

NEW MONEY

Just-in-time new product delivery

By Andrew S. Lang

If there is a single best way to make net income for an association, it is to meet an important member need. But to accomplish this, an organization must both have a timely mechanism to bring such needs to the surface and be able to provide the product before the need subsides.

It is my pleasure to share an example of just that sort of timely action with you. Back in 2007, Medicare created new regulations applicable to all U.S. organ transplant centers. These rules required, among other things, that every transplant center be audited by the government to ensure compliance.

A new set of complex government regulations with a mandated compliance audit to follow is guaranteed to create stress for those responsible. Luckily for the surgeons who run the transplant centers, they are members of an association that had established a mechanism for identifying and addressing their needs.

Mock Audits, Mach Speed

The American Society of Transplant Surgeons is the association for surgeons who provide organ transplants, a number of whom are also given responsibility for running transplant centers. To meet these members' needs, ASTS created a Business Practice Committee (BPC) to help surgeons

better understand the business side of a transplant center.

According to Executive Director Katrina Crist, the ASTS board discussed the need for "mock audits" in January 2008 and approved the service. By June ASTS had its first customer for the new product, and the first engagement was completed in July.

For any association to identify, develop, and deliver a complicated product in a six-month period is impressive. Nonprofits are not known for this kind of agility. When I asked Katrina about this truly impressive speed, she responded, "Nimbleness is one of our greatest business strengths."

ASTS' nimbleness is paired with sound pricing strategy. The charge for auditing a single organ-transplant program was set at \$6,000, based on all direct and indirect costs and a profit target of more than 30 percent. One additional program audit could be added for 50 percent of the price of the first, and subsequent additional programs for 30 percent of the price of the first. Those lower prices were possible because the auditors were already in the field, thus lowering costs. As a membership organization, ASTS was happy to offer lower prices to members while maintaining its profit margin.

Transplant centers found the mock audits to be of great value. According to Katrina, between July 2008 and June 2010 ASTS grossed \$147,000 from the audits, netting \$52,000 after full costs—solid figures for a program described by one member as "the best money [I] ever spent."

Finding What's Next

With the initial government three-year audit cycle nearly finished, the demand for

mock audits has begun to decline. So is this the end of the story? No.

While ASTS auditors were performing the mock audits, they kept an ear tuned to the comments of doctors and administrators. Among other things, they frequently heard that keeping up with changes to multiple sets of regulations was taxing centers' current knowledge base.


For example, surgeons running the centers mentioned to auditors that they had a great many questions regarding the complicated requirements of the United Network for Organ Sharing. They were also being challenged by detailed reports promulgated by the Scientific Registry of Transplant Recipients on specific transplant-center clinical outcomes.

For an organization like ASTS that was sharp enough to identify the Medicare audit issue and get a product to members quickly enough to help them deal with it, it wasn't hard to replicate that process in these new areas. ASTS will have these new products out to members faster than anyone else in its field. And therein lies the value of this story.

Identifying a critical member need and getting a solution to them is great, but it's also not enough. Members' needs will change, so having a system in place to identify those changes on an ongoing basis is critical. And making a profit while you are doing so simply means you are world class.

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ASTS MOCK AUDITS: SPEED TO MARKET



<p>June 2007: New Medicare regulations for organ transplant centers take effect.</p>	<p>February-March 2008: Volunteers and staff plan and price service.</p>	<p>April 2008: Auditors recruited.</p>	<p>June 2008: First customer signs up for mock audit.</p>
<p>June 2007: New Medicare regulations for organ transplant centers take effect.</p>	<p>May 2008: Marketing for mock-audit service begins (including introductory pricing offered at ASTS annual meeting).</p>	<p>July 2008: First mock-audit engagement completed.</p>	