



Taking Action to Close the Nursing-Finance Gap: Learning from Success

EXECUTIVE SUMMARY

- ▶ Nurse leaders control the largest part of a hospital labor budget, in some cases the largest part of the overall budget.
- ▶ The effectiveness of overseeing this responsibility can mean the difference between an organization's financial stability and financial turmoil.
- ▶ The nursing department at Northwestern Memorial Hospital took ownership of its financial performance.
- ▶ Over the past 2 years, their financial performance saved \$4.9 million in productivity while reducing nurses turnover costs by \$7.6 million.
- ▶ Valuable lessons from their experience are offered for improving health care's financial and operational outlook.

Thoughts on Reasons for the Gap Between Nursing and Finance

- The role of the nurse leader has evolved to require greater business and financial skills.
- Nursing's ownership, or lack thereof, of financial performance.
- How well or not our education systems prepare nurses to become part of leadership in business, the business of health care.
- How we orient and educate nurses as they are promoted into positions with greater business responsibilities.
- The conflict some nurses feel between being a caregiver and patient advocate with embracing the business and money side of care delivery.
- Nurses not understanding the language of finance.
- Finance not understanding the role and realities of nursing.
- Retrospective reporting of business analytics, decreasing value, and relevance.
- Surely there are more...



Kathy Douglas

THE CALL FOR DEEPER understanding of finance among nurse leaders has been long and loud and for good reason. Nurse leaders control the largest part of a hospital labor budget, in some cases the largest part of the overall budget. The effectiveness of overseeing this responsibility can mean the difference between an organization's financial stability and financial turmoil. And yet, nurse leaders and managers well-versed in finance seems to be more the exception than the rule. Why is this so elusive for so many? How can such a fundamental part of the role of a nurse leader be so underdeveloped? There could be many reasons but whatever they may be, today's environment, more than ever before, is demanding nurse leaders be competent financial and business leaders as well.

So how do we shift this situation? The answers must be multifaceted as today's nurse leaders can support, but not wait for, longer-term solutions. For example, we should all be putting pressure on our nursing education systems to adjust their curricula to address this gap in preparation and to better assist RNs in meeting the demands of today's nursing realities. Encouraging hospitals to invest more in financial education for nurses as they are promoted into positions requiring financial oversight can be helpful, as can building stronger relationships between the nursing and finance departments. However, one of the fastest ways to learn, move forward, and navigate obstacles is to learn from each other. Powerful innovation and learning are taking place all around us, giving way to new insights and impactful solutions.

Northwestern Memorial Hospital: Nursing Takes Ownership of Financial Performance

Michelle Janney, PhD, RN, NEA-BC, senior vice president and Wood-Prince chief nurse executive, talks easily about addressing the challenges nursing in general has with bridging the gap between nursing and finance, perhaps fueled by the success she has enjoyed. At Northwestern Memorial Hospital "there is a sense of accountability and deep ownership of financial performance within nursing," said Kristin Ramsey, associate chief nurse executive and director of operations. When Dr. Janney and her team describe

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this, it is not the finance department they are speaking of, but rather the nursing department. They have taken the topic beyond collaboration with finance to nursing ownership!

When Dr. Janney arrived at Northwestern, a 897-bed hospital in Chicago, one of the first things she did was replace a manager role with a non-nurse analyst who was comfortable in reading and interpreting data. Dr. Janney knew she needed data to guide her decisions but recognized the need for a data expert to get there. It has been a journey. Over the past 5 years they have implemented well thought-out processes and tools to get to where they are today, explains Kristopher Goetz, operations director (who is a leader in the nursing department, but not a nurse). He points out their proactive, data-driven financial approach is focused on improvement and getting to answers; asking “what is the predicament and how do we stabilize it?” The data are then used to identify opportunities for action.

They use the words “focused improvement” when describing the path from recognizing opportunity to actually taking action. This may well be one of the keys to their success. It makes a lot of sense to approach improvements in a very focused way. It allows for a rapid path to addressing a specific need and benefiting from the associated value. It also sets the stage for building on achievements and advancing the momentum for success with the next focused improvement initiative.

Key Concepts

Underlying the transformation orchestrated at Northwestern are some key concepts. Dr. Janney described the importance of learning the language of finance and moving away from making the case for financial resources with emotional discussions on patient safety. Even though there is strong support in the literature linking patient safety to financial performance, exactly how one chooses to use and represent research findings will impact what is heard on the financial side. The same is true for how one presents and represents operational needs. Not unlike evidence-based nursing or evidence-based staffing practices, the key, said Dr. Janney, is “having analytical support to have a data-driven discussion.” At Northwestern, they no longer talk about “because it is important.”

Taking an approach of inclusion along the journey is another key approach that has paid off. “Education is vital but it is not the end, it is the beginning,” said Ramsey. “We need to increase ownership and accountability.” While education was part of the approach, getting the nurse managers on board was

mainly accomplished by having them be active participants in each step of the process. In support of this was some basic education in finance and budgets. They found it effective to help managers think about their unit budgets and how to make decisions by relating this

responsibility to thinking about how they manage their bank account and the running of their personal financial situations. Making a link to personal experiences and ownership can facilitate a transition into mastering the business size of operations.

In talking about their success, Ramsey described an environment where there is “matrix ownership, where everyone’s eyes are on the numbers. What we do well is transparency; managers know where they are at all times.” Achieving this required taking action around technology, process changes, and developing tools that equipped the nursing department with access to data and information. They recognized the need to better use technology to help them pull away from what they described as the drama and equip the nursing department with the tools needed to take ownership of financial performance. With updated tools, they can continuously slice and dice the numbers to get to the granularity needed to support their links to quality in a way both they and the finance department can understand.

Goetz spoke of a symbiotic relationship between process expertise, getting to the issues and answers, and operational execution. Results are dependent on process and operations working together well. Getting to answers is of very little value if those answers sit in a meeting report or are not well-integrated into operations. At Northwestern, they recognized these are different skill sets and so have designed their nursing department structure to have experts in both areas.

At some point along the way, clarity on the relationship between quality and costs was solidified. Together Goetz and Ramsey spoke about the *value equation being quality divided by cost*. They argue that *better value = increased quality at less costs*. Patient safety and quality must be addressed in partnership with improved efficiency and decreased cost rather than unrelated silos. Process changes must be implemented that address both sides of the value equation in order to be sustained. This is a very powerful way too look at cost; too often cost-cutting measures end up increasing costs somewhere else in the system. By addressing the underlying structures upon which quality sits, costs are managed in a way that addresses root cause, supports sustainability, and minimizes unintended consequences.

Within the environment of shared accountability they have created, managers help each other. For

example, if one unit had a period of higher-than-budgeted turnover, a unit with more stable staff would contribute orientation dollars to the unit with the turnover. This is possible because of the way they approach the management of budgets and the authority and accountability managers possess. This type of cooperation has created new levels of effectiveness in financial management.

Cross-Cooperation

The idea of cross-unit cooperation was not a stretch given the underlying culture that was created. This creative solution was born out of studying the success of optimizing, across the department, the budgeted and use of productive hours. They became so fine-tuned there was no room for fluctuations in circumstances. This is where the commitment to focusing on improvement and getting to answers came into play again, helping them develop a “bigger view” of managing the money outside traditional lines. By adding non-productive and orientation budgets to the bigger picture and allowing managers to move things around from one bucket to another and across departments, they achieved a breakthrough in financial management of the nursing department.

In talking about the relationship between the nursing department and the finance department, Dr. Janney stated clearly nursing must be responsible for, and manage, its own financial performance. This makes room for the relationship between nursing and finance to be independent but collaborative. To achieve this, nursing must learn the language of finance and be seen as credible financial managers. Dr. Janney also pointed out the necessity to educate finance on key concepts related to the delivery of care (e.g., What does intensity of care mean? What is the value in having a BSN mix?) These are discussions that must be driven by data, facts, and linked to situational relevance, not emotional discussions.

With the structure, many tools and processes were put in place over the past 2 years as a result of nursing taking ownership of their financial performance. The nursing department has saved \$4.9 million in productivity while at the same time enjoying increased satisfaction with a \$7.6 million savings in turnover costs. In spite of their success, Ramsey and Goetz are not comfortable with these achievements. “In the face of health care reform we need to think differently.”

This is a good reminder for all of us; no matter how successful we are in the moment, things can change rapidly. If we are to navigate the unknowns of the future successfully, it is essential we strategize and map the path forward. Nursing has the right knowledge and experience to be leaders in creating

the future of health care, but are we well-positioned for this role? “We as a profession have not done a good job unifying as one for the right reasons,” Ramsey said. “We have to drive to what is right for the patient, get ahead of the game, and demonstrate the value of nursing care models.” This call for nursing unity, bringing the value of nursing front and center and driving a future in health care that is based on wisdom and the experience of nursing, is one that resonates with many. It is achievable. Leveraging what we can learn from each other, like the team at Northwestern freely sharing their story, helps strengthen us as a whole and inspires the potential of nursing’s contributions.

Lessons Learned

Some valuable take-home lessons from the experience of the nursing department at Northwestern are worthy of consideration.

- Create an environment of accountability and deep ownership of financial performance by nursing.
- Set a standard of inclusion and transparency.
- Bring data expertise and process improvement skills into the nursing leadership team (does not necessarily need to be a nurse).
- Continually slice and dice the numbers to uncover new understandings.
- Take a proactive, data-driven approach to financial management focused on improvement and getting to answers.
- Let “focused improvement” guide actions to create and continually build success.
- Learn the language of finance; educate finance on key concepts of care delivery.
- Have data-driven discussions; leave emotions at the door.
- Provide analytical support needed by nursing to support data-driven discussions.
- Embrace the understanding education is vital but it is not the end, it is the beginning.
- Design matrix ownership where everyone’s eyes are on the numbers (leverage technology to make this happen).
- Seek out the “bigger view” of managing money.
- Be willing to step outside traditional lines and explore creativity when seeking solutions.
- Spend time looking at and strategizing on the path forward.

One cannot help but imagine what the financial and operational picture of health care across the country would look like if situations like the one created by Dr. Janney and her team at Northwestern became the rule rather than the exception. How would our conversations change? How would nursing change? Interesting to entertain! \$

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