

# How Texas Children's Hospital Fostered a Culture of Financial Stewardship — 5 Takeaways

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Many health systems struggle with management and performance reporting.

This was the case at Texas Children's Hospital in Houston before leadership implemented new technology and initiated a cultural transformation.

During a June webinar hosted by *Becker's Hospital Review* and sponsored by Strata, Jennifer Little, vice president of finance at Texas Children's Hospital, joined Strata's Chris Vaccaro, director of financial planning and solution engineering, to describe the transformation at Texas Children's.

Five key takeaways were:

**1. While expense management was on the back burner during COVID-19, health systems are again focused on cost management.** During COVID-19, organizations were merely trying to survive. But over the past few months, working with many health systems, Mr. Vaccaro has seen that health systems are back to focusing on expense and cost management. He sees organizations looking for simplified reporting and standardized processes. "Many organizations are adopting full-scale processes across their entire system," he said.

**2. Beyond setting financial and operational targets, health systems must work to achieve those targets.** "Organizations spend countless hours across finance and operations setting targets," Ms. Little said. "But what are we doing to achieve those targets in a standardized and efficient way?" She noted that Texas Children's previously had multiple systems and processes across the organization's different divisions. The result was a lack of consistency and transparency, and widespread inefficiency.

**3. Texas Children's has standardized its processes and tools.** The opportunity for Texas Children's was to create standard processes by leveraging Strata's operating budget module followed by the management reporting module. "These tools are paramount for the back office to create more efficient, more accurate data integration, and are important for the user experience," Ms. Little said. "Our long-term vision is to have Strata be the central repository and a one-stop shop for end users to manage all

of their financial results.” Adopting Strata involves simplifying and standardizing processes and creating consistency.

**4. Texas Children’s switched to metric-based reporting and highlighted variances.** Texas Children’s automatically pushes to each leader a monthly notification of how they have performed on specific, targeted metrics, and explains important variances versus targets. Information about metrics and variances guides leaders in developing action plans to address variances.

**5. Implementation of Strata has been a collaborative, iterative process.** Leaders — particularly super-users responsible for approximately 80 percent of Texas Children’s financial results — were deeply involved in designing the implementation. This implementation has been iterative and is constantly refined. The investment has helped deliver an improved end-user experience, a more efficient back office and seamless data integration. Front-line leaders find the system easy to use in doing budgets and reviewing management reports. “There were a lot of changes of people, processes and technology, all of which are ongoing,” Ms. Little said. “The key signs of success are that the organization has the tools and processes to lay the foundation for financial stewardship as a culture and financial management as a routine responsibility.” The health system is now more efficient, and leaders better understand the organization’s key financial drivers.