



How Hospitals Can Improve Performance Through the Use of Dashboards

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One of the most complicated businesses to run today is a healthcare organization. And they are getting more difficult to manage every day. Executive leadership is continually faced with the challenge of doing more with less. A healthcare organization's staff is responsible for keeping track of hundreds of projects, initiatives, regulations, clinical outcomes, policies and procedures. The need to keep track of all of these factors has resulted in a huge increase in the amount of data generated on a daily basis from a wide assortment of sources. But even with all of the data available, it is easy for managers to lose their focus on what is important and fail to keep their strategic thinking in alignment with the long-term goals of the organization.

A few well-chosen measurements (or key performance indicators) displayed in the format of an executive dashboard can be a powerful tool to keep everyone focused on the important issues and strategies that the hospital is striving to achieve. The measures are graphically displayed in an "at-a-glance" format that facilitates easy review and identification of which areas are doing fine and which areas need additional improvement. Indicators can include such items as financial viability, clinical outcomes, patient safety, quality of care, marketing and development, internal business procedures, and employee, patient and physician satisfaction.

Measurement is a way of driving improvement by providing a means of accountability to all areas of the organization. But there are several key factors to consider in developing measures that work:

- The measures must extend throughout the whole organization
- The measures must tie into the overall strategic plan of the organization
- There must be consensus on which measures to use and how to use them

- ❑ The measures should be based on both internal and external factors
- ❑ The measures should empower employees, not stifle them
- ❑ Review of the measures should be systematic, both for management and board of directors

The measures must encompass each entity in a healthcare system including acute care hospitals, psychiatric units, nursing homes, home health agencies, outpatient clinics and surgery centers, and specialty hospitals/units. If there are multiple governing boards, each board should have its own metrics to measure and the overall system should have its unique measurements.

The measures must be linked to the overall strategic plan for the organization. By tying the measures to the strategic planning process, you are establishing a culture of accountability that will permeate the whole institution. This will also enable the organization to put a more focused approach into the planning process thereby guaranteeing better results.

One of the most difficult things to develop is a common definition for each measurement that is valid throughout the organization. You must build a consensus on which measures to use that is consistent and standardized. Part of the process of building the definitions is to be very specific about how the measurements are going to be used.

Many dashboards only include internal data such as operating margin, days cash on hand and patient satisfaction scores. But an organization must have some measures on its external environment such as market trends, nursing and physician shortages in the community, and community health status among others.

When you clearly define measurements and make them public, employees are empowered to make decisions and work towards achieving goals established in the overall strategic planning process. One of the keys to success is to communicate the goals to employees and then to routinely communicate the results to employees through

posting them in a common location, on the intranet, or through town hall meetings. You must create an atmosphere where employees and management are working together to fulfill the strategic plan and its associated goals. Positive reinforcement is extremely important - you must reward employees who strive to meet the goals of the organization. An excessively critical or punitive approach will only serve to stifle employees.

The board and management must work together in the development and review of the measures. The board should not be responsible for the development of the measures, but should provide feedback to management on whether the dashboard is really effective in helping them fulfill their responsibilities. Also, management and the board should set up a systematic review of the measures so that swift actions can be taken when certain metrics are not achieved. Management should continually be on the lookout for new measurements and test the validity of existing measurements since the landscape is continually changing.

So how does measurement drive improvement? One process to take is to develop critical success factors for your improvement process. For each critical success factor you would develop key strategies to implement that factor. For each key strategy you would develop key measures that give you the ability to track the progress you are making as you implement the strategy.

An example of this would be:

Critical Success Factor: To be the employer of choice.

Strategy: Create a learning culture by developing new education courses

Measurement: Reduce nursing vacancies by 5%

You would only want to develop a small number of critical success factors at first. It is more important to get started in the process and regularly report a few factors than to try to fully develop and define all of the measurements you want to use. You should start with 3 to 5 critical success factors and develop 2 to 3 strategies for each factor. Each strategy could have from 1 to 5 measurements. The significant measures for the total

organization should number no more than 25 to 30 so as not to dilute or distract the attention of management and the board.

The key to developing the dashboard is to keep it concise and easy to use and read.

- The report can be a combination of line and bar graphs, run charts, instrument gauges, or spider diagrams to name a few.
- It should be separated by the organization's major critical success factors.
- Comments should be used where necessary to assist the reader in understanding and interpreting the information.
- The measures should be compared to both targets and benchmarks.
- The focus should be on looking at and explaining variances from both targets and benchmarks.
- Trend analysis should be used when necessary so that the reader can visually see long-term patterns and not just short-term results.
- Clear definitions must be published and the measurements must accurately reflect the definitions.
- Forecast trend lines where appropriate using linear regression tools.

Dashboards should be looked at as one tool that management can use to communicate strategy and results in a systematic way. By presenting only the critical information in a format that is easy to use and understand, the healthcare organization can focus on the key critical success factors, and their associated strategies, in order to make sustainable, long term improvements in operations over time. Dashboards can be used to hold both management and staff accountable in meeting and beating benchmarks and targets and to instill a culture of responsibility and accountability for results.

REVENUE/COST MANAGEMENT

NO NEW DATA TO REPORT						C O L O R
Y = YEAR TO DATE S = SNAPSHOT Q = QUARTERLY M = MONTHLY		THRESHOLD	TARGET	OPTIMUM	ACTUAL	
	Y					
NET OPERATING MARGIN		1%	2%	3%	0.32	
SUPPLY COST PER ADJUSTED DISCHARGE	Y	\$1,011	\$980	\$950	\$1,129.46	
FTE'S PER ADJUSTED OCCUPIED BED	Y	5.1	5.0	4.9	4.9	
CASH FLOW	M	\$100,000 PER MONTH	\$150,000 PER MONTH	\$250,000 PER MONTH	\$150,403	
GROSS REVENUE PER ADJUSTED DISCHARGE	M	BUDGET - 12,028	BUDGET + 2% 12,268	BUDGET + 4% 12,509	\$13,008	
FIRST STEP COLLECTION RATE	Y	BUDGET - 3% (44%)	BUDGET - 47%	BUDGET + 3% (50%)	40%	

CLINICAL OUTCOMES

NO NEW DATA TO REPORT						C O L O R
Y = YEAR TO DATE S = SNAPSHOT Q = QUARTERLY M = MONTHLY		THRESHOLD	TARGET	OPTIMUM	ACTUAL	
SIMPLE PNEUMONIA RE-ADMISSION RATE	M	25% REDUCTION	50% REDUCTION	75% REDUCTION	15% Reduction (3.6%)	
CONGESTIVE HEART FAILURE RE-ADMISSION RATE (CHF)	M	25% REDUCTION	50% REDUCTION	75% REDUCTION	10.5% Reduction (4.3%)	
HEALTHCARE ACQUIRED PRESSURE ULCERS	M	25% REDUCTION	50% REDUCTION	75% REDUCTION	N/A	
STROKE AVERAGE LENGTH OF STAY	M	5.5	5.0	4.7	5.66	