

## Athens Regional Medical Center, Athens, GA

### Background

With 315 beds and 2,000 employees, Athens Regional Medical Center is a health care leader in northeast Georgia. Pursuing a culture of 'zero-defects,' ARMC has made quality its first priority, even in its selection of suppliers and business partners. For years, ARMC had operated its own laundry plant, a short distance from the main



❖ Bernard Wheatley (left) and Joseph Lee (right) inspecting The Athens Laundry.

campus. However, in the mid-1990s, anticipating lower costs, the hospital outsourced linen processing to a regional laundry. Almost immediately, quality slumped, linen losses mounted, and complaints soared. Recalls Bernard Wheatley, Vice President of Operations, "My phone was ringing continuously. Nurses and clinical staff were annoyed at shortages and delayed deliveries. The laundry was unresponsive, and we needed an alternative urgently; fortunately Crothall stepped forward."

ARMC was already a satisfied Crothall customer, having contracted for housekeeping services in 1991. Responding quickly, Crothall assessed the viability of reactivating the old laundry facility. Given the excellent condition of the building and equipment—meticulously maintained by Bernard Wheatley's engineering staff—Crothall was confident that the reopened laundry could deliver high quality processing, with minimum capital investment. Crothall even projected to match or beat the 33 cents per pound charged by the regional laundry. Impressed, in March 1996, ARMC asked Crothall to activate and manage the plant for the hospital, providing management, labor, chemicals, and utilities. Further, the new partners agreed to share equally any savings, should the processing costs be below 33 cents.

### New Life for an Old Plant

The start-up proceeded even more smoothly than anticipated, as the original laundry employees—already trained and familiar with the plant, but dispersed after the closing—eagerly returned to their old jobs. Within days, the plant was fully operational, producing abundant quantities and consistent quality.

A delighted Bernard Wheatley reports, "Complaints stopped abruptly. In fact, there have been virtually no complaints for years." While the immediate gains in 1996 were impressive, even more far-reaching were two pivotal developments in 1997: the installation of a technologically advanced ozone wash system, and the appointment of a highly capable permanent Laundry Manager, Joseph Lee.

# Leadership and Innovations Deliver Quality, Productivity, and Savings Year after Year

**"We are delighted with the results. Together, we have an impressive win."**



A Member of the Compass Group



### Operating Strategy

Joseph Lee was the ideal selection for the revitalized Athens Laundry. Relying heavily on support from the company and guidance from Bernard Wheatley, he has implemented what he calls the 'Alternative Process,' an imaginative variation on conventional processing that employs two principal innovations:

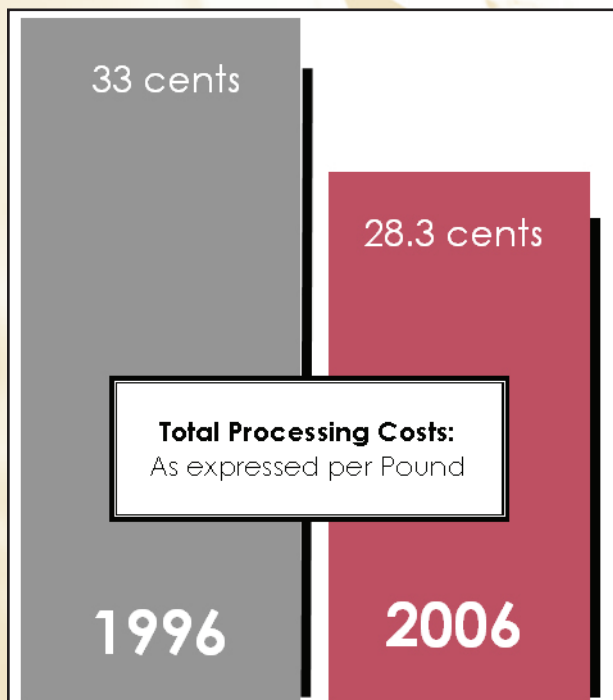
- ❖ **Ozone Technology:** Defying skeptics, ozone technology has proven highly effective in a laundry. Ozonated water is a potent germicide, cleaner, and brightener, even when at room temperature. Tests conducted by independent agencies confirm that Athens' linens are actually brighter after forty washes, and without loss of tensile strength. This 'green' process is far gentler to the environment, requiring little heat, thus saving on utilities, and using far less water and chemicals.
- ❖ **Associate Incentives:** Crothall's associates now participate in an incentive program that rewards them for achieving productivity targets. As a result, they are earning bonuses of \$800 to \$1,000 per year, and are one of the most productive staffs in North America. Observes Joseph Lee, "Associates love this program. They work harder, smarter, and more collaboratively than ever."

### Outcomes

Since 1996, processing costs have plunged by 14%, even with rising labor costs, inflation, and a nearly 50% increase in poundage. A 20% rise in productivity—inspired by Crothall's training programs, the incentive plan, and progressive leadership—accounts for much of this. So too, does the 30% reduction in utility costs, chemicals, and water usage from the 'green effect' of the ozone technology. And because the cost per pound has actually decreased each year, the Hospital's share of the savings continues to grow, amounting to \$130,000 in 2006, and totaling to \$1,070,000 over the ten years. Importantly, quality has never been higher. For example, stains are now far less persistent, declining from 4% to 1.1% of wash content.

Concludes Bernard Wheatley, "We are delighted with the results. Crothall has been an outstanding partner. Joseph Lee is an extraordinary manager. Together, we have an impressive win—higher quality, lower costs, motivated associates, satisfied users, and most importantly, better patient care."

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- ❖ Operating Costs Reduced by 14% over ten years, despite rising labor costs and general inflation, total pound production costs have actually declined.