Communicating Value for IT Performance Management: Are You Speaking Their Language?

The increased investment in IT due to initiatives like Meaningful Use (MU), ICD-10, and patient engagement comes with increased scrutiny from the organization. These days it is not enough to complete “IT projects”; you need to demonstrate value from IT-enabled business and clinical initiatives. But are you speaking the same language as the rest of the organization? CEOs and the executive team are not really interested in IT operating metrics. Is there a better way for CIOs to measure and communicate the value of IT to the rest of the organization?

The Challenge

The health care industry is in a transition that is not going to stop any time soon. Value is already taking center stage when it comes to reimbursement by the federal government and commercial payers. Health care IT organizations and their leadership must finally begin to manage priorities in ways that have been demanded by other industries for years. IT spending is not related to variable cost drivers such as hospital census, and there historically has been a lack of meaningful IT benchmarks that are relevant to hospital business value. Even so, CIOs are frequently being held responsible for these investments, a difficult situation indeed when, as for many, they are held to this accountability without authority. Only through IT performance management can a CIO help demonstrate the value of these IT investments to the rest of the organization. Communication is a key factor in a comprehensive performance management strategy. Yet it remains a challenge to communicate IT value to other health care executives when many are not IT-literate or IT-competent. CIOs, many of whom are used to looking at IT performance measurement in terms of downtime and projects completed, must begin to communicate the business value of IT investments, and do so in ways that are easily understood by the rest of the organization. An effective measurement and communication strategy is a key part of IT performance management.

Working in Tandem

Communications is one of the four pillars of an IT performance management strategy, as outlined in the ITSC research note, “IT Performance Management: Delivering Value to the Organization” (May 2012), that also includes IT governance, IT strategy, and delivering value. These pillars are key to supporting business decisions, generating business value from IT-enabled investments, and achieving strategic goals and business benefits through effective use of IT. However, without a strategy for communicating value, no IT performance management plan can succeed. Effectively communicating what information technology has been installed, what business value it has provided to the organization, how it aligns with the organizational strategy, and how it delivers value are key to a CIO’s ability to manage performance. From interviews with our members we find that the pillar of communications is often overlooked—and where most IT organizations fall down.

Communication Tools

The communications pillar represents the processes for measuring and informing the organization about the value obtained from IT initiatives. One of the primary reasons that IT struggles in health care is because the C-levels and boards are often naive about the complexities of IT, the impacts of complex technology, and its strategic impact on business models and processes. IT operating metrics are usually irrelevant to executive cabinets. Those metrics represent CIO-specific problems and just table stakes in today’s more demanding environment. More relevant is that the
CIO understands the strategic priorities of the organization and its respective agendas, including the top five to ten priorities at the enterprise level, and that the rest of the organization values, respects, and trusts the CIO and the IT department. How IT is supporting these initiatives for the organization’s success should be top priority for communication.

With a standard 3 percent of operating budget, there are often unrealistic expectations about how much IT can accomplish on a relatively limited budget. The most important relationship CIOs can have with fellow C-levels is the "No Factor," or the ability to say, "No, we can't do that project as you expect, unless you want me to drop something else. Let me explain why..." Whatever governance method is used, there must be a way to ask tough questions to ensure the company allocates its IT resources wisely.

Once IT-enabled projects have been selected and resources allocated, there are different methods of measuring and communicating value for different types of IT assets or capabilities and for different audiences. These can include demonstrated adherence to standards (for example, COBIT or ISO 9000). External controls can include the potential use of SAS 70, a widely recognized auditing standard developed by the American Institute of Certified Public Accountants. An auditor's examination performed in accordance with SAS No. 70 (also commonly referred to as an "SAS 70 Audit") is widely recognized, because it represents that the organization has been through an in-depth audit of their control objectives and activities, and includes controls over information technology and related processes.

The use of metrics, dashboards, and scorecards is essential and should be based in part on strategic organizational initiatives; these measures should be managed by the business or clinical unit leading the initiative. Benchmarks should not be overlooked as another valuable tool for communicating value. Though the wide variation in health care organizations has led to the common adage that benchmarks do not hold up, CIOs should strive for reasonable comparables. Requests for FTEs can be managed through the use of timekeeping that measure productivity. These tools will be discussed in greater detail in our upcoming performance management research report on communicating value. Whichever method of measurement is used, CIOs must ensure that executives report back to IT with evidence on whether each IT-enabled business initiative met its goals. (See ITSC note, “Benefits by the Numbers: How to Use Metrics for Tracking EMR Value,” August 2011.)

Four studies by researchers at the Massachusetts Institute of Technology show that transparency—clear communication about IT performance and decision processes—is the best predictor of the business value of IT. These studies all show that transparency creates an environment that improves both IT performance and the IT/business relationship. Managing for transparency can range from enhanced used of surveys to appointing IT liaisons for business units. IT visibility comes from physically walking the halls and encouraging business users to share concerns and suggestions that can help the CIO prioritize business needs. Using visual cues for communication is another powerful tool. For example, CIOs struggling with many projects and limited staff can post a large visual in the hospital showing resources needed for each of the big projects.

CIOs can also increase the perception of IT value through a communications strategy. High visibility and prestige for the IT organization can come from utilizing the media to publicize current and future IT-enabled initiatives, local and national speaking engagements for the CIO and senior members of the team, and applying for the annual “Most Wired” designation. These can all be publicized internally to further increase the value of IT in the organization’s eyes. When employees
understand the value of IT as much as the C-suite, the overall mission will be enhanced.

**Action Items**

- Communicate in measurable terms non-IT professionals can understand such as meaningful use dollars gained from IT-enabled initiatives, and avoid reporting on IT-specific measures such as downtime or projects completed.
- Require executives accountable for major IT-enabled initiatives to report evidence on whether each project met its goals.
- Base the use of metrics, dashboards, and scorecards in part on strategic organizational initiatives.
- Strive for transparency through the use of surveys and IT liaisons.
- Be visible in the organization through hospital rounds and engaging non-IT staff in discussion.
- Enhance the perception of IT in the organization through broadcasting the CIO’s and IT’s achievements externally and internally.