



“Chance Favors the Prepared Mind”

Preparing a good defense in today’s financial climate

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

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This past week I heard a common theme from many CIOs at the CHIME Fall Forum. They indicated that the current recession and dramatic drop in equity values have caused significant concern within their organizations, including the IT departments. Endowment fund values have dropped, causing the anticipated income to dry up. Patients with optional needs (e.g., plastic surgery) are postponing surgical procedures and others are taking pain pills instead of visiting the ER for back pain. And CFOs are expecting a rise in receivables and bad debt.

As a result, CIOs have been asked to eliminate all discretionary expenses; some have postponed initiating new projects. And although I did not hear of anyone at CHIME losing his or her job or having to fire employees, if the recession is to get much deeper, we need to anticipate this possibility. In fact, one of our prominent medical centers just announced they were laying off 500 non-clinical employees (even though they reported a respectable profit). We need a game plan for helping our organizations and affected employees through these difficult times.

As we all know, the best offense is a good defense—a *proactive one*. While the focus since 2000 has been on clinical initiatives, this economic downturn will clearly refocus our strategic initiatives on the financial and operational aspects of our healthcare institutions. CIOs can prepare to defend against the negative impact of these financial pressures in various ways.

The obvious institutional strategy is to look closely at the various opportunities for improvement in revenue cycle, operations, or care delivery that can drive out costs and increase reimbursements to sustain financial stability and avoid cutbacks. *Most importantly, what are the quick hits?*

Besides standard cost cutting initiatives, new opportunities with business analytics, clinical improvement initiatives and disease management need to be assessed in light of your institutional environment. Where can IT enable such initiatives with the biggest bang for the effort with minimal costs? Such an assessment needs to be made at the IT operations level as well as the enterprise level. Proactively leading this optimization charge is a great strategy for shifting to the offense.



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Unfortunately, IT initiatives to address financial pressures may take longer than your institution's financial situation can tolerate and immediate action may be required while mid-term and long-term projects are addressed. Too often, this comes in the form of staffing cutbacks and mandated layoffs.

Get ahead of the game by reviewing your current project list before these cuts are requested. While all your projects were probably initiated with strong benefit expectations, be ready with your cost-benefit evaluation under new economic conditions. It's better to make that assessment thoughtfully and early, rather than later when you're under the gun.

If optimization efforts aren't enough though, layoffs are often the quick fix many institutions will choose. Such layoffs can be devastating to your IT organization, both for those who leave and those who remain. Being prepared to handle this potential task in a compassionate way can make all the difference.

It's tough to tell a long-time employee—possibly with kids in college, a home mortgage and a car payment—that they're being fired, regardless of the reason. How you do this difficult task can make all the difference in the world to the ex-employee, as well as to those who remain. How can you do it in a way that allows you to face yourself? In these difficult moments, you have the opportunity to show your true leadership and demonstrate sincere compassion, concern, and a willingness to help by offering support and a few thoughts on how to navigate through this tough time and find a safe landing.

Before notifying anyone of a layoff due to economic conditions (and not related to their job performance), I suggest that you find a coaching service that can work with the person(s) and address the following topics:

- **Emotional support:** People terminated for reasons beyond their control will go through a range of emotions, usually starting with anger. The sooner they can get through these feelings and begin to climb out, the sooner they'll get back in the game. Most folks, consciously or unconsciously, include their job and the organization they work for as a significant part of their self-esteem. Losing a job will almost certainly impact their emotions and they will have difficulty regaining their self-esteem alone. They need a support group—relatives, friends, or others who've had similar experiences and worked through the issues. They need to be encouraged to exercise, both physically and mentally, rather than becoming immobile and feeling sorry for themselves. That approach is a certain killer.
- **Financial advice:** Few employees are financially independent. Most rely on their paychecks to maintain their existing lifestyles. A certified financial advisor is an invaluable resource for helping a person navigate through a period of unemployment. An advisor can walk the ex-employee and his or her family through any issues associated with existing investments (e.g., an employee-sponsored 401(k) fund) and present options for developing new levels of cash flow and expenditures until they can find new employment.
- **Résumé writing:** This service is an obvious need. Many ex-employees have been at the same organization for several years and have no idea what a good résumé



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looks like today. Creating and distributing such a résumé is critical to finding new employment. A good coach will first have a face-to-face discussion to reach consensus on a person's strengths and weaknesses, likes and dislikes. An honest and open self evaluation is important if a résumé is to accurately reflect the person who will ultimately present himself/herself as a candidate for employment. If the résumé is misleading, the interview will not be a confirmation of expectations and ultimately be unsuccessful.

- **Market placement:** Once the résumé is available, a good coach will also have the contacts to get it into circulation and follow up with potential employers to advance the candidate to a face-to-face interview. We all know that recruiting is a tedious, time-consuming task that is never the priority it should be when faced with more pressing daily tasks. And yet, for an unemployed person, it is a very high priority. Thus a good coach knows how to push employers to make a decision rather than let the recruiting process take its usual slow course.

This is not my normal upbeat *Insights*. Nonetheless, it addresses a topic that many CIOs across the country are likely to face. Remember: any crisis presents opportunities for leadership. Proactive leaders can help their organizations effectively address the financial challenges while compassionately managing obligations toward his/her staff. How you handle the situation will be observed closely by the remaining members of your team.

Sooner or later, this recession will end. The questions no one can answer with confidence are when it will end and whether things will get worse first. During the Great Depression in the 1930s, unemployment reached 25 percent. Some experts are forecasting that unemployment this time could reach 10 percent. Who knows? But I do know that chance favors the prepared mind, and as a leader you're obliged to be prepared—to help your organization through difficult financial times and to help your teammates through unexpected layoffs. Your employees will appreciate it and the remaining team will think more highly of you for showing your compassion. Let's hope it is not necessary.

"Chance favors the prepared mind" is a quote from a lecture given by Louis Pasteur in 1854 at University of Lille, France.