

Pain to Gain



Transformational turnaround for NHS organisations in financial distress, to create the conditions for successful recovery.

KPMG's 'Total Performance Improvement' offer is designed to support NHS Trusts adopt a more transformational approach to improving quality and efficiency in service delivery under 'business as usual' conditions. The magnitude of the challenge facing NHS providers, however, coupled with the urgency of timescales, threatens to make the position for some much more stark. In those situations of financial stress and distress, NHS organisations will need a modern turnaround approach incorporating a greater emphasis on clinical engagement, demand management and pathway redesign, to return to a more stable footing. This will be irrespective of whether or not their longer term future involves continuing as a standalone entity.

KPMG was the leading player during the last turnaround "wave" in 2005/6. However we understand that the world has since changed and we have developed and refined our approach to turnaround in the NHS. We have coined this new approach "Pain to Gain".

As you would expect, our approach to tackling deep financial challenge complements our 'Total Performance Improvement' offer with the proven disciplines of our turnaround professionals:

- Robust programme management;
- Rigorous controls and governance over spend;
- Holding counterparties to key contracts to maximise results from them; and,
- For NHS Foundation Trusts, in-depth cash forecasting and cash management.

Beyond this, we have learned that for turnarounds in the NHS to be successful the lessons of the last five years need to be embedded in our approach. As a result, our transformational 'Pain to Gain' turnaround teams:

- Know how to make the whole organisation see and understand the 'burning platform'. We are comfortable with exposing poor performance and making the consequences of failure clear.
- Can support NHS leaders to rise to the challenge. Turnarounds need inspirational leadership from the chief executive, and day to day support from the directors of finance and HR. We also know how to help boards harness the competitive spirit of staff.
- Recognise the intense pressure facing management teams during turnaround projects. New faces are often required at the top tiers, and there is limited time for these teams to bed down. Recruitment and retention can also be challenging. All this creates fragile working environments.
- Know where to set the bar, at levels that recognise the context and avoid demotivating those ultimately charged with driving through the changes.

"I firmly believe that the key to achieving major service and efficiency transformation is the **engagement and incentivisation of frontline leaders and teams. We need leaders and teams in our organisations who genuinely own change initiatives and ensure improvement is sustainable and sustained. In 2005/06 we worked at Bradford with KPMG to help financially re-stabilise the Trust.**

The short term changes we made, in a challenging environment, were essential but we felt the real benefit long after the KPMG team had left. Several years later we are still feeling the benefit. Our frontline teams now **continually identify, value and lead change opportunities. That shift from being suspicious of, to leading change, is key to becoming a sustainably improving organisation. Achieving this shift extensively across the NHS could unlock huge short and long term benefits."**

Miles Scott, Chief Executive, Bradford Teaching Hospitals NHS Foundation Trust

- KPMG has successfully managed many NHS turnarounds with providers and commissioners over the last five years, in addition to health economy redesign projects. Consequently, we have a proven track record of knowing what works and what does not when it comes to combining financial rigour, stakeholder management and pathway redesign.
- Our multi-disciplinary teams include turnaround specialists; healthcare specialists; and other professionals in areas such as HR, procurement and IT. We recognise that a turnaround plan -whilst vital -is only valuable if it is delivered. As a result our people expect to help you both in the development of your plan as well as its implementation.
- Crucially, we recognise that any turnaround must be owned by the organisation if it is to be successful: you will not just get a 'diagnostic' from KPMG; nor will we 'do the programme to you'. Our people make huge efforts to help you inspire and enfranchise your people as you respond to your financial challenge. Our aim is to leave behind an organisation which is stronger and better equipped to provide outstanding healthcare to your community.

Credentials

A PCT in the South East was formed from three predecessor organisations and inherited a £20.9 million deficit. KPMG worked with the management team to identify recurrent savings of £38.4 million and non recurrent savings of £6.7 million across the business.

Recurring quarterly financial balance was achieved just three months after we completed our engagement. Our turnaround team focused on driving out savings and efficiencies from the acute commissioning budget, from primary care, from the PCT's own provider arm and internal management costs.

Bradford Teaching Hospitals NHS Foundation Trust was one of first wave of Foundation Trusts licensed in 2004. In 2005 a major financial deficit position emerged and the Trust was the

subject of regulatory intervention by Monitor. KPMG worked with the Trust on a process of rapid financial stabilisation followed by the identification, planning and approval of a major programme of operational improvements and strengthening of controls. Operating through joint working teams, KPMG and Trust staff used benchmarking, pathway mapping and redesign, and demand, capacity and patient flow modelling to redesign operational processes and improve productivity and efficiency. Reviews of non-pay costs and procurement processes also released "quick win" benefits. The overall achievement of £10 million per annum recurrent benefits enabled the Trust to move into a sustainably viable position. The process also left a legacy of focus on leading and delivering change across the Trust.

“In turnaround, everyone wishes they had more time: if you grip your challenges early, it gives you a real chance of effecting an outstanding, sustainable transformation; leave it too late, and you may struggle simply to achieve financial balance.”

Andrew Burn, KPMG Director

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