



Improving Your Game:

Thorough planning and preparation significantly enhance success

By: Ward Keever, CTG HealthCare Solutions Executive Director of Executive Services

I suspect we all know a CIO whose career has been threatened (perhaps worse) due to over-promising and under-delivering the implementation of a large clinical project. These projects are expensive and complex, and it's not always clear what the specific benefits will be. On top of that, there are very few successful and completed implementations to reference as models. As a consequence, there are many CIOs who are no longer in their jobs as a result of not meeting expectations. Why is this the case?

I sometimes think CIOs as a group are extremely optimistic, and want to believe good news rather than err on the side of caution—especially when partnering with a vendor that has just successfully completed negotiating a contract, hosting a victory celebration for the staff, and making projections with supreme confidence. It's all good news!

But history suggests otherwise and here is why you need to be a bit (a lot?) more cautious:

- 1) These systems are expensive. Vendors can provide estimates for software and their professional fees to install the software. These costs do not always include contingencies for scope change, nor do they include the time for your in-house team to develop interfaces, upgrade/extend hardware and networks, conduct training, prepare reference material, etc. It's not good for your career to have to go back to the Board to ask for additional funding, let alone having to go back a second or third time. One of a CIO's most important qualities is credibility—it can quickly be lost by asking for additional unplanned funding to complete a project.
- 2) The benefits are not clearly spelled out in the contract and a commitment from the vendor to achieve these benefits is rarely requested. Thus, when the Board asks "What did we get for \$100 million?" the CIO is usually left naked without any help or acknowledgement from the vendor. In many instances, the only up-front benefit identified was 'to standardize care'; and, in retrospect, that is not much of a benefit.
- 3) What happens when the clinicians are surprised about how the new system functions or doesn't function for a specific aspect of clinical care? They don't often say "Oops, our mistake." Rather, they express surprise to the CIO and indicate the system is not useable until the issue is fixed. New installations are especially susceptible to this condition when the vendor promises a low-cost installation by using a 'quick build' approach suggested by many vendors. This approach

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generally ends up being more expensive than initially planned due to all the enhancements required to satisfy clinicians after startup. And where's the vendor at this point in the process? Certainly not offering free support to address the issues. Nope, these will be expensive scope changes.

As with everything in life, a thorough understanding of the situation and proper planning can significantly reduce your risk. There are three areas where enhanced common understanding and forthright discussions with your vendor and your constituents prior to contract signing really pay off: *cost*, *functionality*, and *benefits*.

Cost. The message of this *Insights* is not to blame or cast aspersions on our vendors. I have found that there are vendors who are honest in their cost estimates and schedules—for the optimal implementation. These cost estimates for their portion can be accurate particularly if the client has not set forth expectations for specific benefits/functionality beyond those supported by the available standard software, and there are no issues or delays. However, the vendor is in no position to ascertain how effective your organization will be in making decisions and running the project. It is also not in their best interests to estimate more for contingencies when it might unnecessarily inflate their costs in comparison with their competitors.

Vendors also don't understand your organization or technical environment and aren't in a position to adequately estimate the total cost of an implementation or upgrade. They cannot truly evaluate the internal costs for components such as:

- Staffing/labor for IT and operational personnel
- Operational impact to the organization
- Network, workstations, and other infrastructure costs
- Third-party interfaces and implementations
- Backfill for your legacy applications
- Testing and acceptance

Functionality. Vendors generally deliver what they commit to in a contract. This is not true for all vendors, though, as some do sell and promise software that does not yet exist. The promise can be exciting—if you can afford to wait and are not alone in the decision. As a CIO, you are, by virtue of your job description, a certified, real-life change agent. And I know how exciting it is to be in that role. But it's important to the longevity of your career to take a few cautious steps at a time when you and everyone else want to be very positive about the success of the project. A clear, shared understanding of what will be delivered and when is essential to setting proper expectations and determining the acceptable level of risk. It's frequently a good idea to group the functionalities to be delivered into phases as a way to manage expectations.

Benefits. Every vendor touts the benefits of their systems for your institution, but only you can determine whether those benefits are applicable and achievable within your enterprise. Moreover, are the benefits measurable so that once the system is in, it can be determined if the benefits were derived? Working jointly with your vendor and constituents to evaluate



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and define the true benefits of a system specifically for your institution commits all parties to the initiative with the same definition for success from the start.

Thus, even though a vendor may tell you that a consulting organization is not required, an objective third party with planning and implementation experience with your selected vendor is often in a better position to assist with planning activities that can benefit you *and* your vendor in the long run. I suggest you hire one with demonstrated credentials, references, and no axe to grind to help with the following tasks:

1. **Visioning:** Clarify with your team (staff and constituents) what you need to achieve—build consensus around scope, objectives, goals, and approach.
2. **Governance and decision-making process:** Create an effective decision-making structure that will assist in avoiding ‘analysis paralysis’ and/or organization indecision among the various constituents. Timely, informed, and efficient decision-making can prevent delays and avoid substantial cost overruns.
3. **Expected benefits:** The goal is not to standardize care. Rather it should be to increase the standard of care and provide ongoing documentation that this improvement has been achieved. Thus, it is necessary to have a document that all your constituents, including the clinicians and the Board, can buy into that articulates defined benefits and metrics to measure success.

It is also very advisable that such a document becomes an addendum to the contract with the vendor, so the vendor contractually agrees that its system and associated costs, resources, and schedule will achieve these benefits. Clearly documenting any software/features that are not yet at general release can benefit both you and the vendor in setting realistic expectations with your constituents. The more constituents and vendors you can get ‘into the barrel’ with you, the fewer there will be left to take shots at you if a problem occurs later.

4. **Project planning:** Clarify and add additional tasks that are not specific to the vendor, but are required within the total project. Vendors rarely provide accurate estimates of these steps or phases, yet they are a major reason for schedule and cost overruns. The key to maintaining credibility is to provide cost estimates and schedules you can meet and hopefully beat. Your motto needs to be ‘*On time and under budget.*’
5. **Total cost of ownership:** A Board will frequently ask for a five-year projection of total cost of ownership as part of the approval process. There are a lot more to the costs than just the vendor’s software, professional services, and maintenance support—major cost areas such as your internal IT and operational costs and impacts are often underestimated or not addressed since vendors are incented to quote the lowest price they can. It’s very desirable to be able to refer to the experience of others and have a complete cost projection available. It goes to your credibility. Knowing all the costs up front also gives you a fighting chance to bring



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the project in under budget rather than trying to hide unanticipated expenses in a subsequently requested cost analysis.

Even Tiger Woods has a coach, because he knows that when he gets too close to his game he may overlook the obvious. Likewise, there are times when an industry coach can be a valuable resource for knowledge and experience, and can assist your team or help with building consensus within the organization on the issues surrounding an implementation or upgrade. If this idea makes sense, look for a proven coach with clearly demonstrated, vendor-specific experience and references from previous clients that document achieved results.

Thorough preparation and planning on the front end can significantly reduce your handicap and improve your game!