

## Sonora Quest Laboratories

By focusing on improving quality, this network of Arizona labs is taking a leadership role in shaping the future of healthcare in the state.

# Diagnosing Solutions



**Dave Dexter, CEO**

[www.sonoraquest.com](http://www.sonoraquest.com)

**HQ** Tempe, Ariz.

**Services** Largest integrated lab network in the US

The importance of healthcare's laboratory component is too often overlooked. Fortunately for hospitals and patients in Arizona, Sonora Quest Laboratories (SQL) and its CEO Dave Dexter are refusing to sit back in the shadows.

SQL is a joint venture between Banner Health, the largest non-secular hospital system in the US, and Quest Diagnostics, the largest laboratory network in the country and a *Fortune* 400 company. SQL is part of the nation's largest integrated laboratory network in conjunction with Laboratory Sciences of Arizona (LSA), a separate LLC with its own board that is owned by Banner Health. LSA is charged with managing commercial and nonprofit operations and as such manages Sonora Quest. Dexter serves as president and CEO of both corporations.

On the nonprofit side, the organization manages seven hospital labs under LSA in Arizona and will be adding three more in 2009. On the commercial side, the main labs are in Tempe, but SQL also has a full-service lab in Tucson, a rapid response lab in Flagstaff, and also manages a one-of-a-kind lab for Cigna. The only laboratory in the country owned by an insurer, SQL provides employees and supplies and manages the lab. SQL has a network of 60 patient service centers around the state. Counting SQL and LSA, the organization has 2,300 employees, and Dexter expects that number to rise to 2,500 soon.

Today, SQL serves more than 5,000 clients in Arizona, including physician practices, hospitals, and employer groups for drug testing. By year's end, the company will have served more than 5.6 million patients on the commercial side, performing more than 16 million ordered procedures and 45 million tests. At hospital labs, LSA will provide more than 6 million tests in 2008.

The company builds its clientele through more than 20 account representatives working in sales and marketing. Additionally, SQL's senior leaders are each responsible for a group of clients, visiting regularly to build strong senior-level ties. When we spoke with Dexter in 2005 and 2006, SQL was heavily involved in Six Sigma, lean, and Kaizen initiatives to improve quality and service for its clients. Those efforts continue.

"We've put emphasis on lean and Kaizen events over the past two years in conjunction with adding automation into our operations," said Dexter, noting that major automated platforms from Siemens, Sysmex, and Roche were used by Sonora Quest to achieve the efficiencies that contributed to reaching its Six Sigma goals. "As we add automation, we have to do more job retraining and change the workflow of operations so we can maximize the efficiency of new automation and changes in workflow. We do that through lean and Kaizen events."

SQL is also heavily involved in the deployment of EMRs statewide. In Arizona, the Health-E Connection initiative started by Gov. Janet Napolitano pushed the state into the top three in the country in terms of accelerating EMR implementation. The organization's board is made of stakeholders throughout healthcare—





hospital systems, government, universities, physicians, labs, insurance companies, and consumers are represented. Dexter serves on the executive board, and SQL's CIO heads the technical committee. The reason for such heavy involvement in this program is simple, said Dexter.

"While laboratory costs account for less than 5% of healthcare dollars spent, it impacts more than 70% of the diagnostic process. In terms of a typical EMR, 50% of the data is lab data," he said. "So we need to be on the leading wave of this initiative."

### Commitment to improve

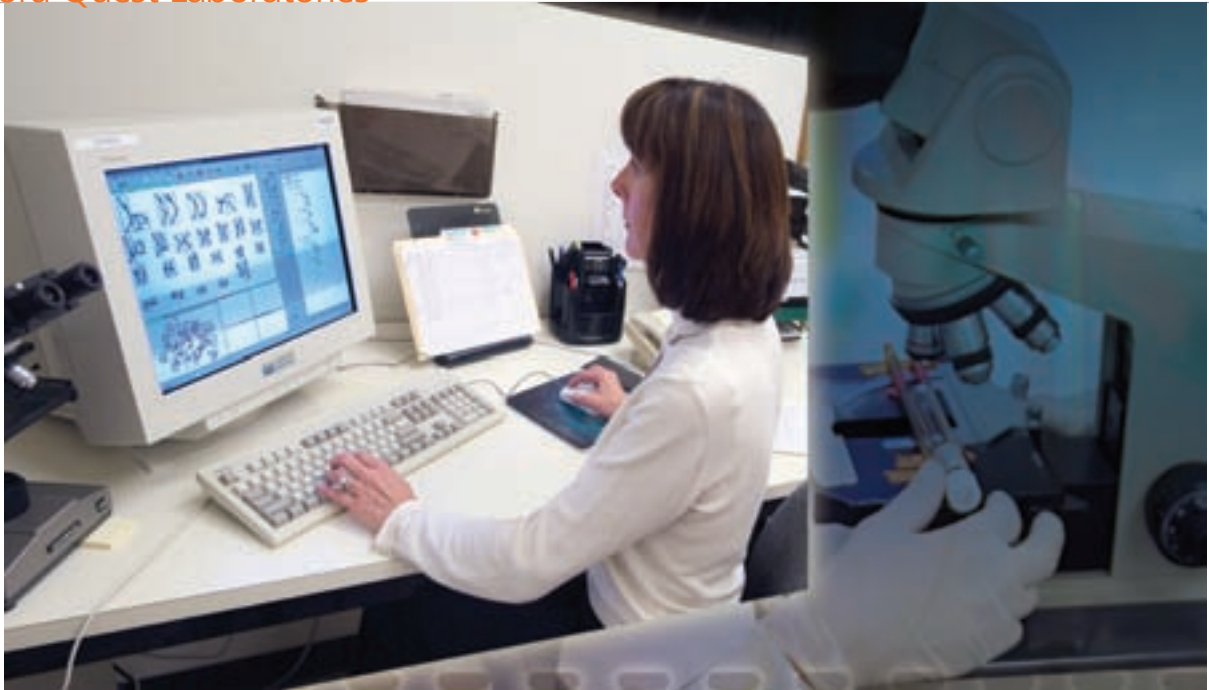
One constant for SQL is its strategic RoadMap of what Dexter calls five critical success factors. While annual objectives, immediate goals, and associated metrics might change, the focus on employee satisfaction, customer satisfaction, quality, process improvement, and market strategy is the backbone of success.

A recent initiative Dexter believes will be a large boost to that roadmap is changing traditional human resources to something called People Resources. The company recruited a new chief people officer after an extensive search to take the department to a new level increasing attention on employee training, recruiting, retention, and succession planning. "Over time, this will increase the level of employee engagement. If more employees are truly engaged in what we do, it will drive performance improvement," said Dexter.



This is also connected to efforts with Arizona State University, Phoenix College, and other area schools to create a pipeline of future laboratory experts. SQL even put its money where its mouth is, providing Arizona State with \$20,000 each of the last two years to keep people in its program when the school's funding decreased. Dexter believes it is part of the company's responsibility to support education if it expects universities to provide qualified graduates in various laboratory technician programs.

SQL has been widely recognized for success, honored with the Arizona Quality Alliance's 2005 Governor's Award for



Quality, two Showcase in Excellence Quality Awards in 2004, and the 2003 Arizona Pioneer Award for Quality. It earned multiple top 25 places to work in Arizona awards, something Dexter hopes to repeat this fall. This year, Dexter won the 2008 Arizona Corporate Excellence Award for CEO of the Year. As the organization's quality improvement efforts continue eliminating gaps, SQL's intention is to eventually apply for the Malcolm Baldrige National Quality Award. Any honor the organization receives, Dexter says, stems from a team commitment to quality improvement.

"We have an outstanding senior leadership team, and I may set expectations, provide resources, and steer the ship, but I get out of their way and they get everything done," he said. "The awards we've received fit with our basic value proposition of differentiating ourselves on quality by building a world-class workplace."

With economic challenges and healthcare reform looming, SQL's focus on quality positioned it to take advantage of coming changes. Through leadership on EMRs and understanding the likelihood of healthcare changes through genomics and molecular medicine, SQL can articulate to insurance companies what technology expenses mean in terms of long-term cost savings and positive outcomes. Dexter knows the trend of healthcare systems passing costs to insurers, down to employer groups and then to members is unsustainable, so reform is inevitable. The trick is weathering the short-term storm to see long-term growth.

"We've had double-digit growth, twice the industry rate, but I expect in 2009 it will slow because of the economy," he said. "That said, I am optimistic because we positioned our companies to take advantage of opportunities that present themselves."+

—Eric Slack



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Laboratories

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