Developing a Business Case

Read Pierce & Jennifer Wiler

(Thanks to Jeff Glasheen for slides)
Roadmap

- Review: What is a business case?
- Example
- Why develop a business case?
- How to develop a business case?
  - What are you trying to do?
  - What is the benefit?
  - How would you convey that benefit?
  - What data points would you need to prove it?
What is a Business Case?

- Captures the rationale for the project
- Means to justify the resources for the project
  - All work requires some resource—why put that into this project?
- Provides the ‘why’ to your charter’s ‘what/how’
- Often aim for financial return on investment (ROI)
- But, value is also important
  - Value = Quality + Safety + Experience Cost
Example: Infusion Center

- What are you trying to do?
  - Reduce pt. time from check-in to drug by 72 mins.

- What is the benefit?
  - Patient’s happier
  - Staff less down time
  - Open more chair time for same staff
  - Allow for more access w/o adding staff
How will you convey benefit?

- Baseline # of mins of pt. care/mo = 29,104 mins (107 x 272 mins)
- Goal # of mins of pt care/mo = 21,400 minutes (107 x 200 mins)
- Potential mins saved/mo = 7,704 minutes (29,104-21,400 mins)
- Potential new encounters/mo = 38 (7,704 mins saved/200 mins/pt)
- Potential increase in CM/mo = $60,230 (38 pts/mo x $1585 CM/pt)
- Potential increase in CM/year = $722,760 ($60,230/day x 12 mos)
Why Develop a Business Case?

- Provides the rationale for the initiative
- Ensures you can clearly state the work’s value
- Allows for prioritization versus other initiatives
- Clarifies data inputs you’ll need to show value
- Creates implicit ‘IOU’ and accountability
  - This is vital if you anticipate you will need to ask for additional resources now or in the future
Building your business case: What are you trying to do?

- Short
- Or, very short
- No, really, it needs to be short
- Like, 1 line. Maybe 2 if you have 2 goals.

Examples

- Reduce hospital length of stay by 0.5 days
- Reduce time from check-in to drug by 72 minutes
- Reduce the rate of readmissions by 15%
- Increase patient volume by 10%
Team Discussion – 5 min

- What are you trying to do?
- Start w/ charter background & aim statement
- Now distill that down to one short statement
- Discuss with each other; refine your work
- Be specific…
- …and short
- Write this down
What is the benefit?

- Now that you know what you are doing
- Why are you doing it?
- Why would anyone care?
- Example: Reduce LOS by 0.5 days
  - Improves flow through hospital; opens beds
  - Reduces costs for a fixed DRG
  - Allows for new patients to be placed in beds
  - Patients go home earlier (most view positively!)
  - Lower risk of harm from being in the hospital
Team Discussion – 10 min

*Think about your Project and Your AIM*

- What are the benefits?
- List as many as you can
- Be specific
  - What exactly is the benefit?
  - Who does it benefit?
How would you convey the benefit, numerically?

- **LOS Reduction Benefit** = \[(B+C) \times D\] \times A
  - **A** = Reduction in LOS
    - Baseline LOS – goal LOS = reduction in LOS
  - **B** = Cost savings
    - Each day saved results in less cost/DRG
    - How much? ~$500-1000 cost savings/day
  - **C** = Revenue generated
    - Each day saved results in another open bed
    - New pt averages ~$500-1000 revenue/day
  - **D** = Number of patients seen per year

- **Benefit** = \[\{(\$750+\$750) \times 1291\} \times 0.5\] = $968,250
Group Discussion/Consultation

- Pick a station, based on general idea of your project
- Go to that station (OK to move if you end up in the wrong place):

**Station 1:** We are trying to reduce the time it takes, in order to accommodate more volume
  - Decrease LOS, decrease study time, decrease visit time in clinic, etc.

**Station 2:** We are trying to increase engagement or reduce turn-over

**Station 3:** We are trying to reduce errors/harm
Group Discussion (20 min)

- **As a collective group:**
  - Share the 1-liner on what each team is trying to do
  - Discuss with your faculty member: *for your type of project, how would you convey the benefit?*

- **Warning!** Probably requires math
- More about methodology than accuracy
  - Just get the math or equations down
  - Where variables are unknown, estimate
- Keep it relatively simple
What data points would you need to show benefit?

- What you’ll ask from the PI/DA team
- LOS
  - Baseline
  - Goal
  - Current (after commence)
- Cost/day of your patient
- Revenue/day of ‘average’ patient
- Number of patients you see annually
Group Discussion/Consultation (20 min)

- What are the data elements you need
- Financial, operational, work flow, harm
- You need to be very specific on your need and where it exists
- If it doesn’t exist (or is hard to get) the PI/DA cannot get it
# Putting it all together

**Title**

**Date**

What we intend to do: ________________________________

______________________________

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<th>Business Inputs</th>
<th>Data points you need.</th>
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<th>Expected Benefits</th>
<th>What is the benefit?</th>
<th>How will you convey the benefit?</th>
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Refining Your Case

- Work on your business case in your coaching sessions
- We will have time in class 6/12 to revisit
- Jen Wiler and Jeff Glasheen can provide a focused consultation upon request
  - If asking for a meeting, submit business case draft at least one week prior to meeting