



Business Acumen and Lifecycle Awareness:

Essentials to Managing IT Chaos

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

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Mathematicians and physicists love what is known as Chaos Theory. It describes the behavior of certain nonlinear dynamical systems. In other words, chaos, by its definition, depends on constant motion without much discernable progress. Now if that describes how your IT department functions, you may be operating in chaos.

Managing an IT department is chaotic by its very nature. Changing technology, multiple user demands, the integration of disparate applications, and regulatory and privacy requirements all contribute to the chaos that challenges the typical healthcare IT manager.

There is a more effective way to run your department: run it like a business. Granted, this is not as scientific sounding as Chaos Theory, but this approach can result in a department that becomes stronger and more productive—*much* more productive.

While your IT experience is unquestionably important to your success, your understanding of general business principles is equally important. If you strip out the product or service involved in almost any business, operating one business is pretty similar to operating any other.

Basic business principles can be—and have been—successfully applied to almost any business, including healthcare IT departments. The essence of applying these basic principles is segmentation. Look at your department in terms of where it is in its lifecycle and apply the business principles accordingly.

That is, determine where your business, i. e. department, sits in terms of time. Is it in the first, second, or third phase of its lifecycle? Are you beginning to build a department (which may include restructuring an IT organization/function that was previously ineffective), actively growing your department, or maintaining a mature department? Understanding where you are in the lifecycle will point you to the organizational structure, personalities of your desired staff, processes, and controls to put in place—and perhaps most important, will tell you where you need to spend your personal time.

Phase One: Start-up

If you are a start-up IT department, in the first lifecycle phase, you need an organization that is capable of putting processes in place and orienting your management team to these processes, while at the same time building a constituent base by personal contact and follow-up. This is not the time to take on a major project—especially one with board visibility—with untested staff in an environment without the policies and procedures in place to ensure on time and under budget completion.



IT Department Lifecycle

1. Start-up

*Establish/restructure
IT department*

- Establish and implement processes
- Establish and orient management to the 'new order'
- Build trust and develop constituent base

2. Growth

*Build IT department of
strategic significance*

- Begin strategic initiatives
- Select new vendors
- Focus on recruiting, project, and budget management

3. Mature

*Maintain efficient IT
department*

- Select new/replacement vendors
- Leverage opportunities for cost reductions
- Focus on internal IT efficiency

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During the start-up phase, it is important for you to personally establish trust and confidence among your constituents. Focus upon and establish a responsive culture of customer service. Set expectations you can beat, no matter how small a specific expectation may be. Make certain your help desk gets used to setting expectations your network group and other service functions can easily beat, rather than making a lofty promise and hoping for a lucky break. This is also a time to work through a budget cycle and set reasonable expectations of what you and your department can be expected to achieve, given the resources assigned to you. The first phase could take six to twelve months depending on the size of your corporate organization.

Phase Two: Growth

In phase two, our responsibilities and budget are expanding. You are actively recruiting, defining requirements, evaluating vendors, and taking on major projects in this growth cycle. In short, your department is considered strategic to your corporate organization. Senior management is looking to you to make a real difference in multiple areas.

Now you need a full-time recruiter, a person to manage your budget and monitor expenses, and a project management office including project leaders with demonstrated successes. This group will complete the team that will make your business successful. You and your team become more visible to your constituents while you are monitoring a handful of indicators such as actual versus budgeted expenses, recruiting and orientation results, major project milestones, and communications (written and verbal) to all levels of management.

Your technology expertise is less and less important at this point, and your business acumen must increase. It's time for a few courses in general business topics (rather than IT or healthcare). One easy technique that demonstrates your business awareness is to memorize a few key business indicators that are monitored by senior management



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Ward Keever serves as Executive Director for CTG HealthCare Solutions' Executive Services. As a former CIO, he has over 35 years of experience in the healthcare IT industry, with a strong background in strategy development and implementing strategic and tactical IT systems in large health system settings and specific solutions for applications within the healthcare industry.

For more information, contact: Ward Keever ward.keever@ctghs.com

and outside of your direct responsibility, e.g. accounts receivable days outstanding (and the trend); number of physicians with admitting privileges and the high admitters; total revenues and net profit for last year and this year's budgeted numbers; and revenue and profit for major clinical services such as cardiovascular, orthopedics, and women's health. Having this information readily available and incorporating it into your conversations clearly positions you as more than a "techie."

Phase Three: Mature

In the mature phase of the IT lifecycle, your budget begins to flatten, and in some instances may even be reduced. Management acknowledges your achievements, but the corporate focus may be shifting to another priority, e.g. expanding ambulatory care locations. You are spending an increasing amount of your time maintaining the operation and looking for opportunities to reduce costs and be more efficient. For example, a third-party audit of your phone network and contracts with the carriers may generate several hundred thousand dollars of real savings. Outsourcing may even be creeping into conversations with other senior executives. Your desire to grow your department must be balanced with cost savings opportunities and what is best for the total organization.

It's time to present yourself as an optimistic team player and corporate executive, and not just a CIO with turf to defend. Part of your services may still be strategic, while other portions are viewed more and more as commodities and expenses, such as phone service. Systems are in place and maturing, but there are still occasions to address new opportunities and replace obsolete applications.

The criteria for replacement must be developed and presented in collaboration with your constituents. A key change in perspective will occur in terms of how you view the opportunity for help from your constituent base. In the startup phase, you were looking for help to prioritize all the work—you had more opportunities than available staff resources and budget. In the growth phase, you looked to your constituents to help identify and seek approval for potential applications—some new and some replacements. Now you need a team that is more creative in searching out these opportunities and has the selling skills to initiate, gain endorsement, and achieve approval of new applications. Selling skills have become more important to your growth and job satisfaction.

However chaotic your IT department is, business acumen and strong leadership are critical to your success as an IT and business manager. In my mind, leadership is best defined as "Expect others to achieve beyond their own expectations and create the environment for that to happen." The first half of this definition is easy. The second half is your continuous and most important challenge as a manager who is running a chaotic, but successful, business—regardless of what phase your IT organization is in.