

## Client Example: Regional Health Services Provider

**We helped a rapidly growing health services company improve their labor management processes and practices, which drove a 10% increase in gross margin.**

- Client:** A healthcare services provider, providing contract services to major hospital systems.
- Situation:** The company had recently sold a controlling ownership stake to a Private Equity group, to fund a significant business expansion.
- Within a year after acquisition by the PE, the company had doubled their number of sites of service and significantly increased their geographic footprint.
  - Direct Labor costs had increased by 26%, with a corresponding drop in Gross Margin.
- Our Role:** To quickly improve operating performance, we built an interim labor management system, including the following actions:
- Identified and addressed significant data quality issues; sharing these with all users
  - On an organization-wide basis, identified need for visibility to daily schedule for the upcoming week and active management of Clinical Therapists (i.e., hourly, variable labor) as key points of management focus
  - Developed a vision for process improvement; identifying key activities to be performed and associated owners, along with impact on systems and operations
- Results:**
- ❑ Within three months, weekly reports by site of services and clinician were able to be produced by the second business day following the end of each week and a daily flash report on labor for each site of service.
  - ❑ The organization realized enhanced information quality, timeliness and availability, which drove 10% increase in Gross Margin on \$48m in annualized revenue.