



or BROWSE

JOIN

RENEW

IT SIGNOUT



CONTACT US

MEMBERSHIP EDUCATION PUBLICATIONS FORUMS CAREERS MARKETPLACE INDUSTRY INITIATIVES

ARTICLES CFO FORUM TOOLS ASK THE EXPERTS LISTSERV  
FORUM DIRECTORY NETWORKING EVENTS FORUM CONTEST JOIN

## The CFO's Role in Innovation

AN INTERVIEW WITH ADAM WARD BY LAURA RAMOS HEGWER

**NEXT TO THE CEO, THE CFO CAN BE THE MOST IMPORTANT CATALYST FOR INNOVATION BY ENSURING DEDICATED RESOURCES FOR TESTING NEW IDEAS.**

In this interview, innovation consultant Adam Ward, author of *Lean Design in Healthcare: A Journey to Improve Quality and Process of Care*, examines the CFO's role in innovation.

**On what constitutes innovation in health care.** Ward defines innovation as "the process and output of creating something that makes something obsolete that exists today," such as the process of transitioning from flip phones to smartphones. In the healthcare industry, large-scale innovations include moving from paper charts to electronic health records or implementing telemedicine for population health management.

But innovation also can be incremental, Ward says. Inside healthcare organizations, innovations often build from smaller operational improvements, such as implementing a tool that improves productivity in a particular unit.

**On barriers to healthcare innovation.** Ward concedes that health care has been somewhat averse to the risk associated with innovation. In addition, some healthcare leaders, including physicians, have a difficult time breaking with tradition and changing how processes have always been done. "Many physicians don't want to change, and they have been blasted by really bad IT projects, and they are burning out," he says.

However, the right innovation teams and structures can help get innovation projects off the ground.

**See related tool:** [Is your organization ready for innovation? Take this quiz](#)

**HFMA BUSINESS PROFILES**  
[VitalWare: Creating a Transparency Strategy](#)  
[Meeting the Mandate to Post Standard Hospital Pricing](#)

to find out.

**On building innovation teams.** Every innovation project needs executive oversight. “The CEO and the CFO are the two most critical executives,” Ward says. These leaders should encourage their teams to brainstorm ideas that advance the Triple Aim—improved population health, enhanced patient experience, and reduced costs.

If organizations have a chief innovation officer or a chief strategy officer, these leaders also play critical roles. On the clinical side, chief medical officers (CMOs) and chief nursing officers (CNOs) also may provide executive guidance and support for projects.

However, Ward cautions against having COOs, the chief information officers (CIOs), or other operational leaders directly oversee innovation projects that aim to transform operations. “A lot of times when they get involved in executive oversight, they have a tendency to protect current operations,” he says. In such cases, CEOs, CFOs, or leaders from project management offices (PMO) or dedicated innovation centers may be tapped for oversight.

Ideally, each project team needs to have an owner who understands the business and what needs to get fixed. A team also should include tactical, cross-functional experts who can dedicate at least 20 percent of their time addressing project-specific questions related to technology, clinical processes, or other areas. Other experts can serve as “curb-siders” who spend even less time on the project but can be pulled in as needed to work on the team, Ward says.

**On the capital needed for innovation.** To help spur innovation, CFOs should “isolate the innovation dollars” by keeping the funds separate from operations, Ward says. This might mean creating a separate line item for innovation or using foundation funds to start projects.

Although there is no clear rule for what percentage of operating revenue should be set aside for innovation, organizations that invest even less than one percent can have significant results. “The high performers in innovation are not necessarily the high percentage investors,” he says, adding that some organizations may set aside \$500,000 to complete one innovation project, while others may dedicate more than \$10 million to start working on innovation.

**On specific techniques that promote innovation.** Ward stresses the need for high-quality process improvement methodologies, such as Lean, to roll out innovations in patient services. For project management, he recommends Agile and Scrum, two methodologies that were born from software development and can provide a framework for innovation. In addition, he suggests that teams adopt design-thinking processes, which can help bring ideas to life through a prescribed series of stages.

**On promoting innovation in smaller hospitals.** Organizations that do not have dedicated staff for innovation may want to get a leader certified in Agile, Lean, or human-centered design, which focuses on creative problem-solving, Ward says. Then, this leader can serve as an in-house “owner” for innovation. “All hospitals can afford one-quarter of an FTE to work on innovation and just experiment,” he says.

**On the mistakes you can avoid.** “The biggest mistake I see is when health systems try to become something they are not,” he says, pointing to organizations that view innovation through the lens of technology or device

A senior leader of VitalWare talks about the need to create a comprehensive pricing strategy for consumers and how to get started.

#### HFMA RESOURCE LIBRARY

### 10 Ways to Reduce Patient Statement Volume (and Reduce Costs)

No two patients are the same. Each has a very personal healthcare experience, and each has distinct financial needs and preferences that have an impact on how, when and if they chose to pay their healthcare bill. It's no longer effective to apply static billing techniques to solve the complex challenge of collecting balances from patients. The need to tailor financial conversations and payment options to individual needs and preferences is critical. This presentation provides 10 recommendations that will not only help you improve payment performance through a more tailored approach, but take control of rising collection costs.

## TRENDSETTER

### TAKING A HOLISTIC VIEW OF PROCURE-TO-PAY



This article takes an in-depth look at how one company is enabling more efficient procure-to-pay processes to streamline healthcare organizations' financial operations.

development exclusively. Although he thinks joint ventures with device and technology companies can be fruitful, he does not believe that healthcare organizations should focus on becoming these high-risk companies themselves. "There's a lot that should be left to the medical device world because these types of innovations pull resources and time, and create risk in the organization," he says. "There is plenty of innovation that can happen with patient services, and no one knows that better than they do."

**On creating a more innovative culture.** To sustain innovation—which may require several quarters or even years to generate results—CFOs should create more flexible financial reporting timelines for these projects that look beyond monthly or quarterly reports. While process improvement projects may be able to turn around results in two months, larger scale innovations often require longer timeframes.

He also recommends that CFOs look for opportunities to be evangelists for innovation. "Any time CFOs see an idea that could render traditional processes obsolete, they should talk about it and reward it," he says. "The simple first step is to find a person and start a tiny project—it can start that small."

---

Laura Ramos Hegwer is a freelance writer and editor based in Lake Bluff, Ill.

*Interviewed for this article:*

Adam Ward is an innovation consultant with Simpler and the author of *Lean Design in Healthcare: A Journey to Improve Quality and Process of Care*.

Publication Date: Wednesday, November 14, 2018

**Comments**

**ADD COMMENT**

Text Only 2000 character limit

Add Comment

---

**ADVERTISEMENTS**

---

---

---

---

---

Read More

SPONSORED CONTENT

TRENDSETTER

**PREVENTING READMISSIONS WITH A PERSONAL TOUCH**



This article takes an in-depth look at how one

organization is preventing chronic care readmissions through in-home monitoring, patient education, and counseling.

Read More

SPONSORED CONTENT

### HFMA MEMBERSHIP

- [Join](#)
- [Member Benefits](#)
- [Enterprise Solutions Membership](#)
- [My Account](#)
- [About HFMA](#)
- [Chapter Leaders](#)
- [Find a Chapter](#)
- [Directory](#)

### INDUSTRY INITIATIVES

- [The Value Project](#)
- [Price Transparency](#)
- [Patient Financial Communications](#)
- [MAP Initiative](#)
- [Physician Resources](#)
- [Health Plan Resources](#)

### EDUCATION

- [Annual Conference](#)
- [Seminars](#)
- [Webinars](#)
- [On-Demand Webinars](#)
- [Certification](#)
- [Career Center](#)

### PUBLICATIONS

- [hfm](#)
- [Leadership](#)
- [News](#)
- [hfm Blog](#)
- [Leadership Blog](#)
- [Newsletters](#)
- [E-bulletins](#)
- [Buyer's Resource Guide](#)

### MARKETPLACE

- [Job Bank](#)
- [Peer Review Program](#)
- [MAP App](#)
- [Advertising + Sponsorship Opportunities](#)
- [HFMA's Annual Sponsors](#)

### CONNECT

- [HFMA Forums](#)
-  [LinkedIn](#)
-  [Twitter](#)
-  [Facebook](#)
-  [Youtube](#)
- [PodBean](#)
- [Press Releases](#)

### HFMA SITES

- [Annual Conference](#)
- [MAP](#)
- [Leadership](#)

[Return to HFMA in the Future](#)