

Surgical Facility Operational Assessment & Administrator Mentoring

“*ASC Strategies identified the areas of our operations that needed improvement, and they worked with our staff to make changes and provide training and support that will help our physician investors secure their center's profitability, longevity and compliance. It was a great investment in our future.*”

SITUATION

After a successful multi-specialty surgery center learned it would lose its long-time administrator to relocation, the board offered its clinical manager the vacated position despite her admitted lack of administrative experience and business skills. She accepted the responsibility when the board pledged to support her during the transition. The outgoing administrator was unable to provide her successor with critical training, and the board realized it knew little about the center's operations. Since the center appeared profitable and efficient, the previous administrator was rarely questioned, and her recommendations were generally accepted.

ENGAGEMENT

Avanza Healthcare Strategies (formerly ASC Strategies) was engaged by the board after the new administrator requested a return to her clinical position because of the frustration she experienced as administrator. She felt she received neither the training nor the support promised by the board. She struggled with identifying priorities, locating resources and learning business processes. The board did not want to lose her as administrator, nor did it know how to effectively help her with the transition.

HOW WE HELPED:

- **Performed a thorough clinical and business review** of the center's processes including vendor and payor contracts, materials management processes, compliance, staffing levels and compensation.
- **Evaluated the new administrator** to identify strengths and weaknesses.

Surgical Facility Operational Assessment & Administrator Mentoring (Continued)

The review revealed significant problems with the center—challenges the board was unaware of. The assessment of the new administrator revealed the necessary enthusiasm and intelligence, but the lack of training and support, coupled with issues identified during Avanza's review, severely complicated the administrator's transition. The board asked Avanza to remain involved for six months after completion of the assessments.

HOW WE HELPED:

- **Worked with the administrator and board to address many of the problems uncovered during the assessment**, including staffing costs accounting for 45 percent of revenue, accounts receivable collections running well over 60 days and poorly negotiated vendor contracts.
- **Mentored the new administrator** and provided her with the focus and tools she needed to be successful. She was involved in the center's re-engineering process and was responsible for following through on decisions, with Avanza providing an appropriate level of guidance.
- **Performed a significant part of this engagement off site** to save expenses. ASC Strategies maintained regular contact with the administrator and board president and accessed the center's IT system remotely.

OUTCOME

By the end of the six-month engagement, staffing costs were 30 percent of revenue and declining, accounts receivable collections were in line with the industry benchmark of under 45 days, and vendor contracts were renegotiated to obtain better pricing and service. Avanza also uncovered and worked with the center's leadership to correct compliance issues that put the center at risk for federal and state sanctions.

The administrator celebrated her one-year anniversary in the position with a positive evaluation and is in the processes of renegotiating the center's commercial contracts. Investor's distribution checks this year will be an all-time high.

