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Managing the IT Strategic Planning Process

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The ultimate goal of IT strategic planning is to provide a broad and stable vision of how IT contributes to the long-term success of the organization.

The modern healthcare organization (HCO) is critically dependent on information technology (IT) to accomplish its many administrative and clinical functions. The Information Services (IS) department is now one of the largest internal service organizations in an HCO, supporting the use of IT by all employees and maintaining essential scheduling, billing, and clinical systems that enable the modern healthcare enterprise. Accordingly, IT strategic planning has become a critical part of most HCO corporate planning activities.

The current pressures and mandates on the industry to adopt information technologies as a process of enhancing patient safety and complying with HIIPAA and other industry and legislative initiatives have caused IT to be moved even higher up on the strategic planning agenda. Information technologies are no longer just an item on an annual “wish” list of hardware and software. As the case histories in this book demonstrate, the planning and implementation of clinical and health information systems is now a critical integral part of the healthcare landscape.

This chapter addresses the IT strategic planning process and how it can be best facilitated to meet the robust and diverse IT needs of the modern healthcare enterprise. We specifically focus on managing competing priorities and personalities in a way to develop a holistic IT strategic planning process that best fits the healthcare organization and its business strategy. And finally, we present tools and frameworks to ensure that you can translate your IT strategic vision into operational reality.

IT Strategic Planning Overview

IT strategic planning comes in many shapes and forms depending on the kind of organizations performing it and for what reason. Some organizations perform IT strategic planning as part of an annual corporate or community process, others perform it

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because of specific organizational events: change in leadership, mergers or acquisitions, perception of lack of IT value, etc. Regardless of the reason, organizations generally follow the high-level methodology detailed here. A typical IT strategic planning process consists of five major steps.

1. In the first step, the organization defines the strategic context—the strategic backdrop for which the IT strategic plan is being developed. During this phase, the organization identifies (1) why the planning is being conducted, (2) the desired outcomes of the IT strategic planning, and (3) clear executive understanding of the major business priorities at both the organizational and business unit level.

2. Complementary to this phase is a study of current-state IT realities: How effective is the current IT environment and how well does it support current business needs? During this step, the organization takes inventory of its overall IT staff (whether they report to the IS organization or are part of a business unit), assesses the effectiveness of its applications and infrastructure, and identifies vulnerabilities, as well as areas for operational improvement. After the completion of the first two steps, the organization should have a clear understanding of business priorities and the current effectiveness of IT in support of the business.

3. This sets the stage for developing a compelling and unique future-state vision of IT for the organization. Normally, this involves the collaboration of multiple department heads and members of senior management to think about the long-term contributions of IT to the business strategy, specifically, finding areas of focus for IT investments. During this phase, intangible factors, such as corporate culture (what kind of IT innovation would fit our culture?), receptivity to change (how likely are our physicians and staff to accept new technology?), and quality of current IT vendor relationships (how supportive is our IT vendor in developing new products that support our vision?), are taken into account.

4. In this step, strategy options are developed and evaluated in an effort to find the appropriate strategic path to ensure that the IT vision is realized. During this phase, high-level budgets, major IT projects, and vendor product strategies are evaluated in an effort to determine the most viable blueprint for strategy success.

5. The final step is all too often neglected or altogether forgotten after a long and hard planning cycle. Formalizing the strategic plan into an actionable strategy document with budget and project details occurs during this phase. A communication document is developed to inform managers and employees alike of the strategic vision and plan. Most importantly, the executive team facilitates the operationalization of the strategic plan by creating and deploying a strategy implementation plan. It is during the strategy implementation process that specific project leaders are selected, major IT projects are tasked, necessary funds are allocated, and milestones and metrics are established to monitor progress. In addition, areas of organizational reengineering are identified, strategies to align incentives and reward good outcomes are developed, and opportunities to foster organizational ownership are established.

This chapter is largely devoted to successfully managing the latter three steps in the strategic planning process: developing a vision, formulating a strategy, and implementation. Woven into one objective, it would read: To develop, through executive consensus, a compelling long-term vision of a business strategy that is IT supporting which can be successfully implemented by your healthcare organization.

Building the Strategic Planning Team

Creating a comprehensive and sophisticated long-term IT vision during the strategic planning process can be a daunting task, and one of the factors that either facilitates or hinders this process begins with the development and management of the strategic planning team. Quite often, the strategic planning team has very diverse levels of IT understanding, competing business priorities, and a whole host of “below the surface” political agendas. Given this backdrop, it can be quite daunting for the IT leadership to facilitate this group while remaining objective (maintaining the entire group’s trust) and effective (maintaining the entire group’s interest). IT leadership should drive team consensus by focusing on the basics: building a strong strategic planning team, validating the organizational mission and vision, and defining realistic “guardrails” (boundaries) for the planning process.

One CIO recently remarked, “I can tell you whether strategic planning efforts are going to succeed at an organization simply based on knowing who is on the strategic planning committee.” This CIO is right: without a balanced and representative strategic planning team with a very specific charter and support from executive leadership, strategic planning success is impossible. There are several critical success factors in development of the team:

- *Representative Microcosm.* Ensure that representation on the committee is a representative reflection of the customers that IT supports within the organization. Be sure to include representation from potential customers that do not currently take advantage of IT resources.
- *Multiple Levels of Management.* It is important that multiple levels of management are represented on the committee. Clearly for purposes of meeting facilitation, the strategic planning team should not grow beyond 10 to 12 members; however, it is important to engage department heads, executive management, and potentially, board members in the team.
- *External Perspective.* One of the greatest challenges in strategic planning facilitation is getting members of the team to look beyond the four walls of the organization for perspective on what is going in the healthcare IT industry and how IT can contribute to business results outside of current operations. External speakers (CIOs, consultants, and vendors) can be quite useful in providing this perspective.
- *Even Mix of Business Leadership and IT Champions.* It is crucial to balance participation of key business customers with “IT champions,” those within your organization who have sophisticated understanding of how IT can improve business and clinical performance. However, a team composed solely of IT champions will not be effective because the rank and file of managers, employees, and physicians might consider the group not to be representative of the level of computer literacy of the organization and therefore to be overly optimistic about the role of IT in achieving business goals. It is important to include “leaders” of the various constituencies of the HCO regardless of their IT literacy.
- *Clear Charter and Executive Support.* A committee is only as powerful as its charter. Ensure that there is a clear, written mandate with executive and board level support so that the planning team can be empowered by the mandate. All too often strategic planning teams flounder because of perceived lack of authority or changing committee charter.

Focusing the Team on a Shared Mission and Vision

It is important to drive team consensus during the IT strategic planning process. To ensure that this can be accomplished, every team member must “start” planning from the same point of reference. The IT strategic planner should initiate the process with a review of the team charter and a mandate of support from the executive leadership. This should then be followed by a review of work accomplished during Steps 1 and 2 of the planning process. This will guarantee that everyone has a clear understanding of why the committee has been established and what it is supposed to accomplish. Further, the review of Steps 1 and 2 will provide a common understanding of where business needs to be headed and where IT is today.

It is equally important to review the organization’s mission and vision with the team before commencing discussion of the future of IT. Basic questions, such as who are the customers, how important are research and education to the mission, and what level of community support the organization provides, help cast solid focus for IT planning.

Regardless of the next-generation functionalities of many computer-based patient record application suites, it is important that the strategic planning team understand that “we are a 250-bed community hospital whose primary mission is to serve as many patients in need as efficiently as possible.” Placing the organizational mission first, allows the group to start from a point of direction and agreement; it further allows the group to look beyond the way IT is applied today and really question how well IT holistically supports the mission. “If we are an academic medical center, and our three-part mission is clinical service, teaching, and research, why is IT only focused on clinical service?” This starting point also repositions the focus of strategic planning on what the organization needs to succeed as opposed to what new toys vendors are offering this season.

Developing Planning “Guardrails”

Another critical success factor during the strategic planning process is defining the “guardrails” that will ensure that we stay on track during our vision development. Another way of thinking of guardrails is identifying your planning limits: what you cannot change about your organization or IT situation during the strategic planning process. In a perfect world, we could commence a truly “blue-sky” approach to IT development with only our business strategies and the latest vendor products and technologies on the table. However, most often, we are planning for a resource constrained healthcare enterprise with limitations. These limitations take many different forms:

- Budget limitations.
- Staff skill sets and capabilities.
- Existing product vendor relationships.
- Level of executive/board support for IT initiatives.
- Corporate culture.

These limitations should be above discussion: they should be fairly obvious to the members of the committee and the rationale for their inclusion should be fairly self-evident. Once these limitations are identified, a set of guardrails that is positioned as opportunities should be formally established within the planning team. There are a variety of “types” of guardrails. Common types include Executive, Financial, Operational, Cultural, and Technical. A sample set of guardrails is presented in Table 2.1.

TABLE 2.1. Sample strategic planning guardrails.

Guardrail type	Guardrail example
Financial	Available noncommitted IT budget for the upcoming year is \$6.2 million.
Operational	New cancer center is being constructed on campus that will require IT investment.
Operational	The CPOE implementation that was initiated last year must be supported and continued.
Cultural	Physician leadership is strongly committed to Epic solutions for ambulatory setting.
Executive	Board of Directors requires a major focus on enterprise patient safety initiatives.
Technical	The majority of IS staff are skilled in mainframe platforms and desktop support.
Technical	The majority of applications in the hospital are from McKesson.

Evaluating Alternatives: Taking a Holistic Approach

Once the future state IT vision is developed (typically in the form of major IT priorities), then the work of evaluating strategic alternatives to achieve that vision begins. It is usually during this step when business unit priorities and personal politics dominate as various different organizational members try to impose their agendas on the process. As an IT strategic planner, it is essential that a holistic perspective that encompasses overall organizational goals be maintained, lest it descend into numerous competing concerns with no means of comparative evaluation. First, it is important that alternatives are in fact developed and fairly evaluated to a relevant level of detail. Each alternative should be assigned to a different team member who is tasked with researching necessary details and making a presentation to the committee with three major areas of focus: the business value of the alternative, the potential organizational impact of the alternative, and the technology risk associated with the investment. We discuss these three areas in greater detail in the following sections.

Determining the Business Case

Determining the business return on investment (ROI) of IT initiatives has returned as an industry hot-button once again. There are multiple ways to evaluate the return on investment of a proposed IT initiative, but largely they fall into three main categories: financial ROI, operational ROI, and clinical quality ROI. Although ultimately the driver of ROI analysis has been to understand when and how the financial investment associated with IT can be recouped, it must be noted that there are many “returns” that are not solely financial: improving patient safety, improving customer satisfaction, improving staff productivity, and improving employee satisfaction/retention, etc. Some of the major metrics used in determining the business ROI of IT initiatives:

- Cost savings.
- Cost avoidance.
- Improved staff productivity.
- Clinical quality improvement/medical outcome improvement.
- Reduced cycle time.
- Improved process accuracy.

- Improved customer (physician/patient) satisfaction.
- Improved employee satisfaction.

Regardless of the metric utilized, it is important that a realistic pro forma estimate of business value be developed with major forecast assumptions. Although projecting these business returns is hardly an exact science, the exercise of developing the projections will serve the organization well during strategy implementation. Furthermore, team members should be encouraged to provide business ROI analysis utilizing business metrics that are regularly used in business management at your organization.

Assessing Organizational Impact

After performing a business case analysis, an organizational impact analysis should be performed to assess the feasibility of implementing the alternative within your organization. Quite often, strategic planners get “disconnected” from operations during the planning process; this step allows for a serious “reality check” within your organization. It is important that strategic planning staff take time to elicit feedback from relevant operational staff and line managers when performing this analysis. Prior to these interactions, a communication document should be developed explaining the strategic planning process and the purpose of these meetings so as to not needlessly cause anxiety and confusion among staff members.

Several variables should be analyzed during the organizational impact analysis. We discuss several of the major variables below, but each organization should select the variables that are most relevant to the current situation. Common variables include:

- *Workload Analysis.* Assess the current and projected workload of staff that will be involved or directly affected by change in technology strategy; this includes staff both within and beyond the IS department. Assess the ability of these staff members to accommodate new tasks or responsibilities resulting from a strategic change.
- *Workflow Analysis.* Understand the way that business is conducted currently within affected business units, and assess whether changes to IT strategy will cause major disruptions to these existing workflows. Specifically, identify targets for business process reengineering and retraining of existing staff members.
- *Affected Cross-Departmental Dependencies.* Most of the departments within a hospital system work closely with other departments. It is important to identify the “cascading” effect of changes in IT strategy on other departments. For instance, a change to the medical records documentation strategy could have significant impact on coding efforts in the business office and chart requests on the unit floors.
- *Downstream Budget and Staff Implications.* In addition to the cross-departmental implications, further budget and staff implications should be analyzed to ascertain whether changes in IT strategy may require additional budget or staff expenditures in other business units. For example, implementation of a point-of-care charge posting billing system could require additional staff on unit floors.
- *Cultural Barriers.* Most organizations exhibit a moderate to healthy resistance to change as staff members are ordinarily vested in organizational policies and procedures. However, over time this investment in “doing the work” a certain way can lead to a corporate culture resistant to cross-department collaboration and reorganization of core processes.

Technology Risk Assessment

The final step of alternative evaluation involves a detailed technology risk assessment to understand the technology implications of the IT strategy alternatives. The overall goals of the risk assessment are to understand the technology feasibility of strategic alternatives while understanding long-term cost and operational implications. Although the level of detail of the assessment can be largely determined by available time and data, relevant vendor research should be at the center of the assessment. Common aspects of a technology risk assessment include:

- *Infrastructure Assessment.* Availability, level of hardware replacement, operating systems management, bandwidth, storage and backup, disaster readiness, and recovery procedures.
- *Applications Assessment.* Product life cycle evaluation, enterprise application integration strategy, user interface design, vendor support strategy, new system implementation costs, and total cost of ownership.
- *Sourcing Assessment.* Skill-mix analysis, availability of development and implementation resources, project management capabilities, and outsourcing analysis.

Strategic Decision Making: Everyone Leaves a Winner

The hallmark of a successful strategic making process is a clear consensus-driven strategic decision that is owned by not only the strategic planning team but also by the organization as a whole. In many cases, after months of excellent planning and due diligence, organizational clarity is lost as factions are unable to reach consensus on a viable IT strategy for the organization. There are usually several reasons for this state of failure:

- *Lack of Clarity Around Business Strategy.* Many organizations struggle in IT strategy development because there is no single shared understanding of the overall business strategy, and often business planning assumptions have not been documented. For instance, there is no clear understanding of whether the health system's major growth strategy is expanded payer contracting, development of specialty health networks, or expansion of bed capacity.
- *Inability to Respect Planning Guardrails.* Some strategic planning teams are not mindful of the guardrails and spend much of their time trying to change these guardrails during the planning process. For example, trying to expand the available IT budget during the planning process is often a remarkable distraction and diverts attention away from how to optimize the utilization of available IT funding. Trying to change an operational guardrail can be equally challenging: attempting to convince physician leadership to accept a centralized financial application can be politically challenging if it was decided during the project initiation that such issues would not be considered.
- *Overly Focused on One IT initiative.* The most common mistake made during the strategic planning process is to focus IT strategy development around one very specific IT initiative (i.e., implementing a computer-based patient record system, outsourcing desktop support, etc.). Focus on one initiative rather than overall business strategy is not only myopic, but it also conditions the organization to think more tactically about their IT investments (and view them as purchases) as opposed to viewing IT investments holistically (in support of a business strategy).
- *Lack of Shared Understanding as to the Role of IT.* Simply stated, organizations struggle to understand the primary and secondary functions of IT within the enter-

prise. Is the goal of IT to replace paper forms with computer forms? Is it to give clinicians better tools to drive care delivery or tools to document care that was provided? Over the long term, successful IT strategies provide an easily communicated message as to the role of IT in supporting health system operations.

As an IT strategic planner, one of the single most effective ways to ensure organization clarity during the planning process is through skillful management of the members of the strategic planning team. It is crucial that the different members of the planning team (each selected specifically to represent various constituencies of the enterprise) gain ownership of the process as well as a shared understanding of the role of IT in supporting the business strategy. There are several useful techniques in facilitating the process. All begin with a clear definition of whose role it is to effect change during various stages of planning:

- *Health system executives determine areas of focus and success criteria.* The executive leadership team (ELT) must provide a clear focus to IT planning efforts by defining the scope and nature of contribution of IT in business strategy. For instance, is the health system primarily focused on using IT to submit claims and ensure timely billing or will the organization rely on IT to drive improvement in clinical quality? The ELT should further define how “success” will be measured in these areas of focus: A/R days, clinical quality outcomes, patient satisfaction, revenue growth, etc.
- *Business unit leaders deliver business value and operational excellence.* Although business unit leaders (BULs) should be provided with the opportunity to contribute to development of corporate business strategy, they should be primarily focused on delivering business value to the organization through operational excellence. That said, the business units are responsible for quality improvement and development of new products and services, as well as improved staff development and productivity. During the planning process, BULs should own all business initiatives (including the IT enablers) and provide detailed project plans around these efforts.
- *IS department delivers reliable technological innovation in support of business performance.* The IS department is ultimately an internal service organization. It typically does not decide where to focus its efforts or force operational improvements; rather, it supports the work of business units at both the executive and operational level. Most modern IS departments are measured along two performance criteria: level of reliability (how reliable are our systems?) and level of technological performance (do our systems meet our needs?). During the planning process, the CIO and IS organization should own IT reliability and performance improvements.

Once these roles are defined, the IT strategic planner must ensure that each team member, based on job orientation (executive, business unit, or IT), stays focused on their critical tasks. Typically, planning teams are undermined by team members who overstep their bounds or conversely do not meet the basic requirements of what is expected of them. One common challenge is when IT leadership attempts to dictate business priorities: the hospital should focus on patient safety because we “know” that IT systems, when properly implemented, can dramatically reduce medical errors. Though IT should participate in discussions of these efforts, enterprise patient safety efforts will only succeed if championed by clinical, compliance, and business leadership. On the other hand, when IT is not perceived as being reliable (the billing system is constantly “going down”), the credibility of the IT leadership is severely undermined when participating in the development of new technology strategies.

Clear role definition is a critical success factor in strategic decision making, but roles should not be used as boundaries to prevent collaboration among team members. In fact, collaboration should be actively encouraged during the planning process. Team trust should also be actively encouraged. Everyone should understand that although one unified team is working together to improve the organization, each team member has different skills and competencies that he or she brings to bear during plan development. Ultimately, if everyone contributes value, everyone can benefit from the process and own the result.

Strategic Imperative: Creating an Operational Reality

Many organizations incorrectly conclude that development of a strategic plan is the final step in strategic planning. This could not be further from the truth. Strategic planning is in fact a continuous never-ending process with phases cycling between strategy development and strategy implementation. The primary goal of strategy implementation is to create a fit between the newly developed IT strategy and the way that business is conducted within the health system. Many organizations struggle to make this correlation between the IT vision and operational reality, and this places many strategic plans on the shelf only to be rapidly forgotten. There are many challenges to strategy implementation:

- *Too Many Managerial Activities, Too Few Managers.* Implementing new technology strategies can be particularly taxing on health system business and IT managers who typically already have very full workloads. Implementation or optimization of IT systems can often require more management resources than are currently available.
- *Both People and Technology Management Skills Required.* The challenge of successful IT strategy implementation in today's healthcare environment is that health systems require sophisticated leaders with both people and IT management skills to lead strategy implementation efforts. These leaders must have the skills and experience to interact with both business unit leaders and technology vendors to succeed in their roles.
- *Politics and Control Issues.* As with any major strategic change, reporting structures and departmental relationships will be affected by new technology and business processes, and often cultural barriers can derail strategy implementation before it even begins. The most famous examples in the healthcare IT industry of this phenomenon are found in the area of physician compliance with IT policies.
- *Too Many Plans/Too Few Plans.* Quite often, health systems have too many strategic plans that detail high-level ideas of where the system should be headed, but too few detailed plans that help manage the numerous competing priorities within the organization. Many hospitals and health systems have decided to focus on patient safety, revenue cycle management, and supply chain management at the same time with no details on how to manage these competing resource priorities.

To avoid these challenges, healthcare organizations must build a strategy implementation plan in coordination with the development of the IT strategic plan. The implementation plan will present the relevant details to make the IT vision a sustainable long-term reality.

Defining the Strategy Implementation Process

The task of strategy implementation largely has two goals: developing a viable IT roadmap for improvement and a framework for measuring progress toward this vision. Although IT strategies will vary drastically given the unique situations of healthcare organizations, the strategy implementation process typically consists of five steps that are detailed in Table 2.2.

Building Strategy Implementation Structure

Strategy implementation should begin with a clear communication of the IT strategy to the enterprise from executive management. This will convey to the organization the role of IT and its focus in support of the business strategy. Once the strategy has been communicated, a formal strategy implementation structure should be built. This broadly involves three major tasks:

- Selecting the right people.
- Developing the appropriate core competencies.
- Aligning organizational structures.

Selecting the right people is a crucial management competency that is particularly important during strategy implementation. The strategy implementation process is typically a time of great change within the organization, and identifying managers that can help lead this change is crucial to overall success. Identifying the right people involves looking both within the current management structure as well as examining qualified external candidates. Staff members who understand the operational realities of the work involved should be recruited so that they can maintain credibility with business unit staff. Moreover, appoint managers with prior project management experience in relevant IT spaces and key leadership positions. Often, the most valuable asset can be a project manager who has previously implemented the relevant application or is knowledgeable in the necessary business process engineering.

For instance, one large integrated delivery system in the Midwest recently pursued a very comprehensive revenue cycle performance improvement project. To manage this process, they selected two different project managers. They selected a former McKesson project manager to handle the implementation of their Healthquest financial application, and they promoted a former business office manager to help lead orga-

TABLE 2.2. Five-step strategy implementation process.

Step	Description
1. Building strategy implementation structure	HCO develops a capable leadership team with dedicated time and support to implement IT vision.
2. Resource allocation	HCO guarantees budget and staffing resources to manage and perform strategy implementation.
3. Implementing IT-enabled strategic initiatives	HCO implements a set of prioritized IT-enabled strategic initiatives to support business strategy.
4. Quality management/improvement	HCO establishes business metrics to monitor progress toward preset goals and effect continuous improvement.
5. Incentive alignment	HCO establishes incentive structure to reward management and staff efforts to meet business and IT goals.

nizational business process reengineering and training efforts. Balancing both business and IT expertise along with balancing internal promotion with external recruitment allowed this organization to make rapid technological progress while gradually effecting change management within the staff ranks.

In addition to selecting the right people, all organizations must develop specific IT core competencies within their IS departments to enable their business strategy. The specific core competency will vary based on IT strategy; however, it is important to develop a focused core competency. All too often, HCOs have rushed to embrace a “best-of-breed” strategy in application implementation. This has led to the recruitment and retention of numerous generalist IT staff members who can handle work with a large number of vendor solutions. Although this approach often leaves the average IS department with a highly capable generalist staff that can guarantee application reliability and availability, the group does not have the technical or process competencies to offer true IT innovation in specific areas of focus for the health system (patient safety, supply chain management, etc.). For example, numerous HCOs are currently investing in physician order entry systems; however, for the most part, until now these organizations have taken a very siloed approach to their computerized patient record (CPR) environment. This leaves a large competency vacuum: they would like to have strong patient safety competencies that they do not currently enjoy. Over time, they must recruit staff, invest in vendor systems, and effect organizational business process reengineering to truly get value out of their physician order entry systems.

Finally, regardless of the specific core competency that is selected, each major IT strategic initiative must be aligned with a specific unit on the organization chart to improve accountability and to ensure proper focus. All too often, strategic initiatives that are not clearly owned by one or more specific business units fail, as there is not the requisite ownership and discipline to ensure implementation success. Quite often, a matrix reporting structure with representation from both IT and business units can provide an effective balance in the delivery of projects.

Resource Allocation

Without a doubt, timely resource allocation is crucial to strategy implementation. In the modern health system IS department, the normal state of affairs has far too many demands on far too few available resources. The resource allocation process not only should serve to finalize budgets but should also serve as a resource prioritization process to ensure that those initiatives that are most important to overall business strategy receive the majority of resources while other requests are recorded and prioritized based on availability. Moreover, multiyear resource projections should be finalized to ensure that once a project is initiated there will be adequate resources to guarantee completion. Specifically, resources that may be utilized by multiple projects (i.e., infrastructure specialists who would participate in both a clinical system implementation and HIPAA remediation efforts) should be analyzed to ensure that they will be available as necessary to support active projects. Each resource allocation should be tied to specific project plans with project milestones, resource estimates, and sourcing strategies (internal staff and external consultant/outsourcer use). This level of resource detail will allow for continuous monitoring through implementation.

Implementing IT-Enabled Strategic Initiatives

The heart of strategy implementation lies in the delivery of major IT-enabled business initiatives. During this process, there must be adequate collaboration and coordination

between the business unit and the IS department to ensure that overall business benefits are realized. For the purposes of strategy implementation, communication of achievement of project milestones and business benefits realized is paramount. Obviously, there are also important implementation best practices discussed in subsequent chapters in this book.

Quality Management/Improvement

It is important that IS projects be measured against business metrics to ensure that business goals are being met and to understand where and how IT plays an integral role in operational improvement. This is easier said than done: the single greatest challenge within many healthcare enterprises is getting adequate business and clinical data on hospital operations. In some health systems this operation is already available and being used in specific areas to manage business units. However, there is still a tremendous void in the area of metrics to assess technology performance relative to business contribution. The most common technology metrics include total cost, application and infrastructure availability statistics, responsiveness of the help desk, and overall use of specific applications. Not a single one of these metrics provides a direct measure on the contribution of IT to business objectives.

In recent years, the first set of metrics that has begun to help manage the performance of technology is often called error reporting. These reports provide information on when a patient registration was incomplete, a claim was denied by the payer, or a charge was not entered with proper documentation. At this time, not all metrics provide useful and actionable information to empower managers. Often these metrics identify when a process has failed, but do not identify what step in the process specifically was errant, resulting in overall process failure. For instance, was the clinic's claim denied because the patient was not eligible for services or because it was coded incorrectly? Many of today's healthcare applications provide these metric-driven monitoring capabilities; others require improvement of out-of-box functionalities.

Incentive Alignment

Regardless of approach, healthcare organizations must identify business operations metrics and use technology to both monitor and improve departmental performance against these metrics. It is also important to have the appropriate metrics in the hands of the right person in the enterprise. The billing clerk requires different reports to improve his or her performance as compared to the CFO. Finally, incentives should be aligned by tying compensation rewards to improvements in these operational metrics. Although this requires significant refinement of the metrics, it is this form of incentive alignment that ultimately guarantees sustainability in the strategic improvement.

Conclusion

The ultimate goal of any IT strategic planning process is to provide a broad and stable vision of how IT can provide a measurable contribution to the long-term success of an organization. The plan must be sophisticated enough to not simply justify a single application purchase or to get an annual budget approved, but rather to have the depth of vision to paint a clear picture of what the contributions of technology will be both 3 years and 5 years from now. All too often, healthcare organizations make a significant

error by falsely setting expectations that technology investment will change business behavior overnight. These expectations are rarely met and plant a seed of resistance toward IT-enabled change in the executive team and the user community.

In fact, there is a significant lag between implementation of a technology and the achievement of top-line business benefit. This is driven by the fact that enterprise change can never be driven by changing technology alone; it must be joined by corresponding improvements in business processes and cultural changes in the way that users utilize these new systems and procedures. Most often, successful technology change will have a steady grassroots business effect on the enterprise. For this reason, one must build not only the strategic plan, but also the implementation to ensure that goals can be reached.

The IT strategic planning process should not be done at one moment in time and put on the shelf. Rather, it should be continuously tested and revisited and modified for changing business environments and new technologies. The IT strategic planning process should be used to facilitate discussions both within and across business units as to operations improvements and new business strategies. The true measure of an IT strategic plan is not whether it has all the answers, but whether it is focused on the most important questions.

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