RESTRUCTURING & CHANGE MANAGEMENT IMPLEMENTATIONS IN A HEALTHCARE CENTER, ISTANBUL - TURKEY

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ABSTRACT

The study undertaken will refer to corporate restructuring and change management efforts to re-align functions of departments, products, costs, price strategy, and human resources inventory of a medical center in Istanbul, Turkey. The implementation techniques will focus on increasing productivity, quality and service standards to attain higher quest satisfaction resulting in exceeding revenues, and better profits. Works carried out were to adhere to the rules & regulations of the Ministry of Health and the Turkish Medicare system `SGK` (Social Security Foundation) which regulates medical facilities, working in accordance to universally accepted medical ethics and is the sole government entity setting rules and regulations concerning pricing, marketing, advertising, commercial trading across the country.

Key Words: Healthcare center, corporate restructuring, change management, business strategy, objective setting

REVIEW OF RELATED LITERATURE

RESTRUCTURING

Defining problems within the organization and introducing a drastic internal change which affects all members, components of the organization (Businessdictionary, 2018).

Restructuring a company is a complicated operation where all financial and operational chores need to be analyzed on a daily basis to find solutions for problematic areas of the business. During this phase products, unit costs, price strategy and competitor positioning in the market are analyzed (How to Restructure a Company to Increase Profits., 2017).

Restructure, or restructuring refers to the management process of reorganizing a company to make it more profitable.

How it works:

During a major transition, a buyout or bankruptcy, for example, the management may consider restructuring a company. A restructuring may include a variety of measures to eliminate diseconomies of scale, such as reorganizing and streamling the management and operations, integrating management teams from the buyers or new owners or spinning-off, closing, or streamlining various operating units within the company. It may also include a debt restructuring, involving renegotiating loan terms, conditions, and covenants that may be onerous or leave no room in the company's cash flows. A related example might be a financial restructuring which may involve repositioning of equity within the company, such as purchasing outstanding shares, creating new classes of stock, or going public or even "going private."

Restructuring usually involves new management, the new capital, and a unique opportunity to rethink the business organization and plan. A successful reorganization will often result in a higher valuation of the company.

Why it matters:

A restructured company, at least theoretically, is more focused, more efficient and more profitable. However, a restructuring may affect and even dilute the stock values of the current stockholders of a company. (Restructure, 2018)

CHANGE MANAGEMENT

Change management is a structured approach to ensuring that changes thoroughly and smoothly implemented and that the lasting benefits of change occur.

The focus is on the broader impacts of change, particularly on people and how they, as individuals and teams, move from the current situation to the new one. The shift in question could range from a simple process change to significant changes in policy or strategy needed if the organization is to achieve its potential.(Change Management, 2018)

Definition

Change management means to plan, initiate, realize, control, and finally stabilize change processes on both, corporate and personal level. Change may cover such diverse problems as strategic direction or personal development programs for staff. Change is the continuous adoption of corporate strategies and structures to changing external conditions. Today, change is not the exception but a steady ongoing process. In contrast 'business as usual' will become the exception from phases of turbulence. Change management comprises both, revolutionary one-off projects and evolutionary transformations. Hence, there are two types of changes:

1. Organizational Development. This is the more gradual and evolutionary approach to change. It bases on the assumption that it is possible to align corporate objectives with the individual employees' objectives. In practice, however, this will rarely be possible.

2. Reengineering. This is known as corporate transformation or business transformation. It is the more radical form of change management since it challenges all elements of processes or structures that have evolved over time. (Recklies, 2001)

As stated above the restructuring of the organization as well as implementing the change process from top to bottom of the organization is not an easy task. Most often in cases where the company is owned and operated by the founder/entrepreneur this person is inclined to have excellent leadership skills, self-motivation, a risk taker and a believer of his instincts and gut feelings. As these virtues may very well be great aspects to make decisions on daily businesses and quick investments, it may not be so useful where decisions require detailed analysis of data, as well as past performance statistics and future projections.

The only way Change can be effective is the Change that starts from the top. In other words, the owner/founder and his management team should be the ones who believe in change and its benefits to the company. Change is by definition is breaking away from old habits and methods of doing business. Like individuals, companies adopt the behavioral disorders from individuals who run and manage the company. As humans are very cautious in keeping their comfort zones, it is almost impossible to change their habits of working practices and readjust themselves to the constant change in life itself. Behavioral disorders are like cancer tumors, they penetrate the system, and if not diagnosed early enough it usually spreads to other parts of the system by clogging major arteries and causing malfunction of organs. The same is valid for the company as it operates similarly to the human body. (Seymen, Cancerous cells within an organization deterring the healthy running of operarions-in the hospitality ındustry, 2018)

The Change process requires routine checking of each phase of production, service, customer relations, revenues, costs, sales, targets, forecasts, HR, staff welfare, and many other things. In an up-to-date successful company, this ongoing process must be carried out daily as a standard procedure and company ritual.

Once the top management is committed to the Change process, it then becomes easy to convince middle management and lower level employees in dealing with Change. In general, people are reluctant to change their way of doing their daily chores. However, each process whether in accounting, sales, production or services need to be re-analyzed for their effectiveness and updated accordingly.

An effective way to start the Change process is through effective company-wide teamwork. In the case of the Healthcare Center, a departmental work schedule was programmed to investigate policy, procedures and daily workflow of staff. On the other hand, the physical layout and conditions of the center, as well as the hardware equipment and software programs, were assessed to find limitations and drawbacks on the part of the employees and company in general.

Most importantly the accounting department and medical finance unit were assessed to find out if the two are integrated into one another. The current system required that government and legal institutions are grouped as they demand procedural works for correct billing/invoicing and payment process. On a grand scale, all hospitals and clinics in the country are required to use a medical accounting software program for accurate logs of patients, treatments and drug prescriptions.

However, in cases where the hospital software (BİZ-MED) is limited in delivering a solution for integration and synchronization with other departments such as budget, HR (payroll, recruitment, training, etc.), purchasing (receiving, inventory control), forecasts (costs, rate structure, etc.) The center needs a software program (LOGO) which run under the uniform system of accounts and integrate to all other business programs used. On the other hand, the private and public companies require a less cumbersome process where the "accounts receivables" are in control of daily procedures. The many steps identified below helped solve problems and initiate the Change approach.

OBSERVATION & IMPLEMENTATIONS

The medical center is a `C` graded, licensed medical health clinic consisting of 24-hour ER-Service, Internal Medicine, Radiology, Laboratory, Physical Treatment & Rehabilitation, Dentistry, Opthalmology, Nutrition & Dietetics, Medical Aesthetics, Gynecology, Pediatrics, Neurology, and Dermatology units. Turkish Medicare system `SGK` regulates medical facilities to work in accordance to universally accepted medical ethics and is the sole government entity setting rules and regulations concerning pricing, marketing, advertising, commercial trading across the country. All facilities are under scrutiny regarding physical conditions and operations according to the Ministry of Health of the Turkish Republic.

The first objective was to find out units generating highest revenues thus highlighting profitable operations, with an aim to close down inefficient units. Apart from medical ethics and legal limitations concerning license restrictions regarding the downsizing of existing units. Budgetary objectives and actual revenue results were used as the criteria to identify units generating revenues below 12.000 Euros per month. Additionally, reviews of the current structure based on the number of medical personnel including doctors as well as patient visits to each department was evaluated covering 2017 and figures of January-October of 2018.

The findings revealed that Gynecology, Pediatrics, Neurology, and Dermatology units were generating the least visits with low doctor examinations and checkups.

To asses current conditions departmental workflows needed to be analyzed. Prior questioning and investigations revealed that the following areas required specific attention: Accounting, Medical Finance, Marketing & Sales and Patient Relations & Rights. Furthermore, the new structure required the subsequent analysis to be carried out to prepare a roadmap for the establishment.

- ✓ Services offered in all units as per, products & packages.
- ✓ Price strategy; the price of products provided in each unit.
- ✓ Segmentation policy; targeted clients, corporations and other business sources
- ✓ Competitor analysis; product, price, service quality & reputation
- ✓ Corporate & departmental goals; realistic & measurable
- ✓ Performance evaluation; targeted goals both in revenues and costs
- ✓ Auditing & guidance; data analysis, corrective sales & marketing implementations
- ✓ Re-structuring of units; revision of budgets through effective forecasting.

To deliver the above tasks;

Accounting & Medical Finance department prepared procedures and implemented the following;

- ✓ Revenues; projection of revenues from all revenue generating units

- ✓ Costs; departmental costs (uniform system)
- ✓ Auditing & Guidance; data analysis, corrective measures for all medical departments
- ✓ Re-structuring of units; revision of budgets through effective forecasting
- ✓ Cost Analysis; identifying and categorizing of fixed and variable costs
- ✓ Purchasing procedure; best price - best quality
- ✓ Receiving & storage; loss prevention & proper inventory taking
- ✓ Personnel salaries/incentive scheme
- ✓ Revenue maximization; daily analysis of revenue generating department

Uniform system of accounts followed as a principle in obtaining useful data analysis for the preparation of budgets. The main software program to be compatible with other modules (Sales, HR, IT, Technical, Purchasing, Cost Control, CRM, Guest Satisfaction, Mobile apps) Profit/Loss, aging accounts, costs, purchasing, wages, budget/forecast, etc. Below are popular accounting and Medical finance reporting software programs;

BİZMED, MEDİN, NEBİM, LOGO, SAP, ORACLE. Preparing of reports EXCEL - CLİCK VIEW. Quarterly forecasts

Marketing & Sales Department prepared procedures and implemented the following;

Products; identification of all products and services offered in all units

- ✓ Pricing strategy; fixed and variable costs & benchmarking
- ✓ Segmentation; existing and potential clients
- ✓ Competitors; product, price, service quality & reputation
- ✓ Sales Strategy

SWOT analysis

Product identification

Pricing strategy

Segmentation

Revenue projection and goals

Auditing & guidance (data analysis & forecasting)

Re-designing of goals to market conditions

Performance analysis of sales force

Budgetary discipline (revenues-costs)

Marketing II

- ✓ Brand Identification; digital (On-line-Social Media)

  Web, Google, online advertising & promotion, Instagram, Facebook, Foursquare, Swarm, Snapchat
- ✓ Media (Press)

  News, Broadcast, Radio, TV, Handouts, Brochures, Flyers, Billboards, etc.
- ✓ Public Relations

  Sponsorship events, Co-branded events, foundations, charities
- ✓ Social Responsibility Projects

  Cerebral Palsy, Tema, (WWF)

Furthermore;

Products & packages to be devised with, up to date price lists to existing and potential segments with a dynamic sales action plan. Yearly revenue budget to be incorporated with the sales action plan. Sales Action plan to be devised into daily sales visits with minimum objectives (sales calls).

Existing 3rd. Party contracts to be reviewed and renewed through active sales visits. All applicable data per department (Marketing, Accounting, Patient Services, and Social Security-SGK to be updated in software programs.

Marketing budget to be devised and shared with the Marketing Agency. Periodic meetings to be held with the Marketing Agency for useful data analysis. Marketing, Sales, Call Center and internal Sales personnel to receive coordinated Sales Training.

Human Resources department prepared procedures and implemented the following;

- ✓ Corporate Handbook.
- ✓ Orientation Handbook.
- ✓ Job descriptions
- ✓ Standard Operating Procedures
- ✓ Training Schedule & Budget

TRAINING AGENDA Service & Quality Standards. (in-house)

- ✓ Greetings & farewells.
- ✓ Telephone answering techniques
- ✓ Dress code & Body language
- ✓ Company policy – a procedure
- ✓ Internal communication procedures
- ✓ Personal development. (out-source)

IT department prepared procedures and implemented the following;

- ✓ IT department to initiated and not outsourced
- ✓ Biz-Med hospital software program to be utilized effectively (training to be scheduled)
- ✓ CRM module to be integrated (Biz-Med)
- ✓ LOGO Gold Uniform accounting software program initiated
- ✓ Licensed Microsoft office and e-mail program installed
- ✓ Server performance evaluated
- ✓ Cloud backup system launched
- ✓ CCTV system reviewed & upgraded
- ✓ Hardware upgrade & maintenance started
- ✓ Call center hardware & software program integrated

Maintenance department prepared procedures and implemented the following;

- ✓ Generator
- ✓ Elevators
- ✓ PBX systems
- ✓ UPS systems
- ✓ AC/Heating systems
- ✓ Boilers

- ✓ Fire Safety Systems
- ✓ Indoor & Outdoor lighting
- ✓ Music, Video, Alarm & Announcement systems
- ✓ ER Room Oxygen tanks & internal backup system
- ✓ Evacuation Procedure and drills
- ✓ Outdoor Landscaping
- ✓ The main entrance, parking area & gardens
- ✓ Exhaust systems
- ✓ Roofing & drainage systems

Guest Services department prepared procedures and implemented the following;

- ✓ Existing personnel to focus on `Guest Satisfaction` and trained accordingly
- ✓ Software program to be installed to measure `Guest Satisfaction
- ✓ Call-Center to be activated
- ✓ CRM module to be integrated (Biz-Med)
- ✓ Daily cleaning schedules of the center
- ✓ Daily reporting of needed maintenance works
- ✓ Routine physical checks of all guest areas
- ✓ Regular cleaning of personnel areas
- ✓ Periodic cleaning of the cafeteria area

(Seymen, Change management and its applications in a luxury hotel. Venice, Italy, 2017)

To disclose the reasons for underperforming units budgeted targets and declining trends of patient satisfaction had to be analyzed. Particularly the Patient Management Department and Accounting Office policy procedures needed an examination to instill the following steps to improve current conditions. To increase productivity following areas were investigated and necessary adjustments made for the smooth running of daily operations.

Patient Admissions & Administration Department

Functions are carried out by **Patient Services** and **Patient Relations** sub-departments

Patient Services: Main functions include;

Most important aspect is to deliver services offered and achieve the highest level of patient satisfaction by performing the established company rituals of welcoming, hosting and farewells

Furthermore, to increase guest satisfaction,

Provide doctors information about daily business processes

Evaluate complaints and requests from doctors and liaise with top management with solution proposals

Control "Biz-Med" program from reception desks and Doctors Offices for effective running of daily operations

Prepare the daily workflow, monitoring, and implementation of all services generated by reception desks

Import systematic data from Biz-Med program for CRM and potential cross-selling of services & products

Complete patient Consent forms with proper signature and documentation

Track all appointments as per schedule

Assure that information and verbal communication handled accordingly

Prepare patient documents and process according to SGK's request and special instructions

Ensure that patient diagnosis section is completed on Biz-Med by the Doctor Office

Provide the proper closing of open accounts with daily controls on Biz-Med

Organize and implement weekly shifts of all medical and non-medical personnel

Check uniforms of receptionists and medical staff for cleanliness and sanitary purposes

Inspect Call Center staff on daily reports and chores

Keep regular track of social media channels to asses guest satisfaction

Provide periodic training to all desk personnel with HR

Prepare a monthly evaluation report on operations and update staff as well as management through regular meetings

6. Provide necessary information and training on computer programs and automation systems

7. Share information with relevant departments on the workflow of the medical center

8. Archive all documentation and outpatient services, ensuring the necessary records are kept and protected

9. Arrange the auditors & medical investigators to review and process desired documentations

10. Accomplish weekly checks of polyclinics; Protocol books, layouts, and materials, etc.

11. Plan, manage and register patient rights process by legal procedures

Patient Relations: Main functions include;

Mostly paperwork and legal issues such as compiling of requested legal paperwork to process bills and handle all written memorandums, instructions, circulars issued by the ministry of health and its legal entities.

Prepare billing and reporting of all legal documentation

Handle all declarations, amendments, policy changes, follow-ups and audits of the Ministry of Health

Process the monthly, SGK invoicing accompanied by proper documentation and attachments

Check and deliver the final preparation of the billing process

Keep regular checks on SGK payments through the aging list and note down delays

Complete all procedures in the legal follow-up process timely

Monitor returned invoices and deduction process of private insurance and contracted institutions

Perform all correspondence with related official and private institutions

Follow private health insurances as per contract terms and process billing accordingly

Follow annual revisions of all insurance companies and policy providers

Trace collections and follow up of all collectibles through the system entries

Provide daily, weekly, monthly, quarterly, and yearly reports and initiate strategic recommendations

Check the statistics demanded by the Community Health Center on a monthly basis

Collect internal data required by governmental institutions such as SGK and transmit them accurately to the relevant parties

Audit patient accounts re; incorrect and missing statements, bills, etc. and take necessary corrective actions

Record and submit the process of entry and exit of all medical personnel

Keep track of outgoing documents from each unit and maintain all written records

Prepare bills as per payment process policies

Manage institutions archive contents

Follow-up of commissions related to PTR (Physical Treatment & Rehabilitation)

Prepare claim files to the legal entities

Monitor the billing process and issuing of documents (PTR patient services)

Prepare monthly SGK reports and follow PTR billing processes and offers

Take measures to correct problems occurring in the process and statements

Complete the invoicing process of PTR files and forward to the medical, accounting for final controls

Keep track of PTR credit memos, deductions and returned correspondence with institutions. Provide information to medical accounting re; correction procedures

Make daily session checks, reports, and entries on PTR ward

Plan session quota status of physicians and plan daily working hours of daily physiotherapists

Follow A, B, C & D category PTR patients daily &weekly session charts

Billing and reporting (PTR patient services)

Prepare and submit monthly PTR billings to SGK

Take measures to correct problems occurring on PTR billings process and take necessary actions

Complete the invoicing process and forward to medical accounting for final controls

Handle the systematic processing of payments through the daily deposit and POS reports

Monitor the cashiering process of receptionists under the jurisdiction of the accounting department

Patient Services and Patient relation agents, as well as accounts receivables, monitor deposits made by cashiers

Enable cashiers to deposit all transactions at the end of the shift.

Reception desk clerks responsibilities;

The signing of consent forms is an essential task. It is vital that patient data is entered correctly in the BİZ-MED program. Upon entering the data of patient name, and surname, TC, ID number, phone number, e-mail address, etc., the payment-credit status is automatically updated within the data contained in the customer file of BİZ-MED. The customer's appointments and payments are tracked and monitored through the program. The LOGO program synchronized with BİZ-MED enables the balancing of daily transactions. The data controlled regularly by accounts receivables of the accounting department. Apart from their cashiering duties receptionists are highly trained people in service standards for welcoming, hospitality, and farewell standards and rituals of the establishments.

Formation of the Accounting Department

Ledger transactions-Accounts Receivables, Credits & Payments

Structure of the accounting office consists of receivables and payments. The income department is responsible for the collection of receivables while the other party handles the payments process. Receiving and issuing of payments by the same clerk is not an appropriate method of doing business. The daily follow-up and reconciliation of all data entered into the BİZ-MED program from the cashiers and Medical Finance department (cash, credit, installments, etc.) synchronized with the LOGO program on a daily basis.

Payments

Accounts payables schedule payments based on prioritization as per aging process such payments are (personnel salaries, bills of suppliers, credit payments of banks & institutions, taxes, and contractual obligations, etc.) Payments prepared on a calendar is based on revenues received and all other collections of the establishment.

Accounting Manager

Budget and revenue-expense projections

Budget preparations commence with data generated of income and departmental expenses of each unit. All turnover targets derive from source segments of the market. Segmentation data based on products and unit prices with the actual patient treatment numbers are the minimum targets for the sales staff.

Monitoring the expenses of the operating budget

In this process, the routine checking of the previous monthly costs of the operations is collected and submitted for the preparation of the annual expense budget. Once the figures are incorporated, with new targets, it is essential to monitor the budget figures on a real-time basis and compare all departmental expenses on a daily basis to take immediate corrective actions.

Medical – Finance Division

The scope of the division encompasses; agreements made with SGK (Social Security Foundation), private insurance companies, institutions, and organizations. The business flow between the institutions re; billing, invoicing and legal paperwork are monitored and controlled on a daily basis via the BİZ-MED program. Tracking and collection of invoiced receivables by related units and correction of documents with deficiencies as well as follow-ups of legal responses to the demands and requests of the Ministry of Health.

Administrative reports prepared;

Flash report – A re-cap of daily revenues presenting significant indicators.

Profit-Loss report – Daily Management report releasing revenues and costs.

Sales target report – revenues generated from segments.

GM Report – A short operational interpretation of the profit and loss report

Month-end Closing Report

3 (three) monthly forecast report

Aged Receivables and Payments report

Monitoring purchasing and stocks;

Follow-up and supervise purchasing procedures against proper authorization intervals. Control receiving and storage facilities through unannounced spot checks with emphasis to inventory turnover, and expiration dates.

Planning, tracking payment schedule of accounts payables,

In response to the good & services purchased, provide a systematic plan of payment schedule to companies and institutions on a timely basis.

Follow all bank transactions regarding payments to and from the management accounts.

Prepare of all relevant paperwork and reports daily.

Monitor and present routine paperwork for the Ministry of Health.

Monitor the preparation of personnel salaries and payment transactions

Control staff related entry-exit declarations

Handle the preparation and payment of monthly statements

Prepare the amount of income tax for payment

Accounting staff (annex)

In general, it is the person who performs the data entries and assists in the follow-up of the works mentioned above. The works include arranging the collection of documents, such as receipts, invoices, receipts, and registering them on applicable accounts. Also keeps the necessary journal and ledger records, tracking of fees, tax and insurance works, monitoring of bank transactions, inventory control.

(Seymen, Corporate Finance and it's applications in the hotel industry, Istanbul. Turkey, 2017)

(Seymen, Implementation of new "IT" applications & "Service-Quality Standards" to the Medical Treatment section of the Turkish Health Tourism Industry, 2018)

CONCLUSION

During the restructuring phase, financial results of various units of the healthcare center were analyzed. Based on the following results, the Gynecology, Pediatrics, Neurology, and Dermatology units were generating the least visits with low doctor examinations and checkups. Thus, to solve the declining revenues

departments above were closed and the center initiated its first effort in restructuring by downsizing its ineffective units.

The second phase concerned the acknowledgment of downsizing and embracing of the Change process by all parties involved. Top management, medical staff, non-administrative staff as well as suppliers, stakeholders, business partners, patients, and the public in general. The first being a more pinpoint and a specific operation, while the second one required a more drastic approach which involved all sections and workers of the Healthcare Center.

The Change process continues as investments to needed machinery, equipment, physical structure, and staff has made a positive change in teamwork, raised service standards and patient satisfaction in general. However, In my opinion for the process to be more sustainable, the Medical care Center must continue with a professional management team, and the owner/entrepreneur should be ready to step down relieving himself of daily operations. The delegation of his authority must be handed over to a General Manager or a CEO for an ongoing Change process for himself and his company.

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