



Sisters of Charity needed to centralize their accounts payable operations concurrent with the implementation of their Lawson ERP system. With its “team of specialists” approach, RPI Consultants was able to design and build the centralized department in only four months — and under budget.

Sisters of Charity of Leavenworth Health System Centralizes Accounts Payable

"RPI challenged us to believe that it would be more cost-effective to engage true specialists on a part-time basis. It was a good bet."

Craig Hopkins, Finance Implementation Lead,
Sisters of Charity of Leavenworth Health System

Toward Shared Services

Sisters of Charity of Leavenworth Health System (SCLHS) manages eight hospitals in four states in different parts of the country. As of the spring of 2005, each hospital had its own accounts payable operation, each operating with individual processes and under hospital management.

SCLHS leadership saw significant benefit to standardizing accounts payable practices. Principal objectives were to obtain better control over cash flow, improve relationships with vendors, implement advanced technologies, support/enforce supply chain initiatives, and reduce the amount of staff performing non-patient related functions at the hospitals.

“Like many healthcare organizations, SCLHS saw the benefit of centralizing certain transactions-based functions such as accounts payable,” explains Brian Rosenberg, Senior Partner with RPI Consultants, “but like many healthcare organizations, they also saw the transition to this model as a significant challenge due to the inevitable cultural change.”

Addressing the Human Side of the Equation

In addition to the logistics of designing and building the centralized accounts payable department, the project faced complex political, procedural, and cultural challenges. Local hospitals would no longer have control over their payment practices, and the re-assignment or elimination of AP staff was inevitable.

A highly successful launch and smooth transition to the new model would be crucial to the acceptance of the change by the hospital staff. Any failure in the processes or staff of the new department would hurt its credibility.

In addition, SCLHS had an ambitious goal of combining the AP transition with the implementation of Lawson, a project that had been in progress for several years. As a result, the department would have to be designed, built, and staffed within six months.

RPI Makes a Unique Offer

RPI was not the only firm considered to assist with building the shared services solution. A major national consulting firm was also considered. Their proposal would have put three employees on-site full-time for six months, none of whom had previous experience with implementing a shared service solution in a healthcare environment using Lawson.

RPI proposed a very different approach: a team of specialists, each member of the team lending targeted expertise when and where it was needed on the project, under the direction of Brian Rosenberg, Senior Partner of RPI.

“RPI was able to demonstrate directly relevant experience and expertise”, said Craig Hopkins, Finance Implementation Lead for SCLHS. “It was clear that they had done this before. We were able to ask questions and get detailed answers every time.”

SCLHS selected RPI believing that their expertise and approach would allow them to meet their objectives and their aggressive timeline. “RPI challenged us to believe that theirs would be a more cost-effective approach,” explains Hopkins, “The result was that they were able to deliver more than the other companies could offer at a fraction of the price.”

RPI Implements Shared Services AP Department

RPI provided expert guidance and hands-on assistance with every aspect of the design and build of the department. "We really appreciated that RPI was willing to get their hands dirty doing whatever was needed to meet our timeline," says Hopkins. "Our experience with many other consulting firms has been that they want to *advise* but not *do*."

RPI Rapid Deployment Process

Process Development – RPI presents a variety of options based upon their prior experience and leads design sessions to evaluate and modify those processes to meet the organization's specific needs. RPI provides perspective based on its expertise to obtain the optimal efficiency and deliver the best possible service given the technologies and staffing available.

Staffing Plan – RPI analyzes the projected volumes of the department and the impact of key technologies such as EDI and purchasing cards to determine the necessary department structure and number of staff per position. They then develop job descriptions, pay scales, and a hiring timeline. RPI also assists with interview and selection of key personnel.

Communication Plan – Communication during the design process is essential to ensure local needs are accommodated. RPI trains not only the AP staff but the local department managers as well. RPI develops a "Welcome Kit" providing all the information that local staff need to know about the transition and the new processes. It also helps present the information to leadership and hospital department managers.

Document Imaging and Workflow – Document Imaging and Workflow are key technologies. With them, invoices can be scanned in AP, routed for approval, and later retrieved electronically by local or AP staff. The result is a true "paperless" environment, increasing efficiency and reducing the chance of errors. RPI helps organizations identify and implement the best software to meet these needs.

Transition Strategy – RPI eliminates the guesswork from the transition by establishing clear roles and responsibilities for both new and old AP. From vendor communications to determining how to clear up old statements and invoice matching issues, RPI has the experience to put together a plan that addresses all concerns.

Measurement and Evaluation – Metrics such as invoice entry volumes and efficiency, timeline for invoice approvals, pricing discrepancy error rates, duplicate payments, and invoice matching errors are critical to enabling the new AP management to optimize its operations. RPI designs a metrics dashboard with key information and trains the AP staff to produce these metrics on a monthly basis.

Successful Launch, Successful AP Department

SCLHS launched its AP shared service department serving the first two hospitals and the system office in late November 2005, four months after the project began. The remaining hospitals were transitioned to the new model concurrent with their Lawson implementations, with the successful completion of the project in August of 2006.

"Our launch was an immediate success," said Hopkins. "I have to say that after a few months of working with RPI, I was not surprised."

Metrics indicate that the new department is able to process the invoices on a timely basis, is providing a high level of customer service, and is meeting its projected budget.

"The key to the success of this project was the dedication of the staff at SCLHS," indicates Rosenberg. "We could not have met this timeline if they were not able to work with us to consider different approaches and make rapid decisions."

At a Glance

Challenges

Centralize eight AP departments in four months

Address cultural change and transition of staff

Build and design a department from scratch

Identify and hire AP staff

Results

Centralization completed on-time and under budget

High level of customer service delivered by new AP department

New department processing invoices timely and meeting projected volumes

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