

# END NEGATIVE OPS MARGINS

## A Hospital Expert's Provocative View

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In the last five years the great majority of American small hospitals have painfully endured negative operating margins. These financial burdens have resulted in many dozens of small hospital closures, as well as the turnover of 100s of hospitals' CFOs for a multitude of reasons...But at its roots...its for low margins. This seemingly unending margin burden need not continue. While small hospital CFOs cannot change the nation's overall financial status and dynamics, i.e., the context in which small hospitals operate, CFOs can make significant changes in each of their own small hospitals. Small hospitals can make negative operating margins a thing of the past, emanating from another, more painful historical and financial era.

The knowledge and experience needed to eliminate these negative menacing margins are well-established and accessible, and best of all: They are proven-in-practice. These solutions are knowledge and experiential, practical and operational solution sets...with one core imbedded goal: Increase margins.

Taken together and collectively integrated and utilized, these are solutions for enterprise-wide margin optimization...especially for small hospitals (i.e., hospitals under \$130MM in net patient revenues.) These small hospital CFOs are not always fully aware of or sufficiently experienced with many or even most of these proven-in-practice solutions.

These solutions are already proven-in-practice in dozens of other hospitals which have implemented these solutions successfully with significant financial gain and diminished negative margins.

Yet, when these CFOs learn of these solutions, they often don't believe that they have the staff or time to implement these solutions on a cost-efficient or soon-enough basis. Or they believe the solutions are "just too good to be true". Or they "lack credibility. Or they are "just not a fit for here", in spite of the fact that a large body of references support these solutions and their effective and successful margin-enhancing outcomes.



Some CFOs also believe that the political or socio-cultural consequences and fallout from these solutions' implementation may be more negative than the advantages from new dollars added and derived from these solution's implementation. It's their sense "that the juice ain't worth the squeeze!"

Further hindrances to implementation are the unnecessary concerns we hear from some CFOs, such as "Why rock the boat?" or "We've had many years of negative ops margins and so have my similarly situated colleagues and they still have their jobs." Some CFOs think these unproductive thoughts even though these solutions require no layoffs, no service diminution or closures and no new staff and no overtime. Nor do these solutions produce negative press and/or Board or CEO agita...

And better yet, these solutions do not take a lot of work or time to fully implement. More subjectively and puzzling, a few CFOs are concerned that implementation of these solutions may be a source of personal embarrassment or humiliation for them, with their CEOs and Chairs of Board Financial Committees perhaps wondering: "What took you so long?" or "A better CFO would have figured it out long ago."

Because these proven hundreds of solutions cover all areas of hospital financial/operational life, the solutions considered collectively and implemented significantly and correctly are indeed enterprise-wide margin optimization solutions.

CFOs can choose those solutions which focus on those areas of greatest financial pain for their hospital and for the CFO. As a small hospital with no staff to spare and unable to pay for the most experienced and enough implementation-oriented staff and execs, small hospitals will find a majority of these solutions to be relatively new in their experience. The newness of these solutions for these hospitals may be a measure of the opportunity these solutions present to end their negative ops margins.

Margin Solutions **EXPRESS** is a lead service line of Microscope, giving **EXPRESS** all the resources needed to end negative margins in small hospitals. If you want to find out more about these solutions, and better yet, how to quickly, easily, cost-effectively and profitably implement these solutions, please contact:



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