

Beginning at the End

Maximizing technology implementations in healthcare through value management.

By Greencastle Consulting

Let's say your 500-bed hospital is generating \$500 million in revenue. If your organization is like others, margins are hovering between 2 and 5 percent for a revenue surplus of \$10-25 million. Can your CPOE project add 1 percent or \$5 million to the bottom line? Can you afford to spend \$10 million without a specific and direct path to achieving that value?

Large healthcare information technology projects often succeed, yet underachieve, and health providers can ill afford to leave money on the table. The strained resources of hospitals, health systems or medical groups need to capture all possible benefit from their clinical transformation opportunities. It is precisely for that reason that healthcare is ready to take the next logical step: Value Management.

Yes, it is true that healthcare organizations and technology developers have elevated their level of sophistication in project management. The industry has witnessed a recent rise in the number of certified project management professionals in the field and has invested in project management offices. From New York to Texas to California, Six Sigma hospitals are spreading as managers and IT professionals look at process improvement more holistically. Further still, even change management principles are becoming more common in healthcare, such as assigning dedicated physician champions and nurses to project teams for clinical systems.

Despite this progress, too many implementations still come up short. According to the Standish Group's 2006 Chaos Report survey, nearly one in five implementations fail, and, nearly half run over time or budget. Worse yet, Gartner reports that more than two-thirds of technology projects do not achieve their intended benefits or are never measured for performance at all.

The missing component is a system to focus these efforts on value delivery. The value management approach to technology implementation combines the basics of project management, process improvement methodologies and elements of change management, and, in addition, takes it all a step further. Based on a more comprehensive, systematic framework, value management means the difference between simply being on time and under budget, and achieving real clinical transformation. With a value management methodology, customizing the project activities to maximize benefits becomes clear and easy.

Also known as "value maximization," the concept owes its existence to the fact that applied technology, by itself, doesn't typically produce all the advantages one reads about in journals and in marketing literature. To capture the full potential, an organization must enhance the operations and workflow that surround any given software. Users need to embrace the change, and, in the end, the system has to create better clinical and financial outcomes. Value management is about getting the most possible benefit out of any given opportunity to better structure and support clinicians' work.

Defining an Outcome's Value

The first step in value management is to "begin at the end." This means defining the outcomes that will indicate that your organization has realized its desired benefits. Understanding the target metrics—what the right impact will look like—helps teams maintain a sense of urgency. Defining goals and metrics is not new or unusual for most organizations, but what must evolve from this is how to use these "value outcomes" to direct the project work activity, follow through, and continuous improvement that ensures benefit realization.

Beginning at the end will help you maintain the right focus. The value outcomes will be used to direct the specific project work activity. Does achieving the financial goal of the project require us to re-engineer the revenue cycle? Will a 30 percent reduction in the rates of hospital-acquired infections involve developing new screening mechanisms that include purchasing additional supplies? If achieving 100 percent nursing compliance by first quarter is important, do we need to contract with another 20 trainers? You can structure the project to do the work that will create the desired outcomes, and then reliably gauge progress against original objectives as promised by the vendor or desired by the project's sponsors.

In the case of the emergency departments (ED) at Christiana Care Health System in Delaware, the value outcomes centered on average length of stay, percentage of patients who left without treatment, average wait times and overall patient satisfaction. The performance goals guided specific patient flow improvement efforts, which ultimately translated into a technology upgrade in the ED to support better process performance.

Link Process, Functionality and Adoption

The next phase of the value management approach is actually a three-part sequence for maintaining the right focus and the steps to get there.

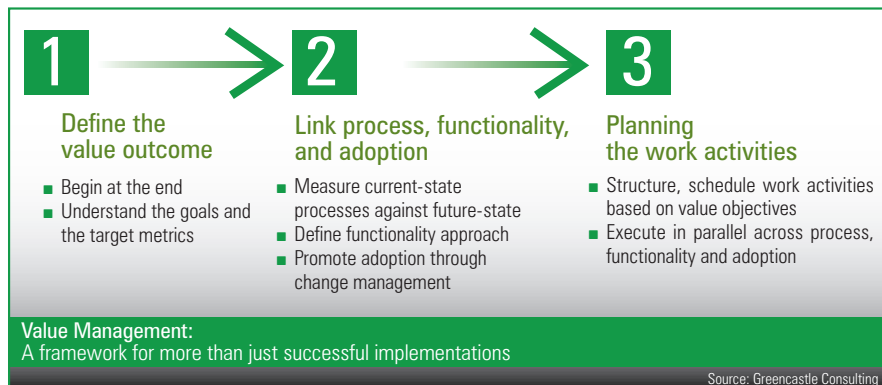
vents wasted time, energy and dollars spent on capabilities that, while nice to have, do not add value to the process improvement framework.

The least understood of the three steps involves promoting user adop-

ment task of breaking down and assigning the work will benefit from the foundation of the prior steps. Because it's rooted in value objectives, and systematically developed, you can be sure you're structuring and scheduling work activities accurately.

Value management works beyond abstract theory. Through a current CPOE implementation at Atlantic Health in Morris Plains, N.J., Vice President and CIO Linda Reed has become a convert thanks in part to the ownership demonstrated by the reporting structure and the work groups, which are run by doctor and nurse end users.

Of course, value management does not guarantee success. But should the unforeseen happen, an organization that follows the approach is in a much better position to re-evaluate, adjust and recover.



All value is generated through process performance. Thus, to reach your value goals, begin with the question, "What processes must change to reach the value benefits our end-users seek?" This type of process analysis calls for measuring current-state processes against future-state and results in the right workflow. It demands discipline, too. To develop a road map, the project team must make a concerted effort at this stage to think through where change in work processes is needed, to what extent and how to do it.

After refining the process path, the implementation team must define its functionality approach. As this step in the sequence centers on whether the available technologies and systems can accomplish what the process requires, this is a place where hospitals, health systems and medical practices can benefit from a strong relationship with their vendors. IT vendors, by virtue of their status as an outsider, are simply not in a position to assume ownership and drive organizational momentum. Instead, they rely on the users to be well organized and have specific expectations, which dramatically help in linking technology functionalities with process improvements. That gives the vendor a solid foundation and pre-

tion of the technology through systematic change management. Change management principles are not inherent in change itself. Teams and project leaders must communicate with and involve end users to carefully understand requirements, define workflow changes, and build a product that brings enough benefit to overcome resistance to change.

The key to change is engaging the right teams—those who understand the vision, the value and the path to get there. They will help you determine what is feasible and what is acceptable for people to embrace. It is often the case that full goal attainment will take several iterations of change and will aid in sequencing the work effort. Coupled with well-known management tactics such as sponsorship, focus groups can help reinforce the necessity of the project and establish the right energy needed to carry the project through to successful completion.

Planning the Work Activities

With well-defined outcomes and thoroughly designed process/functionality/adoption steps, the implementation moves on to planning the work activities.

The traditional project manage-

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This overall process may sound like common sense, but very often, healthcare organizations simply pick a technology and go with the assumption that it will automatically deliver the promised benefits. When these organizations move directly into install mode without a larger framework, they may get the software in place, but few users will embrace it.

Because of this, value management is particularly appropriate for healthcare. By engaging end users as well as leadership, the focus moves to outcomes and benefits, not merely the technology. This shift broadens the scope of project ownership and is a boon to healthcare organizations that can't afford to invest in initiatives that don't deliver value in terms of access to care, quality of services or efficient operations.