TEPR 2001
Whose Strategy is IT Anyway?
Creation and Execution of an IT Strategy

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Introductions

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- Hospital Administration/Operations
- Information Systems Management
- Software Vendor Management
- Currently Corporate CIO for a 35 Hospital IDN, Adventist Health System
So, if you hoped to . . . .

- Refresh your knowledge of IT Strategic Planning
- Learn the mechanic’s of creating a Strategic Plan
- Participate in a provocative and challenging discussion on IT Strategic Planning
- Or simply relax and unwind after a hectic week preparing to attend this conference

....You came to the right place
The story….

Once upon a time there was a shepherd looking after his sheep on the edge of a deserted road. Suddenly a brand new Jeep Grand Cherokee screeches to a halt next to him.

The driver, a young man dressed in an Armani Suit, Cerrutti shoes, Ray-Ban glasses, and a YSL tie gets out and ask the shepherd: “If I can guess how many sheep you have, will you give me one of them?”

The shepherd looks at the young man, then looks at the grazing sheep and says: “All Right.”

The young man parks his vehicle, connects his notebook PC to the mobile telephone in the jeep, enters a NASA site, uses a thermal imager to scan the pasture, opens a database and 60 Excel sheets filled with algorithms, then prints a 150-page report on his high-tech mini-printer.

He then turns to the shepherd and says: “You have exactly 1586 sheep here.” The shepherd answers: “That’s correct, you can have your sheep.” The young man takes one of the sheep and puts in the back of this jeep.

The shepherd looks at him and asks: “If I can guess your profession, will you return my sheep to me?” The young man answers: “Sure, why not.”

The shepherd says: “You are a consultant!!” “How did you know?” asks the young man. “Very simple,” answers the shepherd.

First, you came here without being called.

Second, you charge me a sheep to tell me something I already knew.

Third, you don’t understand anything about what I do, because you took my dog.
So, my promise to you today is that …

• I am only here because I was invited
• If I tell you things that you already know, I will strive to add a thought provoking twist that you have not previously contemplated
• I absolutely will not take your dog
Objectives

• Understand the IT strategy development process
• Understand the elements of an IT strategic plan
• Identify barriers to successful IT planning
• Implement the IT strategic plan
Presentation Outline

• Define Strategy
• Current status of healthcare IT initiatives
• What the industry tells us about IT
• Healthcare IT planning today
• Strategic planning approaches
• Conclusions
Define Strategy
“At general management’s core is strategy; defining a company’s position, making trade-offs and forging fit among activities”

- Michael E. Porter
IT Strategic Planning is all about…..

IT investment and return to support an organization’s business objectives.
IT Strategic Planning is a topic that transcends the collection, storage, reporting, and transmittal of data.

It is a broad topic that encompasses……
Vital components of successful IT Strategic Planning

<table>
<thead>
<tr>
<th>People</th>
<th>Business Practice</th>
<th>Systems</th>
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</thead>
<tbody>
<tr>
<td>• Individual Motivation</td>
<td>• Work Flows</td>
<td>• References</td>
</tr>
<tr>
<td>• Fear of Computerization</td>
<td>• Process vs. Task</td>
<td>• Standards Compliance</td>
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<tr>
<td>• Personnel Costs</td>
<td>• Orientation</td>
<td>• Data Redundancy</td>
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<tr>
<td>• Organizational Culture</td>
<td>• Clear Vision and Priorities</td>
<td>• Vendor Strategies</td>
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<tr>
<td>• Big Picture</td>
<td>• Business Plan</td>
<td>• Vendor Alliances</td>
</tr>
<tr>
<td>• Integration vs. Functionality</td>
<td>• Data Ownership</td>
<td>• Best of Breed vs. Sole Source</td>
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COMPROMISE

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Simply Stated….

IT Strategic Planning provides a framework for the collection, movement, use, and storage of pertinent data across multiple administrative and care provider settings.
Our Goals…

• To effectively compete in defined markets
• To support administrative and back office functions required in the healthcare industry
• To provide an enticing and exciting workplace for current and future staff
• To achieve the greatest possible health outcome at the lowest possible cost
So, how are we doing?

Efforts have been arduous, lengthy, and expensive but effective IT Strategic Planning can and will improve our position.
Strategic Planning is Not a New Concept

It has been:

• Talked about
• Written about
• Studied
• Analyzed

• Obsessed over
• Customized
• Ignored
• Evaluated

... and yet it still eludes us
Why is IT Strategy Necessary?

• Provides focus
• Enables the organization to meet business objectives
• Provides a roadmap and timeline for IT activities
• Allows for prioritization of resources
• Supports financial planning
Without Effective Strategy we....

- Miss valuable opportunities
- Spend money on trendy initiatives
- Serve preference over principle
- Encourage a short-term perspective
- Allow vendors to define our strategies through available product lines
- Easily lose focus
- Can’t measure success
IT Strategic Planning encompasses much more than the relationship between the physical parts of the system.

Successful planning is measured by the user and validated in the meaningful application of data.
Current Status of Healthcare IT Initiatives
It is Documented that….

1/3 of all IT Projects are never completed

Less than ½ of all projects create high levels of economic value
Why is there Continued IT Investment?

- Competitive Forces
- Vendor Relationship Pressures
- Belief that the next project will bring value
- Fear of not investing and falling behind

$$$$$
What the Industry Tells us About IT
Today’s Healthcare IT Messages are…..

- Redundant
- Repetitive
- Conflicting
- Competing
- Confusing

And focus around……

- Common Operational Themes
- Survival Initiatives
- Technology Advances
- Business Strategy
Today’s Healthcare IT Messages are…..

- Common Operational Themes
  - Electronic records
  - Clinical automation
  - Product integration
Today’s Healthcare IT Messages are…..

• Survival Initiatives
  - Y2K
  - HIPAA
  - APCs
Today’s Healthcare IT Messages are…..

• Technology Advances
  ▪ Internet
  ▪ Intranet
  ▪ ASP models
  ▪ XML
  ▪ JAVA
Today’s Healthcare IT Messages are…..

- Business Strategies
  - Process reorganization
  - Management IT education
  - Supply chain management
  - Managing IT operational and capital expenses
Healthcare IT Planning Today
Opportunities for IT Planning

Greater Technology Efficiency

Technology - Centric

Alignment of Business Strategy and Technology

Tactics not linked to technology efficiency or business strategy

Process - Centric

Greater Business Enablement
Greater Technology Efficiency

Technology - Centric
Tactics not linked to technology efficiency or business strategy

Alignment of Business Strategy and Technology

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Greater Business Enablement

Realities of IT Planning
Focus is on Operational Effectiveness rather than IT Strategy Development

- Easier to focus on operations
- Demanding of our current time and attention
- Supported by organizational culture and politics
- Provides immediate gratification and results
- Appears to be less expensive
- Requires less planning skill and expertise
So why don’t we do IT Strategic Planning?

<table>
<thead>
<tr>
<th>COMMON REASONS ORGANIZATIONS DO NOT DEVELOP IT STRATEGY</th>
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<tbody>
<tr>
<td>COST</td>
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<tr>
<td>Many organizations believe that the creation of the plan is an expensive endeavor that cannot be cost justified.</td>
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<td>EXPERIENCE</td>
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<tr>
<td>Frequently organizations lack the necessary skills and experience to prepare a comprehensive strategic plan.</td>
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<td>PAST FAILURES</td>
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<tr>
<td>Historical experiences that have not proven to be beneficial or productive for the organization negatively influence future planning efforts.</td>
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<td>INSUFFICIENT TIME</td>
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<tr>
<td>Consumed with the priorities of daily operations, executives rarely find the time to collaborate with peers to develop a vision and strategy for tomorrow’s activities.</td>
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<tr>
<td>CULTURE</td>
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<td>Organizations routinely fail to credit the impact culture has on the IT strategic planning process.</td>
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Strategic Planning Approaches
IT Strategic Planning Guru’s say…

Do a Plan  ~  Don’t do a plan
Focus on 3 – 5 year timeline  ~  You can’t plan beyond a year
Merge with business plan  ~  Create a separate plan
Have the executives at the table  ~  Have the process owners at the table
Make it one page  ~  Make it 30 – 40 pages
Start with technical architecture  ~  Start with functuality to support process
Before you Begin. . .

- Define the scope and proposed use of the plan
- Define the right approach to develop the plan
- Define desired elements to include in the plan
- Pick the right staff to contribute to the plan
Define the Scope and Proposed Use of the Plan

• Relationship to business plan
• Relationship to marketing plan
Picking the Right Approach to Develop the Plan

• Individuals, teams, and/or committees
• Method of analysis of current state
• Method of analysis of IT market today and in the future
• Method for determining priorities
• Written format for presentation of plan
• Timeline for deliverables
• Approvals
Elements of the IT Strategic Plan

- Executive summary
- Statement of scope
- Organizational history and background
- Current state assessment
- Guiding business and marketing objectives
- Plan objectives, timeline, administrative ownership
- Broad strategies supported by specific tactics
- Current capacity to meet tactical plan
- Graphs, pictures, bullets, attachments
  - and –

Lots of white space
Picking the Right Staff to Develop the Plan

- Leadership
- Governance
- Ratio of senior management to domain experts
Competitive Strategic Planning Model (CSPM™)

Step 1: Analyze and document current circumstances
Step 2: Analyze and document business and competitive forces
Step 3: Formulate and document a vision based on business strategy
Step 4: Perform a Gap Analysis
Step 5: Define tactics to achieve the plan
Step 6: Publish and communicate the plan
Step 7: Execute tactical plans
Step 8: Measure and evaluate IT efficiencies

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Step 1: Analyze and Document Current Circumstances

• Software inventory
• Hardware inventory
• Staff matrix, skill, experience, and tenure
Step 2: Analyze and Document Business and Competitive forces

- Local and regional
- Staffing (clinical and technical)
- Response to emerging healthcare initiatives
- Response to emerging technology initiatives
- Response to local and federal regulatory pressures
Step 3: Formulate a Vision Based on Business Strategy

• Requirement to maintain competitive edge
• Desire to promote advanced use of technology
• Current technology philosophy
Step 4: Perform a Gap Analysis to Determine Deficiencies in IT

- Product
- Infrastructure
- Staffing
- Time
- Money
- Focus
Step 5: Define Tactics to Achieve the Plan

- Technology infrastructure purchase and implementation
- Product purchase and implementation plans
- Specific tactical details (by project)
  - Project plans
  - Timelines
  - Costs
  - Expected results
Step 6: Publish and Communicate the Plan

- Sell the benefits of IT strategy
- Solicit comprehensive involvement at all levels throughout the organization
- Understand those elements and motivations that can impede, redirect, redefine, or sabotage strategy
- Be consistent
Step 7: Execute Tactical Plans

- Establish operational ownership
- Establish project teams
- Establish project measurements and reporting mechanisms
- Establish post-live support modules
Step 8: Measure and Evaluate IT Effectiveness

- Monitor tactical plans through timelines, deliverables, customer acceptance, etc.
- Perform periodic reviews of the environment and market to determine ongoing appropriateness of the plan
- Make updates and revisions to the plan through addendums and amendments
- Celebrate every small victory
Conclusion

• Know what you want to do before you begin
• Understand that information technology is an enabler of operational process and not an end unto itself
• Insure purchased applications enhance and promote vision and business strategies
• Change current project implementation thinking from successfully installing software to successfully impacting the healthcare delivery process for the benefit of the organization, the community, and the patient
Clearly it is no longer acceptable to delegate IT strategy solely to the technicians.

Technicians can and will supply the tools, but it is leadership, at the executive and board levels, who must define and manage the risk and value propositions associated with IT.