

# NON-LABOR COST

## REDUCTION SERVICES

*Balancing  
quality  
and cost  
of care*



**SULLIVAN  
LAKIER  
GROUP**

*Producing Results*

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In today's volatile economic climate, hospitals must take advantage of all expense reduction opportunities in order to survive and thrive. Labor cost reduction and revenue improvement projects commonly have high visibility with top-level management, while **Non-Labor Cost Reduction** efforts are often less effective, fragmented and departmentally-driven. Our Non-Labor Cost Reduction program can help you achieve dramatic results in this often overlooked area.

**SULLIVAN LAKIER GROUP** prides itself on the team of seasoned consultants we have assembled to provide non-labor cost reduction services for our clients. Our staff has extensive hospital operational experience, and most have specialized clinical backgrounds. Our team utilizes this base of understanding to provide practical and effective non-labor cost reduction implementation assistance for your hospital.

*Additional Services >>*

*Non-Labor  
Expenses  
are your  
Second Largest  
Expense  
Category*

### OUR APPROACH

We will work hand-in-hand with your Executive Team, Physicians and Clinicians to instill a culture of expense awareness and accountability.

Our approach includes the following principles and goals:

- Collaborate with hospital staff to develop a shared vision which supports sustainable savings
- Coordinate a program in which **you set** the quality parameters to ensure that your product and service standards are maintained
- Generate recurring cost-savings to your bottom line – usually in the millions of dollars
- Ensure that your return on investment is expeditiously realized

### GETTING STARTED

If you desire we can begin by first conducting an initial no-cost Desktop Assessment. This preliminary analysis of high level financial data provides benchmark-driven ratios that identify potential cost savings opportunities. These results will help to quantify your potential cost savings and set the stage for performing a full-scale analysis.



## Our Two-Phased Solution:

**Phase One: Assess cost-reduction opportunities.** This process takes approximately one month and is designed to identify overall cost-reduction opportunities. Our process includes interviewing between 40 to 70 stakeholders during this discovery period. We will also gauge the organization's readiness to achieve the identified savings. The following areas are included in our assessment:

- Perioperative Services
- Nursing Units
- Clinical Lab
- Pharmacy
- Nutritional Services
- Environmental Services
- Human Resources
- Contract Services
- Professional Services
- Non-Clinical Supplies

**Phase Two: Implementation.** We take a comprehensive team approach to reducing costs, with dedicated teams established by functional areas. As implementation deepens, you can expect our team to discover additional cost savings opportunities, outside of those identified in Phase I. Our collaborative team approach will involve Executive Leaders, Management, Physicians and Clinicians every step of the way. This collaboration and education is designed to build consensus and to create a financial culture shift and a shared vision to facilitate staff-supported changes that drive cost reduction. We typically identify between 80-150 cost-savings initiatives.

While our process takes approximately six to eight months to fully execute, you can expect many cost-savings opportunities to have an immediate effect, and to fully recoup the cost of implementation. Typically, the ROI in the first year ranges between 250-400% and between 700-900% over three years. Our process is:

- Executive Steering Committee-Driven
- Stakeholder-Developed
- Built One Opportunity at a Time
- Short-Term Self-Funding
- Guaranteed to meet results