

INDUSTRY PERSPECTIVE SPECIALIZED vs. BUNDLED SERVICES

ADMINISTRATION -- ROUTE TO THE FOLLOWING:

- PRESIDENT / CEO
- COO / SENIOR VICE PRESIDENT
- CHIEF FINANCIAL OFFICER
- VICE PRESIDENT SUPPORT SERVICES

Marketing Bundled Services

When considering outsourcing options, a facility has acknowledged a need for "specialized expertise" to correct a deficiency or improve results in a critical area. In deference to that need, some outsourcing companies market "shared service" or "bundled" management products which merge multiple support service departments. Commonly, this marketing practice is presented as a combination of services such as housekeeping and dietary management functions. Contrived for its' marketing appeal, administrators are paying a high price to discover that this approach rarely delivers the advantages it promises.

Bundled Service Shortfalls

When considering the value propositions for bundled services, companies marketing such present three areas for which improvements can be realized. These include:

1. improved productivity of staff workers,
2. improved management continuity, and
3. financial economies from consolidation.

STAFF PRODUCTIVITY

The idea that staff productivity can be improved by combining housekeeping and dietary responsibilities assumes that these job assignments experience excess "unproductive" time. As an alternative to combining responsibilities, job task maximization could be designed, scheduled, and managed by an experienced specialist in that discipline. When jobs from unrelated disciplines are combined, the typical outcome is a loss in productivity. This loss is compounded when a level of management provides supervision in disciplines where they themselves lack the necessary expertise. Housekeeping and food service responsibilities are not always compatible and do not necessarily share the same skill sets. In fact, work schedules and skill requirements for these jobs are quite

different, as are the critical policies governing each department. For example, infection control protocol would require complex staff training and extra supervision when janitorial and food handling responsibilities are combined.

MANAGEMENT EFFECTIVENESS

The idea that management effectiveness can be increased by combining two or more departments is an assumption which on the surface may first appear to be true. On-site managers typically have professional concentrated level of expertise in a specific discipline. They are recognized and promoted based on their ability as the subject matter expert within a certain area. The training, culture and career paths of environmental and food service professionals, for example, are distinctly different. Such multi-skilled professionals are extremely rare and virtually unavailable. Any expectation that subordinate managers will possess these combined skills is even less realistic. Most shared service programs have a lead manager with expertise in only one field, who relies on the specialized skills of junior managers or supervisors to support their gaps of knowledge. When management is combined, an initial headcount expense may be realized; however, professional expertise is diminished, one critical function invariably takes a back seat to another, quality is sacrificed and productivity is ultimately lost. The weakness of this system is perpetuated if the support system for on-site management is comprised of service generalists. Management continuity is the cooperation and teamwork of independent professionals, not the consolidation of expertise.

FINANCIAL ECONOMIES

Financial economies from the consolidation of support service departments can be realized by:

1. a dilution of management,
2. a reduction of staff, or
3. a reduction in service fees (the outsourcing partner's contribution to overhead and profit).

Founded in 1975, Hospital Housekeeping Systems (HHS) is the nation's largest privately owned acute care environmental services provider. With the expertise to improve facility standards in the healthcare industry, HHS delivers quality results and financial guarantees to clients nationwide. The company is recognized for combining a technology based infrastructure and an unparalleled resource management program to provide industry-leading housekeeping and laundry/linen services. For more information, visit www.hhs1.com.

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FINANCIAL ECONOMIES (con't)

As mentioned earlier, the ability of gaining benefit from the combination of departmental management, financial or operational is virtually non-existent. Staff productivity under a system designed and managed by generalists is less efficient and effective than on one managed by a specialist. The most reliable means for confirming fee savings is to conduct a side by side comparison of a shared service proposal, and "specialized" service proposals for the same disciplines.

Service Specialization Advantage

Service specialization is a practical and universal expectation in the healthcare industry. Administrators are seeking better trained, more focused experts in each discipline to guarantee the quality results they are seeking. Specialization is not a marketing gimmick; it is the natural result of a higher expectation for service quality. While shared or bundled service arrangements dilute expertise and typically impose inefficiencies on at least one of the departments involved, a specialty partner is focused on delivering their core competency.

To be a specialist, an individual or company must commit itself to a chosen field and dedicate all its' attention and resources toward excellence in that field. There is no such thing as a multi-service specialist. A company offering several services under a common management structure simply loses focus.

Take Action

Visit <http://www.hhs1.com> or call 800-229-2028 for additional information.

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