

In Conversation with Gord Gilman

Ken Tremblay

In 2008, the New Brunswick government created FacilicorpNB, a separately incorporated public sector company (shared services organization, or SSO) with a mandate to deliver, manage and bring innovative solutions to the supply chain, information technology (IT) and telecommunications, clinical engineering, financial transactions, energy retrofit programs and linen and laundry services for the province's regional health authorities (RHAs). At the helm is Gord Gilman, its inaugural chief executive officer (CEO), its president, and a former assistant deputy minister of health as well as a seasoned public sector executive. Within two years, the 730 employees of FacilicorpNB had generated just under \$8 million in annual savings for the government, with a view to becoming self-sustaining. Ken Tremblay spoke with Gord this past fall.

HQ: Your career path to the helm of FacilicorpNB is interesting. Why did you pick FacilicorpNB as the next chapter in your career?

GG: I really didn't pick it. As assistant deputy minister in the New Brunswick Department of Health, I had been working on a review of the delivery of non-clinical services for the ministry

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along with the RHAs. When the study was completed, I was asked to assemble recommendations to present to the minister, deputy minister and ultimately government on a governance structure



for non-clinical procurement. Once the minister and deputy were briefed, there was a decision by government to implement broader healthcare structural reforms, including the non-clinical [procurement] piece. I was asked if I would let my name stand as the president and CEO of the new company. That's how it came about: having just worked on the file for two or three years and having a greater understanding than most, I could hit the ground running faster than someone less familiar with the file.

HQ: How have you found the transition from assistant deputy minister to CEO?

GG: I've not been a CEO before. I've spent all my life in the public sector, except for a four-year stint in the private sector. Every time you move up in an organization, the responsibilities and accountabilities are little greater than before. As CEO, I am ultimately responsible to the board of directors for the performance of the company. That's been a great experience, and I have learned a lot. I have a great board, with public sector as well as independent members. The whole experience of being CEO, reporting to a board, is new; it's been great, and I've really enjoyed it.

HQ: What have been the highs and lows to date as you mobilize this new company?

GG: The highs are the excitement of starting something new. The excitement involved the idea that we should look at how we deliver the non-clinical [supply chain] and include recommendations on the governance structure. I did a lot of work on that within the department and with some help from consultants. At the end of the day, it's always exciting to see whether your ideas have merit or not. I'm happy to report that the work we have done has produced efficiencies and cost savings within the system.

The tough part about it? When you make changes, it's always tough. You have to change stuff that happens in the daily lives of people, and that is hard to deal with sometimes. Healthcare is a very sensitive sector; to the people who work in the sector and to the public, it's one of our national treasures. So, when you make changes, you have to be prepared to do so very carefully as there are lots of people who may find them hard.

HQ: In Canada, FacilicorpNB is a rather unique model for sponsoring the supply chain and logistics for providers. What are the model's strengths, and what challenges lie ahead?

GG: FacilicorpNB is not owned by the hospitals; it's owned by the province as represented by the minister of health. If you look across the nation, there are a lot of shared service agencies in the health sector, but they are all owned by the hospitals. What [provincial ownership] means is that if you generate savings, the savings are extracted from the system and sent back to the ministry. Those savings can be re-profiled in the best interests of the New Brunswick's healthcare because the

department is responsible for health policy as well as funding and monitoring that system. That's a little different; you don't normally see that. The difficult part about that [approach] is that when you extract money from the budgets of RHAs, it's sometimes hard for them to accept.

HQ: What would be the transferable lessons learned for other jurisdictions contemplating a free-standing SSO model for procurement?

GG: To me, the key part is governance. If you don't get the governance right, then it's going to be tough to be successful. We've got to change how we operate as we go forward. Before you do governance, you need to determine outcomes: What

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outcomes do you want to achieve? And what governance structure affords you the best opportunity for success? The other part is change management – communication is key. We did a good job in some parts and, in other parts, we learned some valuable lessons.

We were very good in terms of our change management and communication to employees within the RHAs prior to our creation and as functions were being transferred to us. We were good at engaging them early in the process so that when we were planning the transition, they were at the table and could keep their colleagues informed each month.

We could have communicated better with the senior executives of the RHAs and, in particular, the business users within hospitals around the province. Keeping in mind that there are always those who will never embrace change and there's probably nothing you can do for them, the majority of people – if you talk to and engage them in the process, ask for their feedback and keep them informed – provide pretty good co-operation. We learned that after a year or two, more so than in the beginning.

HQ: A large part of your mandate is IT and the deployment of e-health strategies. How have you prepared FacilicorpNB for the investments and functionalities ahead?

GG: IT and telecommunications are the biggest part, about half, of our operation and budget. The first thing we did when we assumed these lines of business was to establish a baseline of what was out there – not only the people, budgets, office space, furniture and equipment but also the data centres, servers, storage capacity, personal computers (PCs) and laptops as well as all the applications. For the first time, we had a collective

view of exactly what made up IT in the health system for this province. That was a very important piece.

Next, and over the past two and half years, we concentrated on the infrastructure – the PCs and laptops, storage, servers etc. – because it was the least disruptive to the health system. There were two reasons for that: we didn't want to interfere with clinical services in any way by trying to do change management

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for applications, and the RHAs were going through a restructuring themselves (from eight RHAs to two). Given the degree of change [in the system], we wanted to be as quiet as we could in terms of taking on IT solutions without disruption to front-line services. I think that was a good way start, and it gave us time to get a handle on what was going on out there.

Now, we're moving onto applications. The key piece is an enterprise resource planning road map for the health sector; we're looking at possible ways to move forward with that [agenda]. I am optimistic that we're going to make some inroads in next year as far as starting down that road.

HQ: How has the vendor marketplace responded to the FacilicorpNB model?

GG: I called in the vendors in the first and second years – there are between 100 and 200 – and explained to them what the mission of the company is and why it was set up. A big piece was about saving money to help make the system more sustainable. My message to them was this: “The good news is that you have one organization that will be the central coordinating agency for the provincial health sector; the bad news is that some of the savings are going to come from you.” We were going to be looking for better pricing by way of the critical mass of the province versus regions, and standardization of products and services. Some vendors have been very good and really keen to work with us to save money. Others have found it a little bit more difficult.

HQ: How have patients in New Brunswick benefited from your work at FacilicorpNB?

GG: We're a behind-the-scenes organization. We're not really in the limelight, and we've kept a low profile. The RHAs are the public face for the delivery of healthcare. We're there to ensure that the support systems and supply chain run smoothly and the laundries work. If you were to ask the everyday New Brunswicker who we are and what we do, I don't think you would know much about us.

As we generate and return savings to government, the government makes decisions along with the RHAs on clinical programming. FacilicorpNB is not involved in re-profiling money back to the RHAs. We might make an application to the government saying, “We've saved X dollars this year, and we would like some money for reinvestments,” either to cover liabilities in the system or to invest in something that would generate more savings as we go forward.

HQ: What's next for FacilicorpNB and Gord Gilman?

GG: For FacilicorpNB, it's to complete the transfer of the mandated services to us. While we currently have one laundry, there are seven more to come over. Next, we have to transfer clerical functions associated with accounts payable/accounts receivable and payroll. Part of our mandate is energy retrofit; we're working with the RHAs on that, plus some smart-grid initiatives. That will take us to March 2013.

One other sector that we've been asked to consider is the New Brunswick nursing homes. We do a little bit of laundry for them and could help in developing IT strategies. We're working with the Department of Social Development and members of the New Brunswick Nursing Home Association to define what it is that we might be able to help them with. Procurement will likely be the first area that we will look at.

HQ: And Gord Gilman?

GG: I've been in the public sector over the past 35 years and in the health sector for almost eight years. It's a very interesting and challenging sector to be in – there's never a dull moment. From a personal point of view, it's been a great opportunity to learn and experience changes to a sector that's near and dear to every New Brunswicker and, in fact, to most Canadians.

I've enjoyed working for a board of directors; it's been a new experience. I just completed the director's course at the University of Toronto Rotman School of Management. That's been very positive for me. The other part has been putting together a great team here. It's been fun to watch them grow as a group and to produce the results they have achieved. It's been fabulous.

HQ: Thank you. HQ