

CONTROLLER®

CONTROLLING INTERNATIONAL

Magazin

SPECIAL



DIGITISATION
The biggest challenge ever

ICV: It's also about the digital transformation of controlling
YGC: Controllers have to adapt constantly
CA International: Clear and significant presentations

Poland: Fruitful Mistakes
Slovenia: Changes brought by IFRS 9 and 15
South Africa: Successful in South Africa



THE EVOLUTION OF CROATIAN CONTROLLING

Controlling is a must for hospitals



As a consultant for the implementation of controlling in Croatia, I often find myself compelled to explain to interested people from other walks of life that controlling is all around us and that we simply cannot do without it. An example that best proves this is the role of controlling in hospitals.



Jasmina Očko,
Controlling Consultant,
Kognosko, Leader ICV
work group Croatia

And precisely this has been a frequent topic of conversation lately among controllers in Croatia. Hospitals are an excellent textbook example of the role and purpose of controlling, mostly because they tend to provoke the following questions: "Who can decide on the optimal cost when a person falls ill?" Or: "Can you put a price tag on health?"

The real answer is that health is priceless, but the healthcare system comes at a price. This is where controlling comes into play. Healthcare is extremely complex – it provides a wide range of services, uses a sophisticated and costly labour force, demands expensive infrastructure, and it also plays a very important social role. In order to manage this most sophisticated type of business, a good management system is an absolute must, which in turn requires a clear strategy for action and development, as well as consistency in implementation.

On the other hand, we are faced with limited financial resources. The aim is to secure the highest healthcare standards for each user, but with limited resources. Inadequate, non-transparent financing, outdated organisation, the undeveloped general social responsibility of management – all lead to the poor state that hospitals find themselves in.

IMPROVE FINANCIAL MANAGEMENT AND DECISION-MAKING

In this case, the main task of controlling is to define the criteria for measuring the success and performance of a hospital and its staff. In order to create a methodology for measuring the performance of treatments, hospitals and doctors, it is necessary to determine procedural standards, performance norms for each individual service and, above all, standards for healthcare in general.

The role of hospital management is to improve financial management and decision-making continuously, with the goal of delivering services in a regular, economic, efficient and effective way. It is impossible to define areas for improvement without good measuring mechanisms. Therefore, we can conclude that the main task of controlling in hospitals, apart from assuring transparency of

direct costs (costs of medical procedures) and indirect costs (hospital overheads), is to create standards for all services in cooperation with doctors. For a surgical procedure, this would entail defining the duration of the procedure, the level of quality and amount of material and implants used, the number of health professionals needed, etc.

By acting in accordance with these criteria, it is possible to create equal conditions for patients in different hospitals based on certain fundamental quality criteria. Hospitals that want to go even further can upgrade their standards, though this also needs to be defined and evaluated. Controlling evaluates the quality of hospital staff based on performance, using various indicators – reducing waiting lists, absence or frequency of complications, mortality rate, readmissions within a 30-day period, number of transfers, number of infections, number of repeated surgeries, etc.

Pursuant to current prescribed norms and performance standards, it is possible for doctors working on the same ward to earn different salaries, depending on the quality of their work, and also on their level of professional training (clear standards also need to be set in this regard). Paying hospital staff by the hour or according to the number of medical procedures performed is anachronistic.

The development of medicine presents greater opportunities, but also more expensive procedures and medicines. In future, hospitals will have to do much more (ensure more successful recoveries) with even less (funds), which requires

the maximum focus on performance. Therefore, the most important question is what effects do we need to achieve, and what is the most effective use of resources that will make it possible to achieve them? It is not so much the resources that are at our disposal as what we must achieve with them.

MUCH MORE THAN AN EFFORT TO MAKE PROFIT

This example clearly illustrates what we always try to explain – controlling is not the same as control or inspection. It is a system of mechanisms that enable us to measure performance, which in the long run has an effect on the ratio between investment and benefits.

Hospitals play a special role for the whole of society, which means that the effects produced come with special responsibilities. Measuring these effects must be complemented by a specific way of thinking and observing. In this case, the indicators are almost always a combination of quantitative and qualitative performance measurements. Creating the right combination of indicators and performance standards is the key to success. These are the reasons why I like to use the example of controlling in hospitals, as it very simply shows the layered role that controlling plays in modern society, and also proves that controlling is not just an effort to make profit (which may be the case with the companies), but is much, much more than that. And I am glad that, in Croatia, the way we think about controlling is moving more and more in this direction.

