

Stats Queen: Challenging Industry Norms

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“We guarantee a patient will wait no more than 15 minutes or the appointment is free!” exclaims Dr. Cristina Rodes, CEO of Park Road Wellness Centre located just outside Brisbane, Australia. “And more surprisingly, we learned the patient doesn’t want us to be on time either, especially when we fixed another huge problem in the healthcare business – out-of-date magazines in the waiting area.”

Dr. Rodes is challenging her industry’s “givens” while paying attention to the little details. Along the way she’s providing an example for all business owners to emulate. I was on tour in Australia throughout February and met this amazing business woman who is taking a systematic and data-driven approach to building what I’m confident will be a world-class chain of wellness centers.

A chiropractor, Dr. Rodes is one of those rare doctors that loves running the business with plans to open ten wellness centers throughout Queensland, Australia combining chiropractic services with massage, nutrition programs, and general wellness services.

In 2004 she purchased another doctor’s practice to launch her first center. A self-declared “stats queen” she began measuring everything in the business and hosting focus groups with patients – can you imagine your doctor actually asking and caring what you think! She also began looking for the real economic busters in her industry.

No Shows

After her analysis, she chose to focus on the 30% no show ratio facing the business i.e. patients missing appointments. First she poured over industry statistics and found that the norm is 15%. She decided to see if she could smash that norm and drive her “no show” rate down to zero. Not only do no shows directly impact profitability, but they also take up a lot of staff time calling the patients back to reschedule.

To solve this problem, at the beginning of a patient’s second visit (not the first visit) a staff member walks the patient through a checklist – office hours, where the restrooms are, payment policies, and the no show policy. If a patient misses once for a good reason, then it’s excused. If they miss a second time, then they owe the staff a box of chocolates or a bottle of wine (and they specify certain brands or better for both!!). And if they miss a third time it’s a box of chocolates or bottle of wine plus flowers and they will also have to charge the patient.

Since implementing this process, their no shows have dropped to less than 1% -- .75% to be exact. Dr. Rodes knows the exact number which is monitored daily. Along the way to fixing the problem, they received lots of boxes of chocolates and bottles of wine which the center staff has turned around and given as gifts to patients for referrals. Savvy entrepreneurs are always finding ways to save money and re-purpose assets.

Catalytic Mechanism

Dr. Rodes also began a series of focus groups with patients to determine what they liked and didn't like about health care services. In addition to learning how fanatical patients are about having current magazines in the waiting area (there are little things like this in all industries), she hit upon the idea of the 15 minute wait guarantee. She also learned that patients actually want the appointment to be about 10 minutes late so they have a small cushion of time if they were running late themselves and can relax for a few minutes before the appointment.

This guarantee became what Jim Collins, best-selling author of *Good to Great*, calls a catalytic mechanism – a mechanism for inducing pain in the organization for not delivering on a real need of the customer. It's this pain that drives innovation in the business. To learn more go to www.hbr.com and download Jim Collins' must read *Harvard Business Review* article entitled "Turning Goals into Results: The Power of Catalytic Mechanisms."

In January 2005 this mechanism kicked in. With the increased business her service approach was generating, wait times began exceeding the guaranteed 15 minutes. Since they were honoring the guarantee and not charging patients for the visits, her profits dropped dramatically. Obviously this pain forced her to examine what was happening and to come up with a quick way to resolve the problem.

What she discovered, when she examined the process of a doctor serving a patient, is a large part of the time was spent taking notes down in the patient's file – time that couldn't be spent actually talking with patients and providing them treatment. She discovered this by actually observing the process herself. Note - it's so important that CEOs and executives of companies experience their own company's processes first hand – pick up the phone right now and shop your company and see what your customer experiences.

To solve the problem, she simply has someone take notes for the doctor. When have you ever seen this! The doctors love the assistance, the patients love it because the doctor is focused on them, and it's made the whole process faster and the doctors more productive. Providing assistants to your high paid sales people often accomplishes the same kinds of productivity jumps. And Dr. Rodes knows she wouldn't have been forced to act and solve the problem if there wasn't that painful guarantee.

Dr. Rodes has also installed a new system that keeps track of when a patient first arrives, starts a timer, and sounds a small alarm as the 15 minute deadline approaches. It also

tracks all the wait times and provides her team with a report at the end of the day so they can monitor this brand promise. This is exactly the kind of daily KPI – Key Performance Indicator -- you need to monitor the business. The most important daily and weekly metrics tell you if you're keeping your brand promises.

And I would be remiss if I didn't mention that she holds a quick daily meeting with all her staff to review what's up for the day, to look over the metrics from the previous day, and to see if any of them need something to make their jobs easier or more productive i.e. help getting something unstuck.

Dr. Rodes gets it and was able to check off most of the boxes on the “Rockefeller Habits” checklist of habits that make for a well run organization. Didn't surprise me! Here's a link to the checklist – glance over it to see how you're doing at professionalizing your own business -- http://www.gazelles.com/rate_your_discipline.doc.