

# A New Management Strategy for Hospitals by 2020... Can Outsourcing Save You?

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Outsourcing is a rising trend and practice nowadays in which hospitals in the region and worldwide are being provided with services from specialized companies to replace functions done in-house. It is well known that outsourcing saves costs.

## Reasons for Outsourcing

In addition to saving on overhead and labor costs, the reasons hospitals need outsourcing, include improved efficiency, greater productivity and the opportunity to focus on core services and functions of the business. Furthermore, outsourcing can be considered as an innovation center. According to Deloitte's 2016 outsourcing survey, 35% of respondents said they are focused on measuring innovation value in their outsourcing partnerships.

When selecting the right healthcare management company, specialized in Outsourcing partnerships, with years of experience and highly qualified team, significant benefits will be achieved, including major cost savings, better cash flow, adequate funds management policy and optimized performance.

The company offering all the services a hospital requires, will enable the executives or the governing board to focus on what is most important to the institution.

## Different Types of Outsourcing

Outsourcing can range from a large contract to the practice of hiring independent contractors and temporary office workers.

**Nearshore outsourcing** is the practice of getting work

done or services performed by people in neighboring countries rather than in your own country.

Onshore outsourcing (also called domestic outsourcing) is the obtaining of services from a specialized company within the same country.

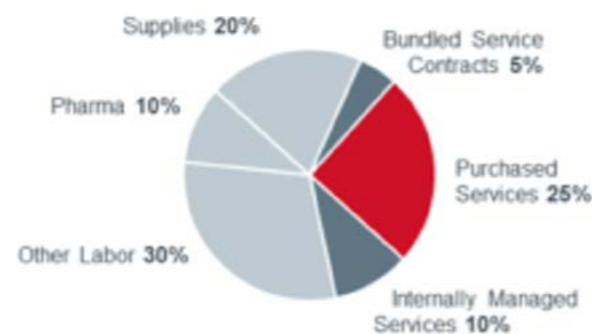
And **Offshore outsourcing** which is a type of business process outsourcing (BPO). With the latest technologies, communications means distances are reduced and hospitals are heading towards globalization as well similar to other industries. They will not only save money but BPO will enable them to compete on different scales.

## Hospitals Objectives by 2020

With forecasts indicating that by 2020 hospital margin costs must be reduced by 17% to break-even without negatively impacting patient care, hospitals cannot afford to ignore non-clinical services, which can represent 40% or more of expenses (see pie chart) but are rarely more

### Services Represent a Significant Target for Performance Improvement

Nearly 50% of the Average  
300-Bed Hospital Budget



than 10% of savings initiatives.

As a result, it is not surprising that nearly half of regional and international hospitals have indicated plans to increase outsourcing to non-clinical service providers starting 2017. The top two reasons cited for utilizing non-clinical outsource services were to gain vendor expertise (47.4%) and reduce costs (42.1%).

As hospitals look for ways to reduce costs around activities (e.g. laundry, food services, equipment servicing, all support services, transcription, document management, collection, patient flow management, patient relations, clinical researches, human capital management, Information technology, network, marketing, etc.) outsourcing is a valid strategy to consider for a financially healthier organization.

Hammoud Hospital University Medical Center was one of the leading hospitals with its new management since 2014 to enter in a partnership with MaksLoyd International Group, the healthcare management company specialized in providing outsourcing services.

In only one year and a half, it proved to be an ongoing success story, based on collected performance indicators, auditors reports and stakeholders feedback.

## Communication

To optimize an outsourcing partnership, an open communication flows both ways. This is especially critical during the planning and transitioning periods.

The company comprehends the key issues and strategies of the hospital, and the hospital needs to understand the innovations in facilities optimization the outsourcing partner is bringing to the relationship.

This is critical so the outsourcing partner designs solutions that put the right people in the right job at the right time. It avoids also duplication of roles and tasks that drive up costs and limit efficiency.

## Outsourcing is always a white option but...

One issue hospital executives need to be ready to face when partnering for outsourcing services, is losing some employees.

The company realizes that employees, who have worked



for facilities for years, are part of the hospital's family, and they understand how to interact with clinical staff, patients and their families, which is vital to the success of the hospital and the transition. That's why key personnel will keep having an important role to offer in this turnaround cycle.

The outsourcing company provides team that can immediately apply its knowledge of and familiarity with the facility. And the hospital's staff gets access to standardized and up-to-date training that allows them to grow their skills.

Hospital Staff also get access to proven best practices, tools and technologies to improve their skills and value.

## Rising innovative challenges

Since the healthcare industry is constantly evolving in Lebanon and needs to cope with upcoming challenges, the Outsourcing partner can standardize a particular non clinical area such as centralizing purchasing and consolidating vendors.

For the first time an interactive platform vendors-hospitals will be launched in Lebanon by providing great relationships with major vendors, allowing them to buy materials, supplies and services at a huge cost savings.

**Yes, Outsourcing can save you and change your journey to reach the right destination.**