# IT project governance at Worthington Health-Care System

*Case study information extracted and adapted from:*
*"*IT project governance at Worthington Health-Care System *" 2014 by Ulrike Schultze*

**Part 1 15% Understanding the context of the organization, and the issues from the perspective of ITSM.** Answer the following questions using what you know about the case to this point**.**

## Question 1 A

*In your own words, what do you deduce are the main business/organizational goals the Worthington Health-Care System (WHCS)? List them as bullet points below :*

- *(add bullet points as needed…)*

| | 1 | 2 | 3 |
|---|---|---|---|
| Identification of goals/ objectives | Some attempt to identify some relevant goal/objectives. Less than 50% of objectives/goals are identified and/or objectives and or goals are not relevant to the organization from the case study; and /or goals and objectives are poorly stated such that they are easily understood.<br><br>Student demonstrates little understanding of the context and core business of the organization. | Some attempt to identify some relevant goal/objectives. 50% or more of objectives/goals are identified but list is not fully comprehensive. Mostly all stated goals/objectives are relevant organization from the case study; a few goals/objectives may be not written clearly.<br><br>Student demonstrates moderate understanding of the context and core business of the organization. | Comprehensive list of goal/objectives that are relevant to the organization in the case study. Goals/objectives are written such that they are easy to understand.<br><br>Student demonstrates good understanding the context and core business of the organization. |

### Question 1 B

*Who are the key stakeholders of the Worthington Health-Care System? What are their needs? List and describe their needs in the table below :*

| Stakeholders | Needs |
|---|---|
| | *(extend table as needed..)* |

## Marking criteria

| | 1 | 2 | 3 |
|---|---|---|---|
| Identification of stakeholders | Some attempt to identify some relevant stakeholders Less than 50% of stakeholders are identified and/or objectives and/or not relevant to the organization from the case study.<br><br>Student demonstrates little understanding of the context and core business of the organization. | Some attempt to identify some relevant stakeholders 50% or and are relevant organization from the case study;<br><br>Student demonstrates moderate understanding of the context and core business of the organization. | Comprehensive list of stakeholders that are relevant to the organization in the case study.<br><br>Student demonstrates good understanding the context and core business of the organization. |

**Question 2**

*Referring to the key concepts about ITIL and ITSM that we have covered so far, assess the state of IT services within the organization.*

*What are the main issues both historical and current? Why do they exist? Use IITL and ITSM core concepts in your discussion of issues and the reason why they exist. You should be able to identify what factors contribute to that state of affairs.*

*Back up your answers with evidence from the case study (i.e. refer to direct quotes and lines of information in the case study) – **maximum** 600 words*

## Marking criteria

| | 0-1 | 2-3 | 4-5 | 6-7 | 8-9 |
|---|---|---|---|---|---|
| Assessment of state of IT services within the organization | None or Mostly irrelevant factors and/or very poor explanation Little evidence of beginning to understand ITIL/ITSM and the case and/or little if any integration of the issues in the case with knowledge of ITSM | Student demonstrates some knowledge of basic principles of the ITIL /ITSM framework but demonstrates very limited application of knowledge to the case study. Less than 30% of issues are identified with some linkage with ITSM/ITIL principles.<br><br>Student is able to locate some relevant information in case study and some evidence of understanding of principles of ITSM. | Student demonstrates base knowledge of basic principles of the ITIL /ITSM framework and demonstrates some application of knowledge to the case study. Between approx. 30%-50% of issues are identified with linkage with ITSM/ITIL principles and/or more or all issues are identified but less than 50 have linkage with ITSM<br><br>Student is able to locate some relevant information in case study and some evidence of understanding of principles of ITSM. | Student demonstrates knowledge of basic principles of the ITIL /ITSM framework and good application of knowledge to the case study. 60-80% of issues are identified with linkage with ITSM/ITIL principles<br><br>Student is able to locate most of relevant information in case study and good evidence of understanding of principles of ITSM. | Student demonstrates deep knowledge of principles of the ITIL /ITSM framework and excellent application of knowledge to the case study. Approx. 80%+ of issues are identified with linkage with ITSM/ITIL principles<br><br>Student is able to locate all of relevant information in case study and good evidence of understanding of principles of ITSM. |

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Teaching case

# IT project governance at Worthington Health-Care System

Ulrike Schultze[1,2]

[1]Southern Methodist University, Dallas, USA;
[2]Lund University, Lund, Sweden.

**Correspondence:**
**Ulrike Schultze, Southern Methodist University, PO Box 750333, Dallas, TX 75275-0333, USA.**
**E-mail: uschultz@smu.edu**

This case describes a real corporation and situation but the names, dates and other information have been changed to protect the privacy of the corporation. Thanks go to the IT professionals at WHCS that participated in the interviews that undergirded this case narrative, and to Phoebe Leigh Todd who anonymized the case. This teaching case was developed as a basis for class discussion and is not designed to illustrate effective or ineffective handling of an administrative situation.

**Abstract**

In 2012, the Chief Information Officer (CIO) of Worthington Health-Care System (WHCS), a St. Louis company with 27 health-care facilities, is considering how to improve IT project governance. Over the previous 7 years, three approaches to developing project oversight had been attempted, including a Project Management Office, a project Portfolio Management application (PlanView), and more recently, an incremental approach to process improvement, which was meeting with increasing resistance. The CIO's challenge is to find an effective solution to IT project work and oversight at WHCS. This teaching case was prepared to support a Business Process Consulting course, but it may also be suitable in an IT Management, IS Project Management, Business Process Improvement and IT-Enabled Change, and Accounting Information Systems class.

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## Introduction

On a sweltering hot Friday evening in July 2012 Henry Richmond, Senior Vice President and Chief Information Officer (CIO) of Worthington Health-Care System (WHCS), was preparing to leave his downtown St. Louis office for the weekend. As he gathered a few documents to review over the weekend, Richmond contemplated the many conversations during the past week about the future of the Enterprise Project Management Services (EPMS) unit of Worthington Information Systems (WIS).

Since Richmond's appointment as CIO in late 2007, the WIS budget had increased from 3% to 4% of Worthington's revenue. WIS head count had grown from 475 to 675 full time equivalents (FTEs), supporting about 21,000 users and 16,000 PCs. WIS operations were funded primarily by a cost allocation based on factors such as the number of PCs, ports, and software licenses in use at each WHCS facility.

Richmond felt that under his leadership WIS had steadily improved its project discipline and that customers' confidence in WIS had been restored. The IT organization now had more projects to work on than ever before, supporting about 600 applications. Still, Richmond had concerns about EPMS, which for the past 5 years had developed and enhanced project governance incrementally. Whereas Richmond wanted EPMS to be a 'funnel' that helped WIS draw in and complete more project requests from customers, many WIS staff increasingly saw it as a 'bottleneck.' Richmond was particularly concerned that the large and influential WIS Application Services group was quite vocally resisting further changes in IT project oversight (See Figure 1 for WIS's organization chart).

Application Services wanted EPMS to be reduced to a *Project Office* – a unit that would collect data on resources used in projects and that would manage the meetings and documentation needed to satisfy WIS's project governance requirements. In this approach, project managers would be distributed across various WIS units. It was argued that, embedded in different parts of the business, project managers could build stronger long-term relationships with customers and vendors, and adapt project management methodologies to the peculiarities of each use domain. In contrast, Charles King (Director of EPMS) and his boss, the VP of Customer Services and Governance, proposed that EPMS should become a full *Project Management Office* (PMO). In order for EPMS to define and maintain WIS project management standards, they argued that all project managers – 25 of whom were currently located in Application Services – should report to EPMS.

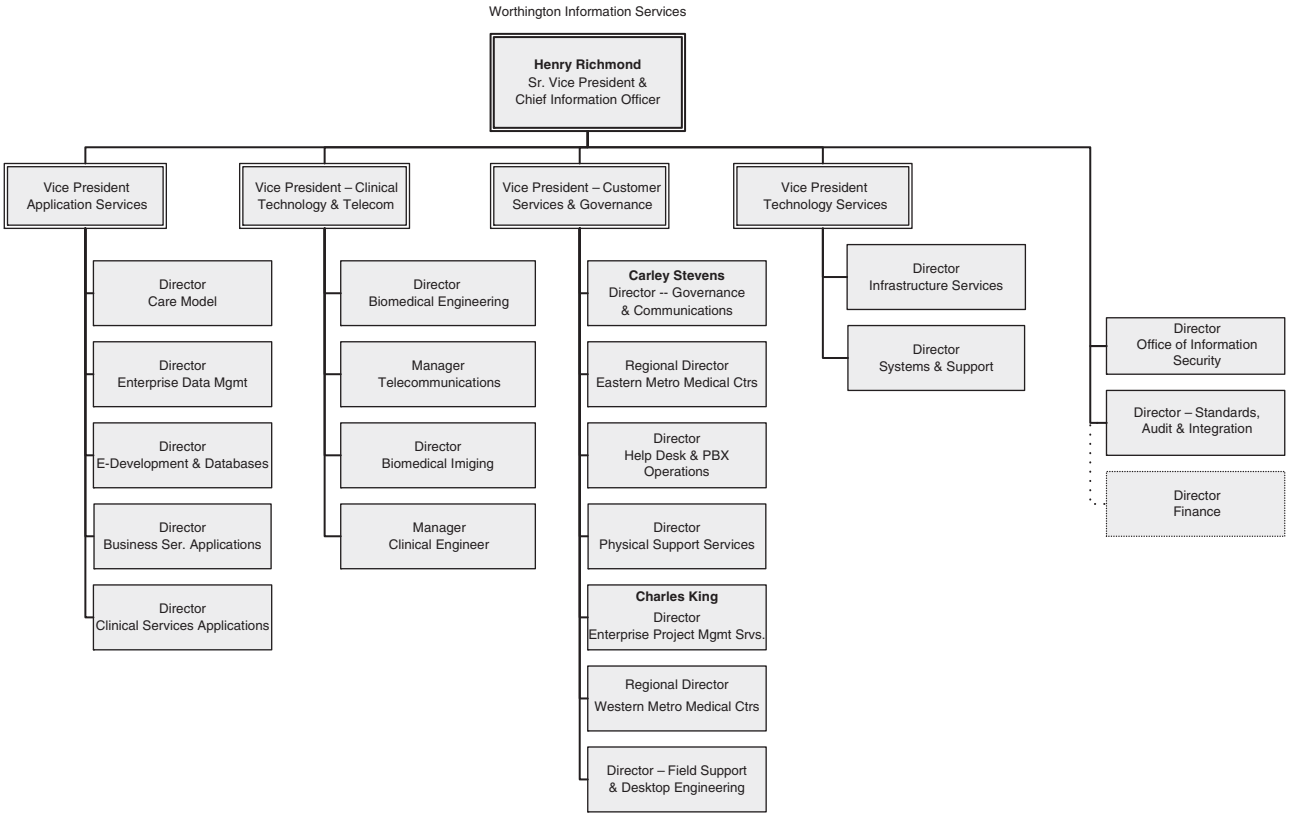


**Figure 1** Organization chart (December 2011).

As Henry Richmond stepped into the elevator he wondered: was it time to reorganize?

## Worthington Health-Care System and Worthington Information Systems

With US$3.9 million in revenues, WHCS managed 27 hospital facilities in the St. Louis Metro area (3500 beds), including full-service hospitals and specialty service centers focused on heart and cardiovascular care, cancer and diabetes treatment, women's health, and pediatrics among others. Each year Worthington handled about 125,000 admissions, 343,000 emergency care cases, and 558,000 other outpatient cases (excluding home care). About 23,000 babies were delivered in Worthington facilities each year. The system employed 21,000 staff, with 4800 physicians on active medical duty.

Traditionally, when WHCS acquired hospitals, it allowed them to retain their own data centers and servers, biomedical equipment, help desks, field support (for PCs), telecom, and applications support. However, in 1995 Worthington hired its first CIO to build a centralized IT organization. By 1999 servers were consolidated into two data centers. IT staff were assigned to a centralized reporting structure and shared IT services organization, WIS. Yet, WHCS hospitals continued to hire external vendors to implement many solutions. The non-standardized, 'spaghetti' architecture created became apparent when a 3-month mapping exercise in 2004 revealed more than 500 applications used at WHSC's largest facility. WIS had been completely unaware that many of these existed. WIS did not know how many projects were in progress, who was working on them and how close they were to completion, and how each project or application related to WHCS's or WIS's strategy. The application mapping exercise had highlighted just how little control WIS had over WHCS IT. In 2005, WIS embarked on the first of three attempts to implement IT project governance.

### 2005–2006: project management office and project portfolio software

Henry Richmond's predecessor viewed the WIS time-reporting process as an avenue for generating insights into WIS projects. WIS employees recorded their timesheets in Word documents and spreadsheets, which were then aggregated and summarized at the manager and director levels. Observing that this process was time consuming, unstandardized and error prone, the CIO decided that timesheet reporting was the first process to tackle in his effort to institute project governance.

In March 2005, a new VP of project management, a military man, was hired, and PlanView (Table 1), a 'best in class' project Portfolio Management tool (according to Gartner Group), was purchased. Soon a PMO with a staff of five was in place. A key goal for the PMO was to support (and control) the 'Clinical Renewal' team, which was working on a $250 million process improvement and technology integration project, whose goal was to redesign clinical processes and seamlessly link clinical information throughout the WHCS network, using a new electronic health record (HER). The Clinical Renewal team comprising clinical IT staff reported to the hospitals. It included no WIS staff and did not fall under WIS's control.

The new VP and his staff had considerable expertise in project management, but lacked prior experience in health care. In developing PlanView templates, the PMO did not

**Table 1** Overview of PlanView

PlanView is a *Project Portfolio Management* tool that integrates functionality for managing project work at the enterprise and individual project levels. PlanView functionality includes:

- *Integration with Microsoft Project* – Ensure seamless data transfer between PlanView and Microsoft Project through fully supported, two-way integration
- *Request Management* – Provide a single, centralized location where users can request work, check status, delegate requests, and review lifecycles
- *Project Management* – Scope, schedule, execute work, and manage projects more effectively. Project management features address time reporting and billing, risk and issue management, work slippage, and resource capacity issues
- *Resource Management* – Assign work efficiently, develop a skills pipeline, develop staff areas of interest and keep staff productive
- *Portfolio Intelligence* – Track and display performance and trend analysis information on work, resources and key performance indicators
- *Time and Expenses* – Better understand actual cost and value by tracking time and expenses against specific applications or projects. Quickly report time on multiple work items
- *Changes, Risks, and Issues* – Track and manage issues to discover the possible impact on schedule and cost, and generate an approval cycle for any necessary changes
- *Baselines* – Leverage planned effort data to perform variances reporting as part of an earned value estimate
- *Best Practices* – Support Project Management Body of Knowledge (PMBOK) standards with PlanView PRISMS best practices

*Source*: www.planview.com

seek input from WIS project managers; instead, believed that IT project 'best practices' were baked into PlanView. They apparently believed that the tool's adoption would instill the necessary project discipline. The PMO team used a 'keep it simple' approach (such as limiting the number of fields an employee needed to fill in for a new project and to log hours worked against it). Although they provided extensive training and garnered management support for the initiative, their efforts failed to convince either WIS staff or the Clinical Renewal team to use PlanView.

The PMO was disbanded in 2006. One WIS Director believed that the PMO's 'militaristic' style was partly to blame for this failure:

> *We have a consensus culture; every single person wants to be involved in the conversation. Everybody wants their finger in the cookie jar. Trying to gain consensus and move something forward at the same time, it's always baby steps; very incremental.*

A PMO analyst felt top management involvement had been lacking:

> *We did have the support of the executive staff, but we didn't have their involvement. They just said 'yeah, that's a great idea; go do it,' but when it came to implementation and enforcement, we were the enforcers; they were not. When people asked 'why do we have to do this time-reporting in PlanView?' managers were saying 'I don't know; beats me.' Directors were saying, 'I don't know; beats me.' So it failed.*

In December 2006, a few months after it was disbanded, the PMO was reconstituted under a new director. The group made another attempt to persuade WIS staff to use PlanView for time reporting, but their efforts were cut short by a management shake-up in February 2007: of the approximately 470 WIS employees, about 90, most of them in management positions, were relieved of their duties. An interim management consulting group was then brought in to begin rebuilding WIS.

### Mid-2007: project inventory and project governance process

PlanView remained Worthington's project Portfolio Management tool. The new PMO, led by the interim management consulting group, set about identifying WIS projects and conducting interviews with WIS colleagues to generate a comprehensive project inventory: what projects they were working on, who they were for, who worked on each project, its current status and so on. Their objective was to paint as complete a picture as possible of the WIS project landscape.

The consultants then outlined a complete IT governance process: the steps and approval gates a project should go through during its lifecycle. Charles King, who took over the PMO's directorship after the consultants left, described their proposed project methodology as follows:

> *They had a fantastic project management methodology; kudos to them. …. What the consulting firm had produced was absolutely fabulous, and we will probably revisit it some day, when we're about a solid level-4 maturity organization. … At the time, we were a level-1 organization.*[1] *There were some project managers who could function at a higher level of maturity, but on the whole, there wasn't that strength there. The methodology was so intricate that people were frustrated by it. They didn't understand it; they did not know how everything tied together; they did not know the value of it.*

In September 2007, Henry Richmond, CIO of BJC Health Care – Worthington's foremost competitor – and a 30-year veteran in health-care IT, was hired as WHCS' second CIO. During his first year on the job, Richmond built a team of experienced IT staff, many of whom had worked with him at BJC, where they had successfully implemented an Electronic Health Record.

In October, the first PlanView-generated project summary report was published, about two and a half years after the tool had been introduced to WHCS. Vital Surujan, a newly hired Portfolio Manager, ensured that project data was captured into PlanView. Surujan still held this post in 2012.

### 2008: Enterprise Project Management Services

Even though Richmond was briefed on WIS's many challenges while he was interviewing for the position, once he started his tenure he was shocked at how many problems he had to tackle at once. He learned that WIS was viewed as unresponsive to customer needs, autocratic and non-transparent. For instance, the IT HelpDesk was staffed only from 7 am to 7 pm with employees trained in health care and application support; after hours, computer operators answered phones. Some Worthington hospitals complained that they were 'forced' to use certain IT vendors and that IT requests were reviewed by a handful of WIS staff who did not seek input from the user community.

Richmond observed that many WHCS hospitals continued to operate independently, with their own management structures and IT funding mechanisms for all but the largest projects. Some hospitals' functional departments pursued their own, siloed IT solutions without consulting WIS. The Clinical Renewal project was one example of hospitals' efforts to bypass WIS. When it came to IT projects, there was little coordination; each hospital interacted with WIS as a discrete customer. As a result, WHCS supported nine different laboratory systems (all used the same vendor solution, but each was implemented on a different platform). One radiology system operated on 17 different platforms.[2] A 'spaghetti' IT architecture persisted. Moreover, despite prior attempts to implement PlanView, there was no complete accounting of all IT projects currently under way at WHCS.