

# The Importance of Being Measured

## *Creating and Sustaining a Strategy-Focused Performance Measurement Process*

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“Enterprise Performance Management” and “Performance Improvement” are the latest “buzz” activities in many healthcare organizations, engaging the attention and involvement of executive leaders, department managers and line staff alike. We all want to believe that the effort invested in our performance improvement programs today will be effective and sustainable well into the future. Sadly, few “change” initiatives ever get off the ground fully, let alone last for more than a year or two. Why is this?

Albert Einstein once said: ***“Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted”***. In the case of performance measurement, however, ensuring desirable outcomes in performance improvement mandates that items must be counted (*sorry, Albert*).

Many improvement programs fail in the absence of a robust system of Performance Measurement. In such a system, each improvement initiative has at least one performance metric by which to gauge success or failure and each measure has an established target, timeframe, baseline, and threshold for acceptable variance. Metrics are measured and reviewed on a regular timetable, and actions are taken to correct for negative variance. These performance metrics – or key performance indicators (KPIs) – aggregate to an organizational dashboard

which, when properly designed, aligns with the strategic goals and objectives, allowing the organization to be truly data-driven.

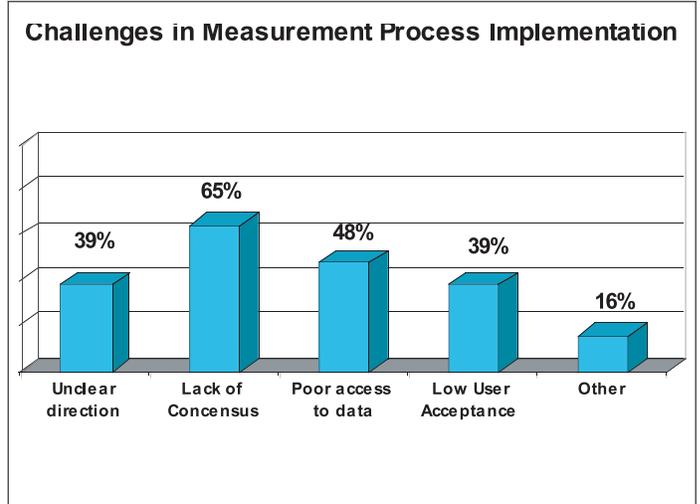
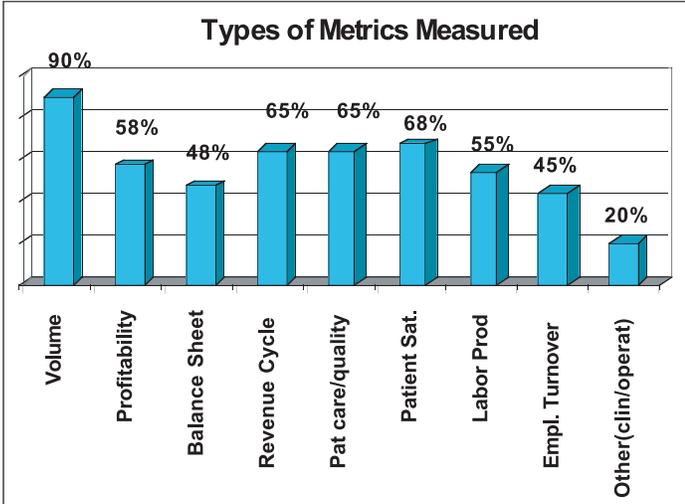
### *What Are Hospitals Doing Today?*

Many hospitals have a limited or ill-defined process for what should be measured and reported. Myriad data are inconsistently collected from disparate transaction systems. Analytics are performed on an ad hoc basis, frequently in reaction to problems rather than as a means to create opportunity or foresee trouble before it occurs. Worse yet, analyses are often done in silos across the organization, with results supporting the individual needs and biases rather than the common interests of the organization. Frequently there is insufficient communication about how the data will be used, and work products can fall into a “black hole” with no follow up communication about findings or next steps. Other times organizations fall into “analysis paralysis”, slicing and dicing data until no one remembers the point of the exercise.

A recent survey of Massachusetts HFMA members illustrates the types of metrics most commonly measured today as well as some of the challenges members have faced in trying to develop and implement a more rational, strategy-focused performance measurement system.

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Source: 2008 survey of MA-RI HFMA members (31 respondents; multiple responses allowed) conducted in preparation for the Feb. 15, 2008 Enterprise Performance Management educational program "Measure Up to Your Full Potential".

### *A Strategy-Focused Performance Measurement Process*

The introduction of a strategy-focused performance management process will help break this cycle of sub-optimal analysis and reporting.

Well defined measures will be developed to track the goals of performance improvement initiatives, which in turn are designed to support the organization's strategic plan. Leadership and analysts alike will be clear on what data is needed, when and why.

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A strategy-focused performance measurement process has the following characteristics:

- Senior management sponsors the program
- Performance measurement is embedded in all improvement processes
- Performance metrics and indicators are clear and routinely measured
- Core data is centralized
- Reporting is automated and scheduled
- The program is focused on “ends” rather than the “means”

### *Championed by Leadership, Embraced by All*

Sustaining a performance improvement program requires commitment from everyone in the organization – from the executive team, to department leaders, to line staff. To be successful the program should be actively sponsored by a named executive sponsor whose role is to clearly communicate vision and alignment to hospital corporate strategy. Performance metrics must be both global and departmental so that everyone in the organization has an active stake in outcomes. By aligning the process with all facets of daily operations, performance measurement will become entrenched in daily activities and every single individual will understand how their day-to-day activities affect organizational results thus improving chances for ongoing success of performance improvement activities.

### *Quality Data, Meaningful Information*

In this age of technology, hospitals have become data rich, but many remain information poor. A well designed measurement system will turn data into meaningful, actionable information.

A common challenge for many analysts is determining the best source of information from across all options within the hospital. The same

data can be (and often is!) captured from multiple sources. This can result in redundant work effort, skepticism about data integrity if similar reports yield different results, and a time investment to reconcile variances in data from disparate systems. Looking at the data capture process and protocols may help determine which system provides the most accurate data source for specific metrics. Ensuring the data quality at every stage of the process will certainly yield more successful results.

### *Data Repositories and Automation*

Hospitals are beginning to develop data repositories which can accept data from multiple sources into a single location. A data repository houses selected data points from all source systems, typically representing approximately 20% of all available data upon which 80% of all decisions are based. These new central data sources become “a single source of the truth”, eliminating the need or temptation to access data from multiple source systems.

High performing organizations are also moving away from manual data manipulation and multiple points of human interaction and instead are implementing state-of-the-art, automated reporting systems. Some of your best ROI may come from investigating these tools specifically designed to help streamline the measurement process and ensure consistency across your organization. A robust measurement system features drillable, actionable views of data to allow for more in depth analysis of issues.

### *Focused analytics, competitive edge*

In his Harvard Business Review article “Competing on Analytics” (January 2006) Thomas H. Davenport tells us that “Analytics competitors do all things in a coordinated way, as part of an overarching strategy championed by top leadership and pushed down to decision makers at every level. Employees...are armed with the best evidence and the best quantitative tools. As a re-

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sult, they make the best decisions: big and small, every day, over and over and over.”

Internal and external pressures to demonstrate performance in health care quality and operations are causing the surge in more systematic performance measurement to support overall performance improvement. Supported by a strategy-focused measurement system, today’s health care leader is better equipped to meet demands for timely information and to take appropriate action based on accurate information. Organizations with a strategic approach for performance measurement are more likely to be the organizations which out perform competitors and sustain ongoing improvements.

### *Develop a Performance Measurement Program That Works For Your Hospital*

A comprehensive Performance Measurement program is often several years in the making, but can be meaningful from the outset. Try these suggestions and remember that refining your performance measurement program is an evolving process so don’t expect perfection but stay focused on your goals. Here are the tips to get started:

1. Take stock of where you are now and establish goals for where you need to be.
  - Is your **vision and strategy** well-defined and clearly understood by everyone in the organization?
  - Do you know who your **customers** are and how to meet their needs? This will vary by functional area.
  - Have **improvement goals and initiatives** been identified? Do they align with corporate strategy and customer needs?
  - Does your **culture** support change? Is your leadership data-driven?
2. Prioritize and focus on the vital few performance improvement initiatives that will have the greatest positive impact to the organization. Do not try to tackle every identified

opportunity at once.

3. Identify key performance measures for each improvement initiative. These should be few in number, simple to understand, monitored regularly, and should trigger action as needed to continually drive toward achievement of improvement goals.
4. Assess the quality of internal analytical talent. You will need folks with a strong aptitude for problem-solving and quantitative analysis.
5. Assess the availability, accessibility and quality of data critical to performance measurement. As needed, improve transaction systems, develop a central data repository, and secure adequate technology to support data collection and analysis. □



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