How Hospital Directors Can Increase Their Chances of Winning the Capital Project Approval Race
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Receiving Capital Project Approval is Much More Complicated Than Before

In simpler times, just demonstrating return on investment would have likely moved a hospital director’s capital projects across the approval finish line.

Today, proving return on investment is the ticket for entry into the race. Hospital directors with large capital needs face an increasingly competitive internal funding environment. Dollars are tight. Expensive medical technology directly tied to patient care revenues and physician alignment and satisfaction can easily outshine expenditures focused on hospital operations or software. As facilities age, revenue centers tied directly to patient procedures edge out renovation projects like kitchen and other physical plant remodels.

Gone are the days of double-digit margins. There’s likely a lineup of projects already eyeing what limited capital investment dollars exist. Further, if the budget for a capital item ranges between $50K and $1M, hospital directors often find themselves just one step short of needing board approval – necessitating a much more comprehensive approach to achieve funding success.
Patient care directors tied to revenue producing profit centers within the hospital may have an easier journey. Consequently, hospital support services directors have a higher threshold to meet when it comes to funding approval for large capital expenditures. While demonstrating need is the first step, the importance of effective preparation when building and making the case for a capital project should not be underestimated.

While that new healthcare foodservice software system makes complete sense to the project owner, it may not add up to key funding decision makers.

So what can you do to show that you deserve those capital dollars? There are no foolproof methods, of course; but there are ways to increase your chances and these include intentional planning, effective presentation and proof, and strong communication.

**Step 1: Focus on Intentional Planning**

The road toward achieving approval for large capital projects starts with an intentional focus on planning. Knowing the organization’s budget process is just the beginning of the journey. Directors keen on funding success need to kick off a plan well ahead of submittal dates. Proper preparation is king.

Directors also need to know much more about the financial health of the organization and the broader healthcare delivery system. Declining reimbursement (revenues) and increased costs have squeezed available funds for investment. A myopic view focused only on the department seeking the capital investment simply doesn’t provide enough insight and may leave projects without the needed support and endorsement from outside the department allies.

First, project owners must understand the big picture and complexity of today’s hospital environment. The pressure to do more with less is felt across all hospital departments. No one is immune. Supply and labor costs are increasing faster than revenues. And, more than ever, performance on quality, safety and satisfaction are forcing hospitals to keenly scrutinize processes and protect revenues. Now, failure to drive improvements can result in
reimbursement penalties. In some cases, small infractions can result in across-the-board payment decreases.

For example, in the past, patient satisfaction was primarily seen as a way to influence consumer affinity for a hospital. Now, failure to achieve high patient satisfaction scores can negatively influence federal reimbursement through Medicare.

Additionally, hospitals must continually make improvements in these arenas, as they are evaluated against other hospitals. Simply maintaining existing success is not enough if the remainder of hospitals have improved. By sustaining the status quo, hospitals run the risk of moving backwards.

Understandably, hospitals are investing in efforts that help improve quality, safety and satisfaction.

Savvy directors need to understand where their departments have influence in these arenas. They also need to know what lever their organization is pulling the hardest and how their department can lend a hand. Starting well ahead of the capital submittal process provides directors an opportunity to know this environment well and look for opportunities to strengthen a funding proposal.

Of course, support department directors must be masters of their own data. They also must understand how their department’s efforts impact the success of patient care areas within the hospital. Capital project approval success demands that directors clearly identify the internal department and external department metrics, issues and outcomes that their capital project can positively influence. Directors must also address how the failure to make such an investment would negatively impact the current state.
A director in charge of food and nutrition services understands that managing food costs, reducing waste and controlling labor are important. But so is managing perception at the bedside and ensuring that there are measures in place to eliminate the risk of errors, harmful reactions or even fatal outcomes related to food allergies, missions that are shared in part by frontline nursing staff. Capital project owners must measure internal department effectiveness and efficiency, but also look for ways the capital investment will help drive outside department improvements in areas of shared responsibility or control – in this case, managing patient satisfaction and safety at the bedside.

Support departments must also understand the broader timeframe in which hospitals are now measured. Where before a hospital was compensated for and evaluated on the days the patient stays within the walls of the hospital, now the hospital is penalized, should the patient come back to the hospital 30-days post-discharge. That same food and nutrition director must ensure that a patient receives safe and optimal nutrition while in the hospital, ensuring a strong first step towards recovery and health on the day of discharge and beyond.

Stepping into the shoes of other directors in the hospital can also add an interesting outside vantage point in solving broader problems within the hospital. Spending time to understand the pain points, issues and concerns other departments face may help directors identify how to be part of their performance solution. It may also help surface problems or challenges regarding department service issues that were previously unknown.

At a minimum, understand the issues and outcomes that other departments are targeting in their performance improvement efforts. Comprehensive planning and issue identification allow directors to determine where there is shared synergy and overlap between departments. Where there is overlap, there is common purpose, and potentially, outside support for a new capital solution.
Understanding the shared ground on which multiple department directors stand in improving patient care and outcomes makes for smarter capital funding proposals. The act of gaining that understanding, however, can also help project owners make a significant step toward the finish line. Proactively engaging outside departments, particularly in direct patient care areas, strengthens relationships and allows support department leaders the opportunity to demonstrate broader value and overall success with their colleagues.

**Step 2: Build an Effective Presentation and Proof**

With a firm understanding of the entire hospital ecosystem and a firm understanding of how project owners can influence broader success, hospital directors can build an effective case and measurable proof – qualities that make a project worthy of investment. Here’s a brief run-down of core content that any successful funding proposal should have.

**Connect the Dots Between the Desired Investment and How It Improves Quality or Safety Within the Hospital Setting**

Make sure the connections are solid and substantiated. Supporting statements without credible evidence are just opinions and not reasons to purchase.
**Identify Greater Efficiency and Effectiveness**

While the hospital department may run efficiently already, identify how the investment will increase efficiency and decrease costs. Reducing labor expense or supply costs is always refreshing news to hospital CFOs. Giving current metrics and estimates of future metrics – projecting five years into the future – can paint a positive numbers picture.

**Show How the Capital Project Helps Strengthen Other Hospital Investments and Priorities**

Identify ways that the capital investment contributes to other important investments hospitals are making. For example, connect the dots between the project and other mandatory investments, such as the electronic health record.

**Identify How It Will Help Others in the Hospital Drive Success**

If the capital project or purchase will help other departments increase their overall success in measurable ways, the funding proposal will likely have increased chances. Remember, holding one’s ground when it comes to some federally-mandated hospital performance measures is not an option if all other hospitals make improvements. Hospitals must continually drive forward movement.

**CEOs and CFOs are Looking for Easy Wins**

There will be continual pressure to do more with less. Delivering a proposal that allows these leaders the opportunity to capture an easy win when other solutions are not so readily seen will be appreciated.

**Step 3: Communicate and Engage**

Fast forward to the leadership team deliberation of how to prioritize capital investment. Imagine a room of C-suite leaders sitting around a table. They have $50M worth of proposals to review with only $25M to invest. Not every project is going to make it through the process. Known projects, however, stand a better chance of moving forward, especially if those sitting around the table understand how the project might help their own departments and drive broader
success. Creating this effort happens way ahead of this leadership team work session. This is where the intentional planning effort pays off.

**Build Consensus**

Meet with the leaders from departments and facilities that stand to be positively impacted by the capital investment – well before the capital proposal is even submitted. This meeting provides a crucial opportunity to surface shared benefits and outcomes. Let them see the potential and the desired future state. Review the capital proposal with them and provide an overview of how the project will be implemented and how their team will be supported post-implementation.

**Anticipate Questions in the Approval Process**

When the merits of a capital project are discussed and presented, project owners need to not be caught off guard. Leave no questions left unanswered. Projects with open questions can close down the process and push a project to next year or beyond. The trick is to find out the questions that may surface and prepare the right answers in advance.

When reviewing and sharing project details with department leaders and peers – whether from clinical or non-clinical departments – ask if they have any questions about the project and the accompanying evidence and data. What questions will their respective departmental leadership have about the capital proposal? Are there flaws in the data, logic or value proposition? What questions would their teams have about the capital project? What would they want to know?

**Polish, Refine And Demonstrate A Comprehensive Preparation Effort**

Incorporate feedback into the proposal and summarize how the project moves the hospital forward. Identify the research and planning steps taken throughout the preparation of the proposal.
It's Time to Get Working on That Approval

As all healthcare directors and leaders well understand, today’s hospital funding environment is complicated and interdependent. As costs increase and patient revenues decrease, hospitals are constantly fine-tuning their financial management playbook, whether looking for new revenue sources or bolstering revenue enhancement and protection efforts through investments in quality, safety and satisfaction.

Gone are the days of double-digit margins. Competition for capital dollars requires a new level of diligence on the part of hospital directors when navigating a capital proposal through the approval process.

Remember, preparation is king. So is delivering strong value and across-the-board success for the entire hospital.

About Computrition

Since its inception in 1980, Computrition’s core objective has been to provide industry-leading, comprehensive software solutions to support food and nutrition professionals and to promote the quality, efficiency and safety of their operations in the healthcare industry.
Our flagship solution, Hospitality Suite, is a powerful automation system that is being used by customers to decrease costs, improve revenue, and increase patient satisfaction.

Computrition is based out of Los Angeles, California with satellite offices throughout the United States and Canada. We are composed of dietitians, former foodservice directors, IT professionals, and former clients who understand the needs of our customer base. In short, we know what you are looking for in a healthcare foodservice software system because we are a company of professionals who are just like you.

We offer automated solutions for the following:

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- Room Service
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- Floor Stocking
- Touch Screen Menu Selections
- TV Meal Ordering
- Web Recipes and Web Menus
- Online Meal Ordering
- Food Labeling
- Tablet-Based Bedside Meal Ordering
- Call Center
- Employee Account Management

Call us at (800) 222-4488 or go to http://www.computrition.com/contact-us to find out more about our solutions.

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