

# HEALTHCARE IT STRATEGY IN THE DIGITAL AGE

TEPR 2002  
May 11 – 16, 2002  
Seattle, Washington

*Faster strategic decisions. Quicker time to execution. Improved results.*

As if information technology (IT) strategic planning hasn't been difficult enough to accomplish under traditional business circumstances, healthcare executives now face even greater challenges as they strive to compete in the digital age. The balancing act between making sound strategic decisions that can be executed quickly, while producing significant financial and operational results is one that we all face. The Internet, wireless computing, electronic communication, and a myriad of other conventions of the digital age propel us through each business day. Regardless of outside influences, it is imperative that organizations continue to plan – to link business operations with technology investment and deployment. Organizations that actively manage to a living IT strategic plan increase their opportunities for success in meeting business objectives, while promoting and supporting a work culture in which accountability and accomplishment are rewarded.

## **FASTER STRATEGIC DECISIONS**

For many of us working as executives and leaders in the healthcare industry, this paradigm shift to faster strategic decision-making is overshadowed by the enormity and scope of the decisions to be made. Whether the pressures are financial, community, physician, or clinically based, demands have grown exponentially in the last decade with

many factors overlapping to further increase complexity in an already difficult setting. The advance of consumerism and the focus on customer satisfaction, consumer rights, and patient safety through such familiar names as the Institute of Medicine (IOM), the Leapfrog Group, and the Health Insurance Portability & Accountability Act (HIPAA) has levied great demands on healthcare organization's (HCOs) resources and capacity.

The demands grow further when combined with critical industry-wide staffing shortages in the areas of pharmacy, respiratory, radiology, nursing and some sub-specialty physician groups to name a few. The equation is not yet complete without the additional layer of financial and administrative concerns commonly associated with capital development, supply chain, and revenue cycle. And yet, maintaining competitive advantage demands HCOs not only juggle all these issues and many left unmentioned, but that they do it efficiently and effectively – that they meet the challenge of faster strategic decision-making without foregoing decision quality or rapid execution.

***Link Business Operations with Technology Investment and Deployment.*** The first step in creating an effective IT Strategic Plan is to recognize the critical link between business operations and technology investment and deployment. While on the surface this appears to be extremely logical, many organizations underestimate this vital step in the planning process. Among other reasons for this is that executive decision makers frequently don't fully understand the operational environments they are asked to support and at the same time operational managers don't fully grasp the strategic fit of their particular segment of the organization within the whole. To circumvent this problem, organizations must

make all decisions in the context of an overall organizational vision. They must be ruthless in their prioritization and adherence to IT opportunities, with all involved understanding the accountability necessary to support chosen and approved IT investments.

***First Steps First*** The Competitive Strategic Planning Model (CSPM™) outlined in Table 1 defines the steps necessary to construct a comprehensive IT strategic plan. The steps in the plan are designed to guide the IT investment decision-making process at both macro planning and micro purchasing and implementation levels, suggesting that each step be revisited in some detail for individual IT decisions throughout the execution phase.

<b>COMPETITIVE STRATEGIC PLANNING MODEL</b>	
<b>Step 1</b>	Analyze and document current circumstance
<b>Step 2</b>	Analyze and document business and competitive forces
<b>Step 3</b>	Formulate and document an IT vision based on business strategy
<b>Step 4</b>	Analyze and document deficiencies in current IT capacity in meeting strategic business requirements
<b>Step 5</b>	Define tactics to bridge IT gaps and achieve plan objectives
<b>Step 6</b>	Publish and communicate the plan to all concerned
<b>Step 7</b>	Measure and evaluate IT effectiveness

Table 1

## **QUICKER TIME TO EXECUTION**

Unquestionably, quick execution of strategic plans is the mantra of the current digital age. The demands for both operational and financial return on capital investments grow stronger daily with the intense competition for those dollars within HCOs. A well conceived strategic plan provides the needed balance between desire and necessity. It

also provides a platform for greater understanding of the business problem to be solved and how the chosen technology supports the solution.

***Tactical Plans Within the Strategic Plan*** Due to many factors, including time, resources, and knowledge most strategic plans are little more than lists of projects. In the best case scenario these lists can be linked to various organizational business objectives. However, the more likely scenario is that the lists represent collections of unrelated initiatives that seemingly meet worthy individual and departmental goals, while falling short of the overall business strategy. Development of the strategic plan requires careful consideration of the individual initiatives that comprise the overarching IT strategies. To prioritize those initiatives from financial, resource, and phasing perspectives requires significant effort. If that work is not completed during the strategic planning process, the details are left to work out during the execution phase. Therein lies the problem most organizations face when attempting rapid execution of the initiatives – they are still defining them rather than implementing them.

***Pitfalls Inherent in Rapid Decision-Making*** Faster decision-making must not equate to flawed decision-making. To make faster decisions, HCOs must organize themselves efficiently and effectively with the right people at the table to understand and address the issues. Politics, culture, and personal agendas, oftentimes difficult to sort, become less of an issue in the face of strong organizational objectives. HCOs must be ruthless in their prioritization of IT opportunities.

*Adherence to Chosen IT Strategies* As important as dedication to the prioritization, HCOs must maintain focus on the chosen tactics within a strategy to guard against the inevitable project scope creep. We have all experienced the project that changes in definition quite naturally when the implementation team, comprised of technicians and end users, begins to learn more about the chosen technology, wants to make it do everything just exactly like it is done in the current environment, and thinks of more things that need to be done than originally planned. While it is rarely possible to make a plan and follow it with complete rigidity, it is important to incorporate an approval process for all project scope change that could compromise quality or impact delivery dates.

## **IMPROVED RESULTS**

Healthcare executives are pushing harder than ever before to gain any potential advantage offered through capital investments in information technology. We are surrounded by stories of failed IT initiatives. Strategists, futurists, researchers, authors, and other industry gurus identify and document IT failures with greater intensity today than ever before in our history (Quammen, TEPR 2001 Proceedings). It is only with a clearer alignment of business strategies to IT initiatives that organizations can begin to anticipate greater success and consequently greater value from their investments.

*Healthcare IT Planning Today* Most HCOs engage in some form of IT planning with the belief that it is strategic in nature. The most common examples of planning apparent in healthcare organizations today are either detailed tactics to survive operational,

financial, or regulatory requirements or initiatives so global and generic in nature that they provide little real benefit in guiding and directing the organization (Quammen, TEPR 2001 Proceedings). Operational effectiveness is often confused with strategy development and while the two topics can be linked there is a vast difference between them. Determination that an initiative brings operational value is interesting and it could promote tactical decision-making in favor of adoption. However, many initiatives can be described and sold as operationally effective, and maybe even necessary, without being strategic to overall business objectives. The difficult question then becomes – what investment should be made and where?

*An IT Strategic Plan Comprised of Project Lists* As mentioned earlier, there is a great tendency today to develop lists of current and planned projects in the name of IT strategic planning. This is likely the least effective method for IT planning as it puts the proverbial cart before the horse – it creates a list of perceived needs seeking business objectives to align with for validation, approval, and justification. Effective planning begins with business objectives then searches for the right combination of process reengineering, administrative oversight, financial and people resources, and finally IT to meet the objective.

## **CONCLUSION**

While the digital age does promote faster strategic decisions, quicker time to execution, and improved results, HCOs can't lose sight of fundamental business practices to guide them through these processes. Each IT initiative must be subjected to the scrutiny of

strategic fit with accountable and measurable results. Only when this becomes common and relentless practice will HCOs achieve the level of satisfaction and return for IT that they desire.

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