

# In better health: increasing welfare in Ecuador for a second century

Junta de Beneficencia de Guayaquil (JBG) is a nonprofit organization that has been providing health and social care in the city of Guayaquil, Ecuador, for over a century. In 2014, JBG chose an EY Advisory team to develop a program to help the organization deal with increasing demand. In this article, we explore helping JBG to grow sustainably, work efficiently and provide better care to more people.



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**J**unta de Beneficencia de Guayaquil (JBG) is one of Ecuador's most prominent nonprofit organizations. Its primary purpose is to improve, through its charity work, the quality of life for underprivileged people in the large city of Guayaquil, in the west of Ecuador.

JBG was founded in 1888 by a group of Guayaquil philanthropists who wanted to provide health and welfare services to the poor of the city. Today, JBG runs 18 separate institutions in a city of 3.5 million people, including 4 educational centers, 4 specialty hospitals, 2 elderly care centers and 2 cemeteries. It manages these services via its four divisions: health care, education, elderly care and funeral services.

**In demand**

In recent years, JBG has seen a substantial rise in demand for its services, particularly in health care. As a result of this, JBG's operations have become increasingly complex. Its four divisions have had to operate more independently, and this revealed several operational problems.

In 2014, to tackle these challenges and to cope with the rapid growth that was required, JBG initiated an extensive transformation program to update its governance structures, operational models and technology architecture. It also opened a tender for advisory firms

to bid to assist with the transformation, which EY was fortunate enough to win. Since then, we've worked closely with JBG on their ambitious program, particularly on achieving operational excellence and encouraging the four different divisions to share leading practices and innovation.

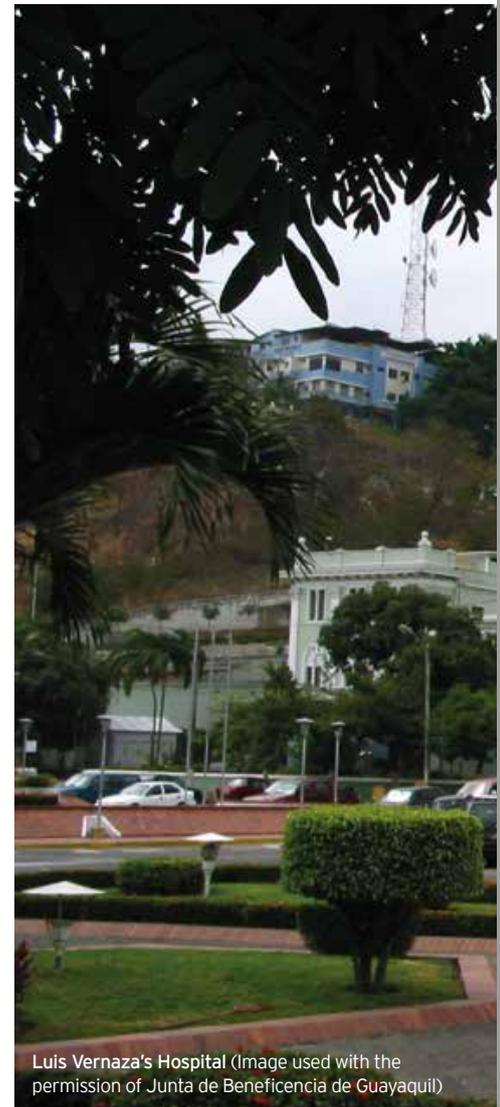
The transformation program will help enable JBG to respond effectively to market changes, increase its charity services coverage, improve process efficiency and reduce operational costs. It should also help the organization achieve its aim of being self-sustainable in the future.

**Providing welfare for another century**

**Foundations for success**

The foundations of the program set out JBG's overall objectives. The transformation has a well-defined purpose: to achieve self-sustainability so that the organization can continue to provide its services into the future. The transformation program rests on six foundations (see Figure 1):

1. Purpose
2. Governance models
3. Operating models
4. Organizational structure
5. Processes
6. Technology



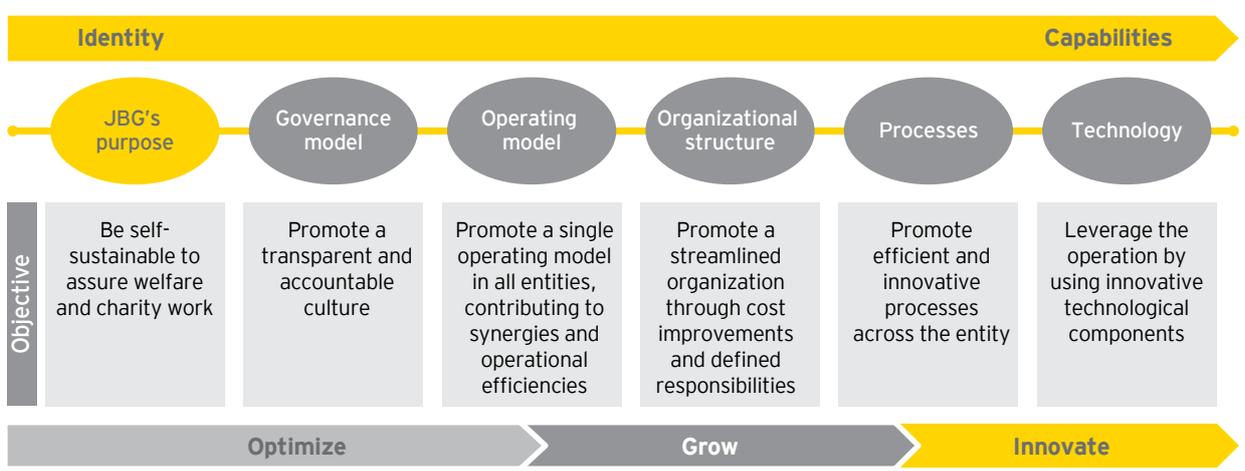
Luis Vernaza's Hospital (Image used with the permission of Junta de Beneficencia de Guayaquil)

The governance model will focus on promoting a transparent and accountable culture. And the new operating model will apply across all of JBG's divisions, with the aim of encouraging overall efficiency.

JBG's structure will also be changed. Again, the focus is on clarity and efficiency via streamlined and clearly defined responsibilities throughout the organization. Finally, the transformation aims to encourage innovation in processes and technology.



Figure 1. Transformation program foundations



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“The transformation program will make our organization’s processes more efficient through the use of advanced technology. This will allow us to respond to the increasing complexity of our services and continued demand for innovation.”

**Ernesto Noboa Bejarano**  
 JBG Chairman

**Planning the transformation**

The transformation program started with a design phase. This focused on standardizing and improving policies, procedures and key performance indicators for governance, finance, health care and IT operating models. This phase presented some challenges. Processing a very high volume of information from JBG’s various divisions was difficult, as was achieving consensus on conflicting opinions from different stakeholders.

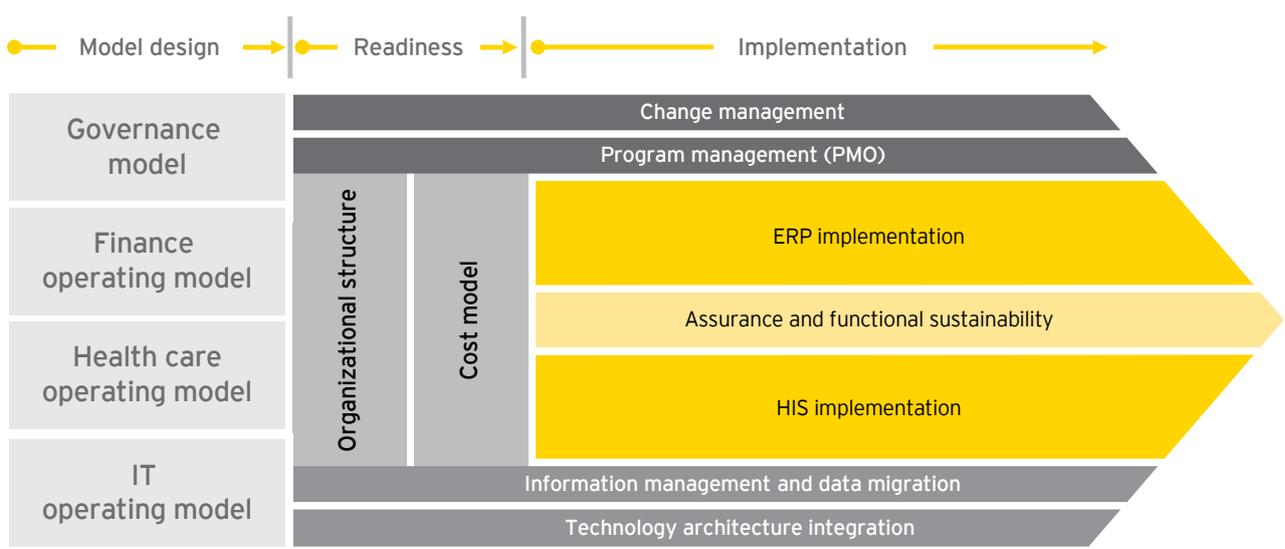
The second part was a readiness phase, conducted to ensure that JBG was properly prepared for the transformation. This included a review of the organizational structure, including reviewing roles and responsibilities, standardizing functions and positions, avoiding task duplication and implementing new business model requirements.

The readiness phase also reviewed cost centers, considering each operational unit and identifying corporate policies for cost allocation, as well as defining planning schemes and cost reporting.

At this juncture, we set up a change management officer to help improve the success of implementation procedures, facilitate the follow-up and coordinate the transformation program.

The final phases, which are currently underway, involve the implementation of technological software, including enterprise resource planning (ERP) and hospital information systems (HISs). This will help enable JBG to operate more efficiently and become self-sustainable. The final phases will be complete by the end of 2017 (see Figure 2).

**Figure 2. Transformation program framework**





Asilo Bien Público Elderly Care  
 (Image used with the permission of Junta de Beneficencia de Guayaquil)

## Executing the transformation

JBG's transformation program has three components.

### 1. Governance model

JBG wanted its new governance model to focus on separating supervisory and management functions. The new model enables a standardized supervision framework, which allows the board to spend more time taking responsibility for the independent supervision of the four divisions. This includes looking at operational efficiency and transparency, the overall quality of services, social impact expandability and control of operational risks.

The governance model is underpinned by the principles of communication, transparency, and

evaluation and accountability. In particular, it is designed to help monitor issues such as social impact, risk management and cost optimization.

This supervision scheme provides guidelines for the supervision and control of JBG divisions, while also ensuring operational transparency, attaining sustainability, improving social impact and controlling risks. The scheme will also encourage JBG's leaders to ensure that managers act with integrity and are more accountable for operations and achieving targets.

This governance framework will enable permanent communication channels and formal reporting sessions – via supervision committees for each division – to control JBG's performance.

### 2. Operational efficiency

In order to optimize its operational efficiency throughout the transformation program, JBG channeled its efforts into three chief segments. The design of these operating models was concluded successfully with the involvement of JBG's board and employees. This takes JBG a step closer to achieving self-sustainability:

#### ► Financial operating model (FOM)

An FOM was designed for all JBG operating units, based on best practices seen at shared services centers. The new model allows JBG's four divisions to focus on their core business, outsourcing corporate services, financial control and contract management to shared services centers.

End-to-end processes looked at included: order to cash, procure to pay and record to report. Additionally, the new FOM includes operating processes such as: inventory management, cost management, fixed assets management, budgeting and forecasting management, and cash management.

#### ► Health care operating model (HOM)

A HOM was designed to focus on achieving high levels of optimization and process performance evaluation at JBG's four hospitals. In turn, this will help improve services and secure the quality of patient

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**“The key for JBG’s sustainability is to implement our new standardized best practices successfully among all of our divisions.”**

**Carlos Andrade Gonzalez**  
 JBG’s Board Member Sponsor

care. Independently of hospital specialties, it was important for the health care division to operate in a standardized way, permitting the hospitals to share a common technological platform.

Based on health care best practices, and considering the different specialties of JBG’s four hospitals, the scope of services considered a standardized operation for all hospitals in terms of patient admission, surgical scheduling, exams scheduling, beds distribution, inventory management medical audits, patient transfer and clinical documentation management.



► **IT operating model (ITOM)**

The new ITOM was designed to improve IT operational processes. It involved outsourcing service desk and infrastructure operations, enhancing information security practices and standardizing JBG's communication network. The initiative led JBG to integrate and simplify its IT operating model, as well as improve its technical, application and data architecture.

The implementation of the latest technology will help enable JBG to reduce operational time and improve internal efficiency and customer service. This

re-engineering should help to reduce operating costs. It will also improve IT service levels, enabling reliable, available and integrated information – and encouraging IT to become a strategic partner for business strategy.

**3. Technology enablement**

JBG chose the latest generation of SAP HANA as the best system for fulfilling its new technical and functional process requirements.

Establishing a program and change management office has been a core part of this complex initiative. The change management office employs a highly experienced group of experts in managing large organizational transformations. The office's main focus is on facilitating solid control, coordination and follow-up, and easing the transition's impact on JBG as a whole.

The change management office will help the organization to embrace the transition as a positive growth opportunity. It will also improve communication regarding project status and the achievement of milestones. Key stakeholders are also involved in the process as organizational spokespeople and members of the implementation team. This helps them to acquire valuable knowledge, enhancing their professional skills and giving them the ability to train employees in the rest of the organization.

**“The effectiveness of the new operational model relies on technology innovation. With the implementation of a suitable tool and the support of the proper advisor during this process, it would be possible to deliver expected results to the organization.”**

**Hector Freile Neumane**  
 JBG's Transformation Director

**Working on a successful implementation**

“The critical success factor has been the active involvement of JBG's chairman and transformation steering committee,” says Diego Leon, the EY Partner leading the JBG project. “The committee led with purpose, having supported management to ensure work was implemented synchronously across the whole organization to achieve the stated objectives.”

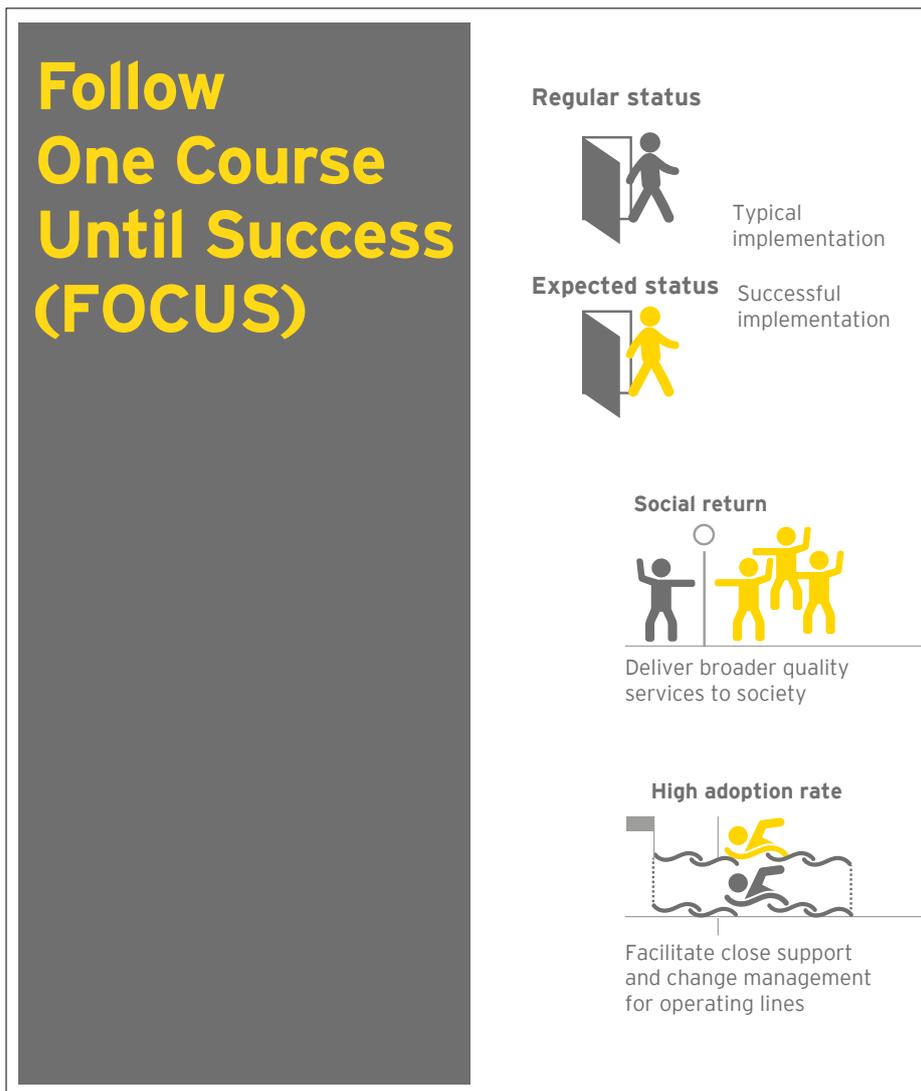
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EY and JBG called this the FOCUS approach, which stands for: “follow one course until success” (see Figure 3). FOCUS has been crucial to the success of the changes and agreements made so far. As a large organization with four separate divisions, JBG’s transformation process is inevitably complex. But the FOCUS approach helps to keep the end goal in mind and simplify the process. As you can see in Figure 3, at all stages of the implementation process – from gaining initial board support through to evaluating the results – FOCUS highlights how regular performance standards can be exceeded. It explains the improvements and optimizations that an organization will attain from different components of success: technological innovation, cost control, social return, adoption rates, performance evaluations, strategic relationships with partners and skills development.

**Becoming a global model**

The transformation changes that JBG has implemented in conjunction with EY will help the organization to continue to improve its provision of health and social care to the people of Guayaquil. JBG believes these changes will position the organization to achieve its vision of becoming a leader and a role model, not only for Ecuador or the Americas, but for the whole world. ■

Figure 3. The FOCUS approach to successful implementation



**FOCUS on implementation**

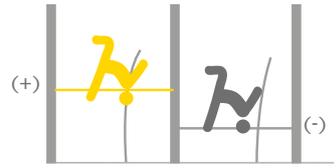
Provide leadership and address strategic decisions



**Board members' support**



**Integrated workstreams**



Coordinate and orientate toward success

**Technological innovation**



Invest in innovation and leading practices, based on value generation

**Goal oriented**



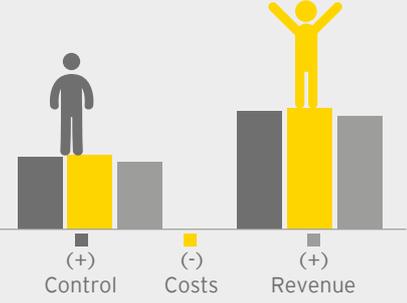
Prioritize initiatives based on results

**Relationship with strategic partners**



Align industry leaders in support of JBG

**Results for JBG**



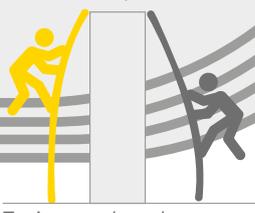
**Cost control**



**Performance evaluation**



**Competencies development**



**Organized implementation**



Use methodologies and standards for transformation project management

Train, coach and measure learning effectiveness