

Great Project Management = IT Success

By Roger Kropf, PhD, and Guy Scalzi, MBA

Information Technology (IT) is widely considered by health care managers to be difficult to implement. In order to overcome the significant hurdles, IT implementation requires professional project management and the involvement of senior management.

This involvement means putting in place a structure for project governance to decide what projects should be undertaken, who is responsible for them, how changes will be made, and what resources will be used.

The payoff can be significant. University Hospitals (UH), a multi-hospital system with headquarters in Cleveland, Ohio (www.uhhospitals.org), instituted changes in IT governance and project management that resulted in an increase in the percentage of IT projects that are on-time and on-budget from 50 percent to 90 percent in three years.¹

Hospitals that achieve that level of improvement through effective project management can save significant amounts of money. Failure to complete projects on time can result in late fees, penalties for continuing use of old systems, the cost of extending consultants and the opportunity cost of not having the new system in operation.

Projects that go over budget reduce the amount of money available for other initiatives such as acquisition of clinical equipment and quality improvement programs.

Clarify roles and authority

In many health care organizations, decision making roles and authority for IT projects aren't clear. There may be multiple ways to obtain approval to undertake an IT project, including the formal capital budgeting process, personal relationships with chief information officers (who use their budgets to pay the costs), or using grant funds under the control of a service chief or researcher.

For example, CIOs report being told that non-standard computers have been purchased by a hospital department and IT now needs to maintain them. The result is that systems don't work because the IT department hasn't the

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budget or skills to support the hardware and software.

A formal process for project approval needs to be established to assure that IT projects have the resources they need to succeed. A senior-level committee, chaired by the CEO, should meet at least quarterly to review proposals for new IT capital projects and assess the progress of existing projects.

Project proposals subject to review should exceed a dollar threshold, often \$100,000, and contain a thorough justification including a financial analysis showing the expected return on investment (ROI).

The presentation should be made by a senior-level clinician or administrator who will champion the project and lead it through completion, if approved. Approved projects should be assigned to a project management office where a project plan is constructed.

Effective project management

Senior management should create a team of trained project managers to monitor progress and create systems that collect and make accessible information from all projects. This usually requires selecting a software tool that enables the collection, analysis and communication of information on projects.

Health care organizations should:

- Hire a staff member certified in project management (e.g., possess a project management professional (PMP) certification from the Project Management Institute (www.pmi.org)) or send someone for training.

- Create a project management office (PMO) even if it is staffed only by one person.
- The PMO should disseminate and provide education and consultation on project management methodology.
- Discuss and agree on who can make decisions and who they must consult before money is spent on IT. The CEO must lead this process.

Creating a PMO allows clinical and operations staff to apply their skills and knowledge instead of taking a project management role they weren't trained to fill. Doctors and nurses involved in IT implementation can work with their peers and vendors rather than trying to monitor the timeline and staff effort being applied.

To increase project success, the PMO should set standards and monitor all projects. Project managers in the PMO typically manage multiple projects. The PMO can also collect information on the portfolio of IT resources and projects in the organization, helping senior management to prioritize projects.

The need for a PMO that centralizes control of IT projects will depend on the organization's culture, the size and risk of the IT projects being undertaken and senior management's desire for a single point of accountability.

A risk in developing a PMO that only monitors is hostility within the organization as late, over-budget or non-performing projects are identified. This could prevent the PMO from moving into a supportive role.

At a minimum, the PMO should disseminate and provide education and consultation on a project management methodology. Services of a trained project manager should be offered to clinical and business units. This will not, however, change who is accountable for project success and assure on-time, on-budget



Project managers can help physicians better deploy information technology.

performance. Only requiring a project manager will do that.

How big should the PMO be?

In smaller health care organizations, the PMO may have only one project manager and grow as responsibility is given to the PMO.

Size is related to the role of the PMO. A "lite" or "repository" model PMO (which disseminates and provides education and consultation on a project management methodology) might be staffed by only a few people trained in project management methods, while a PMO that provides project managers will need to be larger.

In small organizations, the number and size of the IT projects each year may not justify even one full-time project manager. Such organizations should consider the benefits of project management for other types of projects not related to IT or out-source the PM function.

Changes in IT governance

Who can make decisions and who they must consult will need to change to get the benefits of a PMO. If project sponsors can continue to initiate projects without using the PMO, then the benefits of a PMO will not be achieved.

Requiring the use of the PMO, however, will require changing the rules on when funds can be committed and spent. The benefits of using a trained project manager will be lost if project sponsors can make decisions on changes in scope, timeline and budget without consulting the project manager.

The PMO is never a decision making body in regard to project approval and setting or changing budgets or staff allocation. The primary role of the PMO is to assemble and report data and to provide analyses that help senior management make decisions. The PMO can be called upon to make recommendations. It can also enforce decisions in regard to

budgets by reporting actual expenditures in relation to the budget.

Cost

While the PMO may first be viewed as an additional cost, money is already being spent on project management, but not identified as such. Since trained project managers are more efficient, the cost of project management may actually be decreasing while the productivity of staff, relieved of product management tasks, may be increasing.

Effective project management by a PMO can free physicians to focus on the tasks required to achieve the benefits of clinically oriented IT projects.

For example, rather than worrying about whether the elements of a project are coming together—the arrival of hardware, software customization and training—physicians can work on customizing clinical decision support tools to make sure they fit accepted practice in a hospital or group practice. Such tools can improve the quality of care and increase revenue by improving medical documentation and adherence to payer requirements.

Some organizations may not want to create a PMO because it adds a unit to an already complex organization. They may also feel that PMO project managers will not become effective team members because they report to a PMO director and work on multiple projects.

The challenge those organizations will face is how to perform the functions of a PMO without creating one. This includes developing, disseminating and assuring compliance with a project management methodology, effectively applying project management software tools, as well as collecting and reporting accurate, timely and comparable data on projects.

Role of the physician executive

The changes that are required for effective project management should be carried out with the active involvement and support of physician executives. They will need to convince physicians who have acted autonomously by purchasing software and even hardware through funds they control to work through the PMO.

Physicians who don't control funds but have become accustomed to using one of many routes to implement projects will need to be convinced that a centralized approach is needed. The project manager assigned by the PMO will be working with and for them, providing better information and effectively taking care of the many details involved in IT implementation.

Transparency in project management isn't, however, always to the advantage of physicians. Projects that are late or over budget may have to be reduced in scope. It will be important for the physician executive to point out the importance of a series of successful IT projects to the board and senior leaders. Future funding is more likely if projects are successfully completed.

The role of the physician executive varies among organizations and won't differ for IT compared to other areas. The communications role has been emphasized here. Some physician executives are in roles directly related to IT with various names such as chief medical information officer. These roles will demand more detailed knowledge of IT project management and provide more formal authority, e.g., they will sit on governance bodies that approve capital expenditures.


Physicians who are the sponsors of IT projects because they hold departmental or service management positions will also have more direct roles. Project managers from the

PMO will report directly to them and they will be responsible for approving the initial project plan as well as any change orders that are required.




Reference

1. Kropf R and Scalzi G. *Making Information Technology Work: Maximizing the Benefits for Health Care Organizations*. Chicago: Health Forum/AHA Press, 2007. Download the case study "University Hospitals: IT Governance and Creation of a Project Management Office" for free at www.nyu.edu/classes/kropf



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