



# Optum Advisory: Guiding the way through transformation

Health systems continue to face many challenges today. Do you have the flexibility and focus to deliver on strategic goals or transform your business?

Confronted by a range of financial and operational challenges, health systems across the country are struggling through the most difficult operating environment in history. With margins among hospitals in a nearly universal deficit, they also face rising inflation, increased labor costs and staffing shortages.

Health systems need to be agile. They have a small window of opportunity to establish and implement strategic agendas that have transformational impact.

The current health care environment does not allow for do-overs. And with little to no wiggle room for mistakes, health systems need a formal framework to make decisions, establish processes and apply the capabilities required to execute their transformation agenda successfully.

Strategic execution of a transformation agenda is crucial to ensuring that a health system has the ability to serve patients and communities, attract and retain a skilled workforce, expand service lines and preserve capital.

**Optum**

## Common challenges and pain points facing providers

Providers all share the common denominator of operating in an extremely challenging landscape. These economic trends are expected to continue for the foreseeable future – with losses projected to be in the billions of dollars for hospitals and health systems.

We see provider clients experiencing many headwinds that are further amplified by the current financial environment, some of which include:



### Priorities and balance: Where to focus?

Hospitals and health systems must focus on patient care while responding to market disruptors and the shifting health care landscape. Focusing on surviving day to day, without attention to long-term strategic goals and transformation, can lead to falling behind market competitors and losing sight of organizational objectives.



### The “great resignation”: How will health systems navigate the health care workforce shortage?

Hospitals are facing a critical shortage of workers. With 23% of hospitals reporting critical staffing shortages to the government, hospitals have seen a decrease of nearly 105,000 employees since February 2020.<sup>2</sup>



### Lack of alignment: What do organizations stand to lose?

Research has shown that 66% of the time, project and program work does not align to the organization’s overall strategic objectives,<sup>3</sup> while 10% of transformation investment is wasted.<sup>4</sup>

Facing a continually challenging health care environment, organizations must evolve their capabilities to help define and drive any new transformation agenda. Regardless of size, a viable organization must regularly look to innovate or reinvent itself to stay relevant and keep a competitive edge.

In addition to facing the market challenges previously discussed, providers also must proactively respond to new complexities in their own business lines.

The demands on leadership aren’t just limited to figuring out how to “operationally survive” in this current landscape – there is also an expectation to “operationally thrive” in a resource scarce environment.



Rising costs for labor, supplies, and drugs, continued workforce shortages, sicker patients and longer hospital stays have increased pressures on America’s hospitals and health systems.<sup>1</sup>

1. [New AHA Report Finds Financial Challenges Mount for Hospitals & Health Systems Putting Access to Care at Risk](#). American Hospital Association (AHA).

2. [AHA letter Re: Challenges facing America’s health care workforce as the U.S. enters third year of COVID-19 pandemic](#). American Hospital Association (AHA). March 1, 2022.

3. [The PMO Outlook Report: 2022 Edition](#). KeyedIn. December 2021.

4. [PMI Pulse of the Profession® 2021 Report uncovers benefits of organizational agility during times of great change](#). Project Management Institute (PMI). May 24, 2021.

# Enterprise transformation office (ETO) versus project management office (PMO)

An enterprise transformation office (ETO) can effectively provide structure, governance and guidance to successfully focus on and deliver the critical projects and programs to achieve transformation ambitions.

In contrast to a traditional PMO that is focused on managing individual projects, an ETO manages the collective portfolio of enterprise-wide priority initiatives. This drives the totality of the transformation agenda, infusing program, project and change management diligence.

An ETO also focuses on rigor-driven process improvement to help realize strategic objectives and elevate the acumen of the full organization. This enables a more streamlined governance of resource allocation and risk mitigation for the prioritized strategic initiatives.

## Value of leveraging an ETO

Establishing and leveraging an enterprise transformation office is essential for operating more efficiently and driving growth. Leading organizations with an ETO can thrive and remain competitive because they focus on outcomes rather than process. And they have a clear sense of how to balance structure and governance while embracing change.

An ETO creates critical capabilities and necessary infrastructure across the full, enterprise-wide prioritized portfolio. It frees leadership's resources, time and attention so they can focus more heavily on their core business. At the same time, the ETO can provide the necessary management oversight, proven methodologies and a leading practice toolkit.



### What are the benefits of an organization leveraging a high-performing ETO?

- Align strategic priorities with the changing environment of the provider marketplace
- Create a comprehensive portfolio of prioritized initiatives that complement the organization's strategic objectives
- Use intelligent allocation of internal resources to limit the waste of the investment needed to develop the highest priority strategic initiatives
- Determine clear accountability for execution and delivery of stated objectives
- Identify areas to increase transparency, reduce risks and enhance adaptability in a changing environment
- Increase focus on outcomes and benefit realization
- Deliver improved speed of execution, accelerated time to benefit realization and sustainability of results

# Critical capabilities to drive strategic and transformation outcomes:



## Strategic planning



## Portfolio prioritization and management



## Program and project management

### Essential considerations all organizations should ask:

- Is there a comprehensive strategic plan?
- What is the process to develop the organization's strategic plan?
- To what degree do the strategic plan and planning process support the organization's operating model?
- Does the organization prioritize and manage a comprehensive set (portfolio) of programs and projects designed to meet its strategic objectives?
- Is there a standard methodology to evaluate project or program selection?
- Is resource allocation aligned to the strategic portfolio?
- What capabilities exist to ensure efficiency and effectiveness of project or program implementation?
- Is there a standard, comprehensive project or program management approach?
- Is the project or program pipeline proactively managed to minimize deferring, defunding and cancellation?

### Organizations thrive when implementing an exceptional ETO that can execute:

- A robust 3- to 5-year strategic plan developed and refreshed annually by trained, cross-functional planning teams
- A consistent, defined process that incorporates a robust internal and external environmental assessment to establish the strategic plan
- Strategy with defined goals cascaded to the facilities with enterprise-level resourcing and initiative selection
- Ongoing monitoring and dynamic rebalancing of the portfolio to maintain strategic alignment
- A comprehensive and standardized process for project evaluation, prioritization and selection
- A 3- to 5-year strategic execution roadmap
- Prioritization and resource allocation fully integrated with strategic planning
- A standard, comprehensive project or program management approach that is integrated enterprise-wide with training and education
- Coordination of individual tasks, resources, stakeholders, deliverables and project management
- Rationalized decisions based on performance metrics and lessons learned
- Clearly defined process to identify and incorporate related projects into programs to meet each strategic objective and align to the multi-year roadmap



## Change management and communications



## Process improvement



## Strategic portfolio monitoring and reporting

### Essential considerations all organizations should ask:

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| <ul style="list-style-type: none"> <li>• What is the change management strategy?</li> <li>• Is there a comprehensive change management methodology?</li> <li>• Does the enterprise have change management resources to support the enterprise?</li> <li>• Does change management exist within program and project management to drive outcomes and adoption for long-term sustainability?</li> </ul> | <ul style="list-style-type: none"> <li>• Can the organization track and continuously improve processes?</li> <li>• Does the organization have a process improvement methodology, tools and technology?</li> <li>• Does the organization have process improvement capabilities and resources to support the enterprise?</li> </ul> | <ul style="list-style-type: none"> <li>• Can the organization monitor and report on strategic objective performance?</li> <li>• Are there analytics resources and skill sets within the enterprise?</li> <li>• Can the organization demonstrate clear value of projects, programs and the portfolio?</li> <li>• Are portfolio data routinely collected and analyzed?</li> </ul> |
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### Organizations thrive when implementing an exceptional ETO that can execute:

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| <ul style="list-style-type: none"> <li>• A documented change management methodology, including standardized tools and templates, that is consistently applied and integrated across all enterprise initiatives</li> <li>• Formal change management where resources exist and support the full portfolio based on initiative needs</li> <li>• Change management integrated into project management and process improvement methodologies</li> </ul> | <ul style="list-style-type: none"> <li>• Process improvement methodology and mindset integrated into the culture</li> <li>• Process improvement resources and capabilities deployed effectively to appropriate business and clinical priorities</li> </ul> | <ul style="list-style-type: none"> <li>• Strategic performance measures covering all strategic objectives, programs and projects as defined, and comprehensively used to measure performance of the enterprise portfolio</li> <li>• Real-time analytics and reporting on strategic project, program, portfolio and objective performance</li> <li>• Projects with clearly defined business cases and ability to measure performance against them</li> </ul> |
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# Enterprise Transformation Solutions to further your transformational journey

Optum Enterprise Transformation Services (ETS) can provide a wide range of options that will enhance your transformation journey and deliver strategic capabilities, including:

- Advisory services designed to enhance strategic planning, portfolio, program, project and/or change management
- Immediate implementation of a functional transformation office focused on a specific transformation event, allowing the client instant access to skilled resources and leading practice methodologies
- Day one resources that eliminate the need to build internal capabilities or add permanent staff and costs for a temporary need
- A managed enterprise-wide transformation office providing strategic portfolio, program and change management across your enterprise
- Enterprise-wide portfolio management in a managed service model, including potential rebadging of employees

Our ETS team is uniquely positioned to deploy or enhance your strategic execution. We help drive the outcomes required to capture value across the enterprise and meet your transformation objectives.

## We bring to your organization:

- An exclusive focus on health care with a mission to help people live healthier lives and help make the health system work better for everyone. We continuously invest in new capabilities and cultivate actionable insights from across our clients and partners.
- Experts in strategic transformation, operations and change management with experience managing complex enterprise transformation offices for health systems. We can provide support at any stage of your strategic transformation journey.
- Access to the unmatched depth and breadth of Optum services and products. We bring a market-informed, data-driven approach to address your most pressing business questions.
- Deep operational and practical experience to understand your teams. We enable effective dialog and incorporate diverse perspectives to ensure buy-in.
- Customized, unique solutions with leading practices tailored to your needs. We partner with our clients as trusted advisors, not playbook messengers.

## Connect with our experts for more insights.

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