# Healthcare Cost Management Best Practices

## With Lisa Larter

### Episode 61

*Read the show notes or listen to the episode:*[*TheHealthcareLeadershipExperience.com*](http://thehealthcareleadershipexperience.com/)

Lisa Miller (00:01)

Better than best practices, have a strategy. Sit down, spend the two or three days. Bring somebody in that can lead the initiative and pull it all together. Have a roadmap, this playbook, so now you know what’s going to happen in January, what’s gonna happen in February. Where are we going to look for savings, in which department? It’s not a broad take out 5%. These are the areas we are really going to focus on. This is how we’re going to do it.

Introduction (00:26):

Welcome to The Healthcare Leadership Experience Podcast hosted by Lisa Miller and Jim Cagliostro. Lisa is the founder of VIE Healthcare Consulting and now managing director at SpendMend. Lisa and her team has generated over $1 billion in financial improvements for VIE's clients since 1999.

Since 2007, Jim has been a registered nurse working in critical care, perioperative services, and outpatient settings at nationally-recognized medical facilities across three states.

You'll hear conversations on relevant and trending topics in healthcare and much more.

Now here's your hosts, Lisa and Jim.

Lisa Miller (01:05):

Hi, this is Lisa Miller and I am the host of the Healthcare Leadership Experience Podcast. And today I have with me again, Lisa Larter, who's our producer, and we're going to be talking about better than best practices from the field. Lisa, welcome.

Lisa Larter ([01:24](https://www.rev.com/transcript-editor/Edit?token=b3Kn23eLIpcCNwFw-6wCTkPgkc6KuH61UtUKW273VR6iHefWClo6sCd0WcxdnVhsBbzrCc4lUdJsXXeA-MX16JDp3jg&loadFrom=DocumentDeeplink&ts=24.54)):

Hi Lisa. Good to be here again with you.

Lisa Miller (01:27):

Yeah, this has been a lot of fun having these series in 2023, so I appreciate your being on the front. Usually you're on the backend supporting us, so it's always great to have you on the frontend. So welcome today.

Lisa Larter ([01:40](https://www.rev.com/transcript-editor/Edit?token=acKCuHkd_FjNJjbbyFVPskis8wdxayryq5neOlOrRfs6a8lC1tYEuxGBmNFBs4mTSy77MfHHy1vJEGibC7c9xBhHWeQ&loadFrom=DocumentDeeplink&ts=42.21)):

Thank you. I'm looking forward to this episode. I think it's going to be super powerful because there's nothing better than learning best practices or better than best practices from people who are actually doing the work.

Lisa Miller (01:53):

Right. And I want to thank you because this was a topic that you really kind of pushed me to pull together. So you are right. We all want to know benchmarking, best practices, what our peers are doing. So, I think this is going to be a lot of fun.

So I'm going to kick it off and start with my number one. And listen, some of these best practices might appear on the first blush as, well, that seems very basic, Lisa. There doesn't seem to be, let's say, so groundbreaking, but I'm going to go into the details and really why they are groundbreaking and why we may know them, but why we don't do them, because I actually think sometimes that we might know some best practices. We're not doing them or maybe there's a better way to do them and that makes it tangible so that we do them, if that makes sense.

Lisa Miller ([02:54](https://www.rev.com/transcript-editor/Edit?token=O4dlsbvU0U_OlM1GmS--LGaJ3CegmtX6vbE4luCuTuYuLKl4TAE6ZpKb5tCxNa5MIfcwjlpIckEJdQPPSvOi0fi6KKg&loadFrom=DocumentDeeplink&ts=114.12)):

So, one of the best practices from the field that I have been involved with over the number of years, but particularly in the last two years that's been really successful — and particularly successful during this challenging time — is really creating a leadership approach to cost savings. Sometimes this is kind of put on supply chain or put in different departments, but the best practices from the field, Lisa, are this leadership approach to cost savings. And I kind of call it, I've taken some wording from different hospitals that have used a version of this. We kind of created our own now, but it's called Accelerating Cost Savings team. So having an accelerating cost savings team and this team just can't be the CFO. The CFO does absolutely need to be involved but this needs to be a leadership team that consists of a CNO, the CFO, the Chief Medical Officer, VP of Supply Chain, VP of Performance Improvement, and key department leaders that come in and out of the group as needed.

Lisa Miller ([03:5](https://www.rev.com/transcript-editor/Edit?token=Iu3cKNBcu259EsnryIPlS35DYfLHBzx5HmM1jfpgJ5tMI9U-fqARnYxAw1xVtl2Yh2DoXhWWFQ0k9wDcuBvwJSqYJSY&loadFrom=DocumentDeeplink&ts=185.52)0):

And this doesn't have to be an overbearing, "Oh, it's another meeting." This is a weekly meeting. It's usually kind of in conjunction with an outside partner. We've done this work and it's been really effective, and I think from the feedback we get from hospitals and why these teams have been so successful in pulling together these cost savings initiatives and achieving tremendous outcomes is having a trusted partner as part of the team. And I'm soon going to be finishing up on lessons learned from one of these teams and we've had the opportunity to interview everybody on the team and get their feedback. We asked them 10 questions and we've pulled it all together and it's going to be really interesting research, but I do feel like having this team, even if they can meet, be a conference call, even if it's 45 minutes a week, I will tell you that it's transformative.

Lisa Miller ([04:43](https://www.rev.com/transcript-editor/Edit?token=JIrQNMl7nCwt7oJjEZ2af6siMcmMoz0g5OAeiTJJ3yL5yRGCB3Ft3VMp8kTxNcEZfahgxFCVLsaX3MT5Q22gFXM_MDM&loadFrom=DocumentDeeplink&ts=245.85)):

You have an agenda, what's on the docket as a priority? What's been achieved in the last month? What are we looking to achieve in the next 45 days? What are those big projects that this team is going to work on? And maybe there's smaller ones that this team isn't working on, but they know that's being worked on in departments. But having this high-performing team, calling it Accelerating Cost Savings team or whatever you may call it, I've heard of things like Back to Black, Accelerating Excellence. There's all these different names and yes, you should name your team, you should name... you've spoken about in our last podcast. It's a movement, name it.

Lisa Miller (04:24):

So best practices, you need a team. If you want the absolute best outcomes, then it's got to be led by the leadership team. This has to become one of your strategic initiatives and to invest the time. It doesn't mean that these C-suite leaders are doing the analysis or they're calling vendors that are negotiating, but it means that it has a priority to them. And they are going to marshal resources, they're going to lead and say, "This is the direction that we need to take and these are the three steps and they're going to provide those decisions and leadership." So that's number one for me.

Lisa Larter ([06:01):](https://www.rev.com/transcript-editor/Edit?token=kMPCAmz0jUgbOHVBfb2LPKcFH-37ZOqo_MBFKCeXIjOEbzF8WsSJH4Lpharw2qIzR4uefzC2BC_XgR1OeqXQL2DhMig&loadFrom=DocumentDeeplink&ts=337.8)

I think that's great. I think it's super, super powerful. I have another podcast episode idea for you.

Lisa Miller ([06:07)](https://www.rev.com/transcript-editor/Edit?token=XUKGdyETnfVgWInDp9ech6bf38EuGQWBxRrCZjKzlq5pe-Ok2GMJXW9Tp9Lw0IczYU97Qat6BB094wtA8kW5E1typDw&loadFrom=DocumentDeeplink&ts=344.88):

Okay.

Lisa Larter ([06:08](https://www.rev.com/transcript-editor/Edit?token=ZeLIY4db9zXNXUG_TOl5gBnW9HZbSOwGBtmfifmrMNg_CYZ9ilc1kGmxZR3Mw9h3KBzRAJoNTNoPOTUvW0NUrJtU5nk&loadFrom=DocumentDeeplink&ts=345.87)):

I think that you need to do an episode on what does a high performing cost savings team look like?

Lisa Miller (06:14):

Yes.

Lisa Larter (06:15):

I think that is a really, really great episode.

Lisa Miller (06:18):

Yeah, I actually agree with you and once this research is done, I will do that because it's pretty interesting. I'll just sidebar for a minute on that. When I was able to interview everyone from this team and to hear their perspectives and there's some similarities and there's some big differences, but I think they all felt like initially maybe a bit skeptical, maybe like, "I don't think we have this much money available to us," because we set actually a big goal. We set a $10 million goal. I work really hard in my department. There's nothing left to then post this initiative to hear the feedback and the feedback is, "Wow, this was so transformative. I've learned so much," to having somebody. What I thought was really interesting, there was a person on the team that she had, she was in kind of the administrative office, but yet she also was also involved on the clinical side.

Lisa Miller (07:17):

So she was able to have both this business and clinical aspect to her. She wasn't a CNO because she was from the OR and she was in administration. And I think really talking about this on another podcast and lessons learned and how to create that was so key because she was able to really have these really interesting conversations with the physicians and then hear what they had to say. But then she was able to say, "I hear you, but listen, this is why it matters." And she seemed to be the only one that could really relate to them and that they trusted. So I think there is a formula and I will do that. So that's coming up then in 2023.

Lisa Miller (07:54):

Number two is to have a detailed cost saving strategy, a roadmap. We work on these cost saving strategies and roadmaps for our clients and they take a totally different approach or a totally different outcome versus those hospitals that just say, "Okay, our strategy for this year is we need to take out $40 million and that's our goal and we're going to take out $40 million. Let’s go do it. Go find it." And it's departments it's kind of divvied up. And that's a really hard way, I think to go about it. These goals are just getting bigger and bigger. So better than best practices. Have a strategy, sit down, spend the two or three days, bring somebody in that can lead the initiative and kind of pull it all together.

Lisa Miller ([08:42](https://www.rev.com/transcript-editor/Edit?token=KCSiOVUxnd1WTrGLnSuVrMV4deGE7SHnHApX8JtTSlWkJO0xFABIKg9zwn0VNF-53FOuBXon3OzOv_H0AmevqL4qNVQ&loadFrom=DocumentDeeplink&ts=525)):

Have a roadmap, this playbook that now you know, what's going to happen in January? What's going to happen in February? Where are we going to look for savings and which departments? It's not a broad takeout 5%. These are the areas we're really going to focus on and this is how we're going to do it. And this is...

Lisa Miller (08:59):

…. who's going to do it. I'm going to cite Keith Cunningham again. I just recently went to one of his training programs, it's called Plan or Get Slaughtered. It's amazing. I highly recommend that to those listening.

Lisa Miller (09:09):

But he talks about create the yellow brick road, like you want to get to 40 million in savings, what's the yellow brick road? He often talks about, what's the Google Map? If you want to go somewhere, you need a Google Map to get there. And sometimes we don't create the map, we don't create the steps, the roadmap.

Lisa Miller ([09:25):](https://www.rev.com/transcript-editor/Edit?token=Cuj8aUQgGJjevqzjpMEkYpT_b5WLGL21oonVpgMP7UlqH2pGh4BdSOWlZoEUytj6J4r9Hp-hNSNDsESvkRPbWnm2Kl0&loadFrom=DocumentDeeplink&ts=574.32)

So having this strategy is literally so transformational because we're able to say, okay, these are these clinical costs, these are the variation, this is where we're going to approach it. Versus I think unfortunately what we do is just put a number and sometimes it's wishful thinking.

Lisa Larter ([09:45):](https://www.rev.com/transcript-editor/Edit?token=dvoMb4-1PLZIvwFKaI0pNpvFZL8hJ7H8zvxryqFeLWNmKPJ8kVQAwPTW46XSKV_lawfgPS3HdOtC1RzlO3bAAbBdhxg&loadFrom=DocumentDeeplink&ts=600.09)

I think what you said that was super important is having an independent third-party person help you with the strategy. Because often that person can cite examples and situations of what is possible, based on the work that they've done with other organizations, when belief issues come up.

Lisa Larter ([10:03):](https://www.rev.com/transcript-editor/Edit?token=X64W_Je8KYBqCmNoNV8wdWyFmsXs_D7bRLdhObGI3-6mjTvycrHY7Obdi1zTL1MQYT3ac3Z8_Rli11AV-RKa05BU-Sc&loadFrom=DocumentDeeplink&ts=619.41)

So when an executive has a big goal, like saving 10 million dollars and everyone else is afraid and say that it's not possible, having an outside person say it is possible and let me tell you how this organization did it, it really helps to diffuse some of the resistance that you may get if you're just trying to do this internally.

Lisa Larter ([10:24):](https://www.rev.com/transcript-editor/Edit?token=_y_tdPXukWQDJhCRxwzxwOO9AeGbMr_gecNT-nSfskFSuN0z9b1zywrMAxEFGCXhbjDBlZeePn_39IXkqrt2rE36m9A&loadFrom=DocumentDeeplink&ts=640.02)

Even in my small business, I hire external experts to help us work through hard things because I know that they can help us to think differently.

Lisa Miller ([10:33):](https://www.rev.com/transcript-editor/Edit?token=A6zyyg_UfkEbEODxoatxY5nm4l9Ndbmly91U6gNrxJj8t_FM1RW1JdNwkxg7l13p-mAGukWO8kJDnY98pXXDMwNOdS4&loadFrom=DocumentDeeplink&ts=650.19)

It's a really interesting conversation and for two reasons, and I love that you brought it up. One is mindset. You do need somebody that can say this is possible and let me show you where I think it is possible. Your organization's unique and we're going to probably tackle it uniquely, but having that external expert really will bring down those barriers and give a bigger vision.

Lisa Miller (10:56):

And I agree, 100%. And you said something really interesting too, which I love, is that I'm a big fan of bringing in external expertise as an investment. Not randomly, but very specifically. And I hadn't thought of mentioning this in the podcast, but I hadn't written down because I wanted to mention it, but now I get to mention it.

Lisa Miller (11:19):

So I was, for some reason, I don't even know how I got there, there's got to be a really good business reason. So just bear with me. I think it was on LinkedIn or somewhere, but it was Tom Cruise. They were showing him in his new movie. It's the new Mission Impossible movie.

Lisa Miller (11:37):

And as most people know, he does all his stunts. And which is when I used to hear it, I used to be like, "Oh, really? Okay, well how difficult is his stunts? Really, he's riding a motorcycle. Come on, right? " But something caught my attention that made me watch this videos interview where they were showing his stunts for this new Mission Impossible.

Lisa Miller ([11:55):](https://www.rev.com/transcript-editor/Edit?token=S4d1HuozY8PopPgZbS399ZCVtY0ZkncoWWcYo6c-ZMJYZ6NKNHRdgNkq8CWvCxNbxc0nvSDh3yc9e2PQ5ZiMQF2dSu4&loadFrom=DocumentDeeplink&ts=746.61)

And so I think what caught my attention was in the beginning he had said he had to bring in 30 experts in order to do this stunt. And they were interviewing the people on the set and they were like, "Oh yeah, Tom's brought in experts from motocross, to experts to parachute. They fly out of the airplanes, experts how to land.

Lisa Miller ([12:18):](https://www.rev.com/transcript-editor/Edit?token=68NtAwQeSQxHe0qUcZCB0v0yA2p00WBRvE6Tc7xILK_-CAgTwolbqSD9CCX2lVqtP-u7q1odYGAQ55-aU5xLrWIrcRc&loadFrom=DocumentDeeplink&ts=773.88)

And they were just talking about all the experts he brought in. And I think that's what caught my attention because we, I think, downplay or we don't invest or we don't see value because we just think it's the money. Everyone is, "Oh, it's too expensive." Well, it's probably too expensive not to do that. So it caught my attention. So I just watched it, which it's kind of funny.

Lisa Miller ([12:41)](https://www.rev.com/transcript-editor/Edit?token=2GCI2XkKA5XqM5fEyJJWI53xfBC1-_hgNCKL-SQgipQOCKYUJvvWnKfuwFyfg21gskonCA_-P63El5CQr1fgzjQlGks&loadFrom=DocumentDeeplink&ts=799.89):

And I probably should just put on my LinkedIn too, because it's so interesting. So what happens is in this Mission Impossible movie, from the seven minutes I watch, he basically has a motorcycle and he motorcycles off his ramp. I think they're in the Netherlands, into a canyon. And he's got a parachute, so the motorcycle's got to go drop.

Lisa Miller ([13:02](https://www.rev.com/transcript-editor/Edit?token=XNMf-m99jgFRKFTf8QjKkZc2sVZyEf7xwWaRgTBxWRyj7o_VU8WALXkVukVeYf7GjbopOFm6SooGuXgpYkL7NQ9dDO4&loadFrom=DocumentDeeplink&ts=822.45)):

And then he got a parachute to the small space in the canyon and he does the stunt. You have to watch, it's remarkable. So they show him, during this seven minutes, that he basically practices motorcrossing on this ramp. Something like 1700 times, he's practiced this jumps.

Lisa Miller ([13:19):](https://www.rev.com/transcript-editor/Edit?token=ckGO5ZhvYSotQJvSFsmQf5p4OnFoWWl0h9iS2wQXMzYqLpzNqc-arCU2sr6952De-WkBpeibtwuyxIE14_uKP0-zS1Y&loadFrom=DocumentDeeplink&ts=842.52)

The small first jump is like 10,000, sorry, 10 feet, 20 feet until he can jump 70 feet or whatever it is. And he becomes this expert at jumping in a motocross jumping. And then he ends up parachuting out of a plane, he ends up doing it like 10, 15 times a day. A day. And he's doing all these things, so he could be so competent.

Lisa Miller ([13:45):](https://www.rev.com/transcript-editor/Edit?token=lQfQVkh8O67_cxtXb7fcwUPpsoF54yi94KedGsLwuT3_iZBNl36qCW1l93eomv4EcOTO_KCBZZTm_biZ8LOrRPRBPc0&loadFrom=DocumentDeeplink&ts=873.45)

He has all these experts. And he could have a, what do you call it? A stunt guy who wants to do it himself, but I just was so amazed that the amount of experts he brings in, right, no different from whether it's Tiger or basketball players, they all just have shooting coaches.

Lisa Miller (14:02):

The tennis players that have mindset coaches, strength hitting. We all think it's for the elite athlete, business elite, but it's possible for us to do the same thing. It's not meant just for the elite. Why aren't we any different? We're not different.

Lisa Miller ([14:19)](https://www.rev.com/transcript-editor/Edit?token=tZwxME0Aic4CoU9eGmRNUsnOvgiL9qL38gPwioK2_atp-5vZxOPXSLO1FUJcygCUk_u65Tv49RbOg0NcqxCWsDPTNCk&loadFrom=DocumentDeeplink&ts=915.3):

Why don't we bring in expert, so we use their approaches? Their approaches is bring in the best.

Lisa Larter ([14:24)](https://www.rev.com/transcript-editor/Edit?token=wPJlKX3M-ldQBLA-djTZ0230By8Jv54Bsu7e-X79AMQkcMAUJxl5ASlx79ab9QoOWigCCFhIyshCQS_VQq3SJJ3Qz4I&loadFrom=DocumentDeeplink&ts=922.44):

Right.

Lisa Miller (14:25):

So I went on a little bit off on a tangent about Tom, but everyone's got to watch that. It's incredible.

Lisa Larter (14:30):

Yeah. I actually didn't watch it. I saw the article, but I didn't watch it. I'll go back and watch it now.

Lisa Miller (14:35):

He said something funny, he's going to parachute. Now I'm quoting Tom Cruise, how funny. And he's ready to go again, and someone's like, "Be careful." He's like, "Nope. Don't be careful, be competent."

Lisa Larter ([14:50):](https://www.rev.com/transcript-editor/Edit?token=tGlwEblYWodtwFhvQ9CBJW3e_q4PdqYSDYw9AOkq7VVTEairu6xtQAJQkrFw2OW_nyIQuPzo_is0rgKSRGGuWR4r9W4&loadFrom=DocumentDeeplink&ts=951.63)

I love that.

Lisa Miller ([14:52):](https://www.rev.com/transcript-editor/Edit?token=cM0kdIN4VG56dSAxfwgW6tVd9862kKG1MARvJHAb92B7BII1SMsnx4B9w79FAFGJNuHkZ4UBqhRNH9-F4sGnMavWv6Y&loadFrom=DocumentDeeplink&ts=953.91)

I was like, "Oh, that is so good. Be competent."

Lisa Larter ([14:45)](https://www.rev.com/transcript-editor/Edit?token=4PhdBeWxgF_de9eHVX_U1vrGrcxpFJWtv5bRVnTR4xLzQ8fPwkFnVM1KcNRn2dtsBVdQW1Eqs7Wnrnz12jBzxX2STT4&loadFrom=DocumentDeeplink&ts=957.39)):

Yeah. When you were talking, I wrote down experts practice leads to mastery.

Lisa Miller ([15:01):](https://www.rev.com/transcript-editor/Edit?token=opAU7HW_5o8fu_yBXnIIgrKjnOVCYWIusaBWXZFNtmUZxDCNb0-v4Z7iWLLhWWO6h7TTG7V4wznhCNRxfSgy_pxGFjc&loadFrom=DocumentDeeplink&ts=962.7)

Oh, yeah.

Lisa Larter ([15:03)](https://www.rev.com/transcript-editor/Edit?token=C25BuGQxtLqQUFfxIQvCA2NTScoOUwan8I14XvlAN6zpEMCWPsvv2JZyIQxFB1H57NSWkEjGqTuzzkGE7HuQJBZp18Q&loadFrom=DocumentDeeplink&ts=963.3)

So expertise plus practice leads to mastery and you can't get there without both, right?

Lisa Miller ([15:06):](https://www.rev.com/transcript-editor/Edit?token=HubTbitxwR1U69wRFdF98HizNzaVwWdbZ2nAV1DgyPrbuJL2QIgzDr-IK7NHmum3MhtIb8XJi8kHbSmoosHhMmDzUnk&loadFrom=DocumentDeeplink&ts=968.31)

Absolutely.

Lisa Larter (15:08):

Because you can bring an expert in and not listen to them and that doesn't serve you either.

Lisa Miller ([15:11):](https://www.rev.com/transcript-editor/Edit?token=1VQMIIODKw95kzEhpbgYqSVyFsZZcgTlUr53hLmxphNRUpLasXJH2gEiL8k0N9UBi7L36cj3n3onLvK_5SwcbdjU1ak&loadFrom=DocumentDeeplink&ts=973.23)

And that happens too. So we went a little bit off our topic, but the topic is have a strategy. Bring an expert in because they can shorten the shortcuts where they allow you, like you said, to practice at mastery, tell you that this one way to do one thing could increase your savings by $100,000. I mean, they're meant to give you the shortcuts or the advice. I mean, it's just so valuable.

Lisa Miller (15:38):

So that's number two. Number 2.5 is to watch the video. It's pretty amazing actually.

So number three, negotiation, skills training and having a negotiation advisor or coach on the team. So I often talk about negotiations is so important. It really is this skill, this capability that can be learned.

Lisa Miller (16:02):

What's interesting is that it's probably a capability that most really aren't good at. And that's kind of hard to say, even for those who think they're good, they really aren't that good because it's not what most people think it is. It requires so much planning, strategy, thinking, collaborating.

Lisa Miller ([16:25):](https://www.rev.com/transcript-editor/Edit?token=zkGil2aj2M__pGdxJZhgSOmBS4Lyu5oRIOqVCwASLxuEaYHFyD0qfWz236ToJf1cd__8VZmG_9OEf61hIf-amWvhI5w&loadFrom=DocumentDeeplink&ts=1067.76)

It's really hard. This isn't just getting into an office and duking it out with somebody on pricing. Negotiation, is a lot of influence driven, it's a lot of psychology, it's a lot of alignment. And most people-

Lisa Miller ([16:40)](https://www.rev.com/transcript-editor/Edit?token=Y4Or9-qEh1bp5qQG98glkk-JHH-RbSWlSo9Qiv78Mae-6RHiogQJAg6c3kNW48jQVkXeTDJZr_5m-vYAEI2UFAa5JaQ&loadFrom=DocumentDeeplink&ts=1083.51):

… don't like it. Most people are not good at it. And either you need to have skills training, like you talked about, you have to practice. Having a coach is really important because you need to be able to bounce off ideas or here's my experience in this situation, you want to try this? Negotiations can move the financial needle big time. I'm talking, I have seen, again, situations where we've had the absolute best analytics, strategy, alignment and we may not have been in that negotiation for whatever reason and I just see it, the returns diminish. Versus, a well-executed negotiation strategy just has, just compounding dividends. Just amazing.

Lisa Larter ([17:29):](https://www.rev.com/transcript-editor/Edit?token=n_61y1nef3egZbuVHsEUPXC7KHJy4iPuyluu7ZgE4dcsb8Hl3UP85sqvpogO9Bba2d7Uw7Wbhbh7oMuYQNpdASz4oxE&loadFrom=DocumentDeeplink&ts=1139.64)

I think one of the things that people forget is that employees who work in hospitals develop relationships with vendors. And when you have to try to negotiate something with someone you have a relationship with, it's hard. There's all kinds of emotional stuff that gets in the way because you're trying to protect the relationship. And so when you have that outside person that helps you formulate the strategy so that you can negotiate from a place of, I guess, authenticity and integrity it's just so valuable. Most people are uncomfortable talking about money, period. And so when you are putting somebody into a situation where they have to negotiate something that isn't really their money, let's be honest it's not their money, it's the hospital's money, there's all this garbage that shows up in terms of your mindset and belief on what is possible. So I think I really like that one, having somebody to help you because it's a really difficult skill to do by yourself.

Lisa Miller ([18:29):](https://www.rev.com/transcript-editor/Edit?token=Nnw0_HQ4D3ZhTAKeTBRnkudPAL1-h8MkX3CjVY2wi-rlnQ-JPRvo6wDgSChENihB0gWe6A3SJ3NN8sSAWZypFFkxmpI&loadFrom=DocumentDeeplink&ts=1201.05)

And some of these contracts, if not a lot of them are millions or even hundreds of thousands of dollars is significant. I mean, I think we're putting into the hands of people, who are amazing, well-meaning, great at their job, patient centric, but they're putting into their hands some of these deals that really require some intense expertise to negotiate and maneuver. And so what I say is, listen, just be real. Know where you are. Assess yourself correctly. Get the training, get a coach, get an advisor, that's okay. You want the best outcome.

Lisa Miller ([19:05):](https://www.rev.com/transcript-editor/Edit?token=BQwmrEege3dmIATroIRit0Ht3Dv4S_LHhA8G5_RtIOaDZKckHNQxrrPR3p2EdlB2qM6qvVmLEAERUTtB549R9s0Ml-Q&loadFrom=DocumentDeeplink&ts=1245.42)

I'll tell you the flip side of this, everybody Google negotiation and sales or influence and sales negotiation, you'll see the hundreds of companies that come up that your vendors are taking their programs and they are learning how to negotiate sales, negotiating their proposals or contracts. They know how to negotiate, they are skilled. So if you don't believe me, just Google it.

Lisa Larter (19:32):

That is such a great point. Salespeople are far more savvy at negotiating than buyers.

Lisa Miller ([19:38):](https://www.rev.com/transcript-editor/Edit?token=4O1UtMmnz-cSDI6OtJc3DrRYDjMrrJIOpoehaGxNG1e9ZjRVG_EALaLx06NSiV9ejaQRmU6-lqUdHYkvtispF29tji4&loadFrom=DocumentDeeplink&ts=1279.47)

They are. And I've been saying this for so many years. Actually, some of my presentations I'll put up all the pages and show them like, oh look, that company has just endorsed this negotiation training saying how much money they made because they went through your training. Oh look, that's a vendor you use, generally a big vendor in the healthcare not one specific hospital. But I just bring it up and I think like, wow, I didn't think of it from that way and perspective. So if you're not at least doing what your vendors are doing because it's a buy-sell, if you're not least doing it then you're at a disadvantage. And then bring somebody on board that can help you. But you can't walk into some of these deals with not knowing that the person that are selling hasn't been extensively trained.

Lisa Miller ([20:21):](https://www.rev.com/transcript-editor/Edit?token=1WpnLa-93FdeAEu921luKfb7dg1MfZv0l8K4-FUci4WNKRdqdKnM2bchMnGQJ0A-IUOYyqX2zrKmcVUv5kAyFtvCjXA&loadFrom=DocumentDeeplink&ts=1328.85)

So, negotiation is real big. A study done, I don't have the exact statistics so I don't want to say it, but one study where that looked at companies that had a formal negotiation process in place versus others that didn't. The ones that had a formal negotiation process in place, they saw a profit, I forget what percentage, couple of points on profitability. That's a big deal. I mean they want to be more profitable. So if anybody wants that study, I'll find it for them.

Lisa Miller ([20:53):](https://www.rev.com/transcript-editor/Edit?token=RIIskA6N_ut_jPGYdIeaR1pSZjkE1tWcbwdFTXuAi7N8bYl-A9uQfYuONaCCMhs_-dKtSnzecskAe2Dyy3jeaaPK9Qg&loadFrom=DocumentDeeplink&ts=1368.33)

Number four, and I feel like this used to be done a lot more and this isn't an idea box but it's a lot of different ways to do this, but it's asked for ideas on the front lines. It's an interesting study that shows that about over 62% of new innovations and ideas and entrepreneurial insights come from employees and not from leadership or the lab, it comes from them. And I know that hospitals have these kind of virtual ways that people can put their ideas in. I feel like there really needs to be a more engaged, substantive process and maybe a kickstart to it all. We used to do very frequently, don't do them as much now and I think hopefully we will now somewhat post-COVID, but we call them Excite Programs.

Lisa Miller (21:41):

So we'd come in and we'd lead these Excite Programs, it's about two and a half hours and we would really have a lot of fun and have some ideas and some teamwork environment and track those all the way through. But I think it has to start with some kind of formal engagement, some kind of formal way to bring people together versus an idea box. Certainly, that's probably a podcast for another day. But how you get those ideas is important too. Sometimes the way we do it isn't the most effective way and it may mean dedicating some time, more than paper or an email or something that deploys a tactical way versus a meaningful way if that makes sense.

Lisa Larter ([22:24):](https://www.rev.com/transcript-editor/Edit?token=lXsgJRYi2uj1WfbZUQsSZfPVajFVdQQrae1ySURgQxaW1TEzYmdEZd7eBJIM_8kuQjaqlcbuoHCxArW4p-UEMM0_eoY&loadFrom=DocumentDeeplink&ts=1480.68)

Yeah, absolutely. Time to ditch the suggestion box.

Lisa Miller ([22:27):](https://www.rev.com/transcript-editor/Edit?token=EHbfMq0n5aHmk4BZPpfGxWUtCahatgxYlCPpuPclXpKQA_o1J04cd63xuKbR60Q_u6VzRwmE8_2e2GctqHHZTsM-Xa4&loadFrom=DocumentDeeplink&ts=1485.18)

Yup. Time to ditch the suggestion box is totally right.

Lisa Miller ([22:31):](https://www.rev.com/transcript-editor/Edit?token=QkzMRCT3USWGb7YdwXat_-N4S8Um5iDdkpRhP3maIe2xYvHDB1sGdRHobJ5SOSam7a8_UtQMGBc9cgYMkQVsih8DgC4&loadFrom=DocumentDeeplink&ts=1491.15)

I really feel like, and I'm going to go off topic a little bit, but I do feel like better than best practices in the field is about getting innovation, bringing in innovation and entrepreneurial insights into the organization. I don't know where I was reading it, but having almost an entrepreneur in the organization, like a chief entrepreneurial executive or somebody entrepreneurial, of course, different from you may be like, oh, I have an innovation officer, I have a strategy officer. But I think there's some nuance difference into having somebody who's entrepreneurial, that provides entrepreneurial insights, that does things a little differently than maybe like an innovation officer. I think it is an interesting concept because it's really what leads change makes companies, hospitals, sustainable, they're able to grow, you need those insights, really key. But sometimes we don't have an environment where we allow these entrepreneurial insights to grow.

Lisa Miller ([23:30):](https://www.rev.com/transcript-editor/Edit?token=MDDpkhkcoqOtzudPQqCh7HI4Q_N9QEPIR7HuuvVobTj1f5ZQ2q85GsDrsuwIWC_yy-KvJ4v7O8Z15nmTKkmNgT0c8I8&loadFrom=DocumentDeeplink&ts=1562.07)

So, number five. Better than best practices, having a cost management discipline. This is so much there. A lot of the cost savings are lost, hard work, all this work that we do in getting those cost savings is lost from the time of signing the deal through the renewal. And some of the best cost savings lie in how you manage your costs. We talked about in our last podcast, but having the drift versus the lift. And putting in place this discipline that says, I need to know what's going on every single month in these certain things. And having a dashboard, what are the most expensive items we use consistently? I want to see that in a dashboard every month.

Lisa Miller (24:16):

I'm CFO. I want to know, what are my top highest costing plans? What are the top 50? How do we utilize them last month to this month? What's brand new in that high-cost area? There's certain things that I'd want to keep my eyeballs on, really. And in terms of contracting, I know there's audit departments that take a look, but this discipline of monthly management or really dedicated review, particularly in purchase services areas or high-cost areas, would probably reap more cost savings than the actual cost savings initiatives. So that's my number five. Now I know you're looking at me like, "Wait a minute."

Lisa Larter (24:57):

Well, no. I'm just thinking about what you said that, that initiative could probably create more cost savings than some of the cost savings initiatives. It's really powerful.

Lisa Miller (25:07):

Right. Because two things happen, Lisa. One, you're keeping all the cost savings, because a lot of them get lost. I'll give you an example I know that's pretty powerful. Number two, because you have this discipline in place, you're going to see things in real time, and now you can get more savings. See, we have a contract. We get the savings, we high five everyone and put the contract in the drawer in the virtual contract management system, and we hope that someone in the department or somebody's looking at it. And, look, there are owners and they need to, but just by the nature of the process where the invoice comes through, you look, how do they get the data? Are we giving the department leaders the data? Because what happens is sometimes they don't have it. It's not their fault. So clients we work with, particularly in purchase services, we're giving them the data so they can make totally different operational decisions. So I actually feel like this discipline is such a best practice component and super important.

Lisa Larter ([26:05):](https://www.rev.com/transcript-editor/Edit?token=u-GRRDUQpw1wgoYkC0UGQ7JLCHI1LbCEhBsAp9adfnYbpmyj3UugoY4bX5znXXNP6ETtbWRUz3N7H5OsF4nC7cQBtgg&loadFrom=DocumentDeeplink&ts=1744.77)

I agree.

Lisa Miller ([26:07):](https://www.rev.com/transcript-editor/Edit?token=3fWnH_k5Wzu8mFzEXKTJFkVBz4_WS07oBAnfIa3dfzEcmkUuSMZC5Kybo6sHCKHUfdBim7N9CXS4tmz2rxfcj5bV8go&loadFrom=DocumentDeeplink&ts=1747.47)

And I'm going to wrap up my number six with looking at eliminating and reducing waste and understanding variation. Pricing is a big component, making sure you want to pay the best pricing. But, really, a best practices is there's a lot of waste that goes on and, how do we take out unnecessary waste? How do we understand variation? And that exercise alone and that initiative alone really has the potential for significant savings, and it really has the potential to have this really sustainable, important cost savings. And that becomes what we talked about in previous episodes, which it becomes a movement. You really start getting people to say, " Okay, where is their waste? Where is their variation?"

Lisa Miller (26:54):

But this is, I think, where a lot of the industry needs to really be focused on because as we move into, unfortunately, a period of time where we have high inflation and a lot of the challenges, although I do feel like there's a period of moments, several months now, we can re-establish and reset those agreements, but I, unfortunately, feel like inflation might take over. And so hospitals are going to have to look at waste and variation very closely. That's going to be the new area for cost savings.

Lisa Larter ([27:27):](https://www.rev.com/transcript-editor/Edit?token=dfYbx_35jNSUqP_2upBv8ZXO7gxU_Op4J4kcdPOfi69HCGiouWy8mM1Uo1Glc31wmFSz1nzhOzn8iUJcCCIDGUC5jkA&loadFrom=DocumentDeeplink&ts=1840.65)

I think that's a really, really smart one.

Lisa Miller ([27:29):](https://www.rev.com/transcript-editor/Edit?token=Dk1BqKzG1c1Y8LaQ5Wio2dHBKLiNNGJiYYOFkUr-bLWOxZz2uj0QiWiKaojQTG-HTlQcfX92JrG4IIrUhhNdqTEBaCg&loadFrom=DocumentDeeplink&ts=1843.86)

And that, really, that's my list, better than best practices, what we're seeing in the field. And we're seeing a lot of great things in the field. Look, people are really working hard and trying to get their arms around costs, and our job is to support them and really just also make sure that these ideas and concepts are out and people hear them, and hopefully they're inspired and they really see that there's opportunities that they can contribute to these margin gaps. So, Lisa, thank you for joining today.

Lisa Larter ([28:01):](https://www.rev.com/transcript-editor/Edit?token=zd7-JzrhMmsA0xlkCYV8U-tn1vmZpHxwtgV3NExR_q6Efr4zRZ9VTJzoCvvDqCFcjXQ-57QPe-XBI_OcTVcG2b74BuQ&loadFrom=DocumentDeeplink&ts=1883.55)

Thank you.

Lisa Miller ([28:03):](https://www.rev.com/transcript-editor/Edit?token=Gt9iOL_yfBvOe-agysMx2pdr4Cg-YyvZjUr1D_mb-jub8mSm8tjEfHJfk8o3MLhQ16xu9W0ZEfDRk8mGMEC-eY381gg&loadFrom=DocumentDeeplink&ts=1886.19)

It's been great having you on these first few sessions or podcasts in 2023. We have a few more coming up, and we love having you be our producer. So we will talk to you next week.

You're listening to the Healthcare Leadership Experience. I'm Lisa Miller. I'm Managing Director at SpendMend. I invite you to join us and look us up, spendmend.com. We have the only complete cost saving solutions and cost cycle management solutions in the industry. And we've taken out $2 billion in costs in the last 26 years. So, our subject matter experts from pharmacy to purchase services to clinical items has really been helping hospitals in their efforts, and we'd love to hear from you.

So if you'd like to give us some feedback on future podcasts, you can reach me on LinkedIn. And thank you for joining us. And thank you, Lisa.

Speaker (28:58)

Thanks for listening to The Healthcare Leadership Experience Podcast. We hope you've enjoyed this episode. If you're interested in learning new strategies, best practices and ideas to utilize in your career and healthcare organization, check out our website at thehealthcareleadershipexperience.com. And oh yeah, don't forget to rate and review us and be sure to join Lisa and Jim next time on The Healthcare Leadership Experience podcast. Thanks again for listening.

****MEET LISA MILLER

*“It’s important for hospitals to have a clearly defined cost savings strategy with purchased services as a component to that strategy. We provide our clients with a focused roadmap to achieve those savings through our expertise since 1999.”*

Lisa Miller launched VIE Healthcare Consulting in 1999 to provide leading-edge financial and operational consulting for hospitals, healthcare institutions, and all providers of patient care.

She has become a recognized leader in healthcare operational performance improvement, and with her team has generated more than $720 million in financial improvements for VIE Healthcare’s clients.

Lisa is a trusted advisor to hospital leaders on operational strategies within margin improvement, process improvements, technology/ telehealth, the patient experience, and growth opportunities.

Her innovative projects include VIE Healthcare’s EXCITE! Program, a performance improvement workshop that captures employee ideas and translates them into profit improvement initiatives, and Patient Journey Mapping®, an effective qualitative approach for visualizing patient experience to achieve clinical, operating, and financial improvements.

Lisa has developed patented technology for healthcare financial improvement within purchased services; in addition to a technology that increases patient satisfaction through front line insights.

Lisa received a BS degree in Business Administration from Eastern University in Pennsylvania and a Masters in Healthcare Administration from Seton Hall University in New Jersey.
She is a member of the National Honor Society for Healthcare Administration – Upsilon Phi Delta. Her book The Entrepreneurial Hospital is being published by Taylor Francis.

MEET JIM CAGLIOSTRO

Jim joined VIE Healthcare Consulting in 2018 and brings to the role over a decade of critical care nursing experience at highly regarded medical facilities across three states.

During that time, he observed both the ‘good and bad’ of hospital operations in a number of regions, giving him a unique insight and understanding which he brings to VIE Healthcare Consulting’s clients

MEET Lisa larter

Lisa Larter is a Business Strategist, Digital Marketing Expert, Author and Speaker.

Her business, the Lisa Larter Group helps their clients to formulate marketing strategies that support their business goals and objectives for increasing their visibility, leads and sales customer acquisition. Lisa provides consulting and advisory services as well as a full suite of implementation services that include social media and content management, book marketing campaigns, and website design.

Lisa recently launched her podcast, She Talks Business, where she shares the strategies that are necessary to start and scale your business beyond 7 figures…and keep it there.

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