction
- HCAHPS score

Clinical Relevance

- System initiatives
  - Optimize clinical services
  - Support specialization
- Proactive care
- Precision Medicine, companion diagnostics
- Clinical Decision Support
  - Right test, right patient, right time and right location
- Data

Financial Relevance

- Net contribution (NOI)
- Cost avoidance
  - Penalties
  - Readmission
- Clinical Decision Support (CDS)
  - Reduce waste
  - Manage utilization
- Payor value
  - HEDIS data
  - Total cost of care
"Be number one or number two in every market, and fix, sell or close to get there."
− Jack Welch
<table>
<thead>
<tr>
<th>COLLABORATE - Do things together</th>
<th>CREATE - Do things first</th>
<th>COMPETE - Do things fast</th>
<th>CONTROL - Do things right</th>
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<tbody>
<tr>
<td><strong>Dominant Values:</strong></td>
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<td>Teamwork</td>
<td>Innovation</td>
<td>Competition</td>
<td>Rules</td>
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<td>Unity</td>
<td>Flexibility</td>
<td>Accomplishing goals</td>
<td>Predictability</td>
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<td>Mentorship</td>
<td>Creativity</td>
<td>Strategic goal focus</td>
<td>Stability</td>
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<td>Loyalty and Tradition</td>
<td>Growth</td>
<td>Characteristics</td>
<td>Internally focused</td>
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**Characteristics:**
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- Sink input
- Strong focus on rules and hierarchy
- Focus on maintaining order and stability, minimize risk

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"...move away from businesses that were being commoditized toward businesses that manufactured high-value ... products or sold services instead of things."

~Jack Welch

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Long Term Value of Laboratory = Relevance
Keep a Long-Term View

• Own and Retain Laboratory Data
• Focus on Patient Needs and Outcomes
• Support the Continuum of Care
• Manage Utilization, Drive out Waste
• Leverage Clinical Knowledge and Expertise
• Demonstrate Impact on Total Cost of Care

Transform your Laboratory

• Clinical
  • Centers of Excellence
• Operational
  • Optimize staffing, technology
• Financial engine
  • Outreach NOI >30%
  • Monitor KPIs and metrics
• Value-Based Initiatives
  • Control costs
  • Increase revenue

"When you become the person who answers that, you also become the person who turns theory into practical application. That’s adding real value.”

Steve Roesler
Next Steps

1 Retain and Use your Data
2 Focus on the Patient
3 Drive toward Relevance
   • Clinical
   • Operational
   • Financial
4 Deliver and Communicate your Value
   • Immediate
   • Near-Term
   • Long-Term

Acknowledgements

• Contact
  Jane M. Hermansen MBA, MT(ASCP)
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  hermansen.jane@mayo.edu  507-284-3557

• References
  - *Relevance: Matter More*, Tom Hayes, Phil Styrlund, Marian Deegan
  - *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, Kim S. Cameron and Robert E. Quinn

• Thank you
  - Andy Tofilon, Mayo Clinic Laboratories