

Finance Department Redesign and Restructure Drives Transformative Change



A prominent multi-entity health care system had expanded through acquisitions and was still trying to operate as if it was a smaller single-entity hospital. Its organizational structure was outdated and inefficient. Business processes were fragmented across entities and employees were functioning under outdated job descriptions. The finance department epitomized the enterprise's operational issues.

Problem to Solve

Bigger does not always mean better in business. Sometimes it means more size-related challenges.

Such was the case with a prominent multi-entity health care system which had expanded through acquisitions and was still trying to operate as if it was a smaller single-entity hospital. The health care system's organizational structure was outdated and inefficient. Business processes were fragmented across entities and employees were functioning under outdated job descriptions, creating unnecessary and duplicative work and considerable staff frustration.

The health care system's finance department epitomized the enterprise's operational issues, with staff members operating in silos and without clear lines of communication. The health system's leaders did not fully understand the department's responsibilities, and thus could not help prioritize the department's work and create efficiencies. Multiple intercessions by external consulting firms had failed, and finance department staff members were

increasingly dissatisfied with their workload and lack of direction from their leaders.

Enter Freed Associates (Freed), which the health care system engaged to redesign and restructure the finance department's most vital functions, redefine staff members' roles and responsibilities and create a list of the department's top business priorities.

Strategy and Tactics

The engagement started by working to define future finance department functional roles and responsibilities. Through meetings with staff and leadership team members to discuss areas of responsibility and average completion times for projects, a database of staff member roles and responsibilities was created.

Next was identifying and documenting the department's top business processes. Based on staff and leadership team input, an inventory was created of key business processes and total estimated hours per task within processes. Freed then presented this data to relevant department members to identify which processes truly required improvements. Despite frequent dissension among finance team members, eventually the group synthesized all input to create a final list of processes requiring improvement.

Based on the information gleaned from assessing functional roles and responsibilities, and identifying well-performing and under-performing department processes, planning could begin for the restructure and redesign of the department. As can be anticipated with any change-related initiative, this part of the project meant gaining often passionate input from several sources both within and outside of the finance department. At stake was the future functionality of the finance department – for example, which roles could be assigned within shared services and which could be assigned to a particular business line or entity (e.g. oncology care).

To gain buy-in and support for its finance department restructuring recommendations, Freed worked with leaders of both the finance department and health care system. Ultimately, this collaboration created a sense of consensus for the ensuing new finance department structure.

Results

After documenting and updating the finance department's roles, responsibilities, business processes and functions, Freed was able to provide a new organizational structure to the department, putting it on a path to working more efficiently and collaboratively, both internally and with other departments. Freed also helped boost the internal employee culture by partnering with finance leaders to provide more transparent communications. The result is an improved and higher-functioning finance department, as characterized by comments from the client, such as: "I could not have imagined this going any better" and "It was a true herculean effort!"

Conclusion

Now that the finance department has a new structure and updated roles, responsibilities and processes in place for its team members, the next step will be implementing this new organizational design. This will include working with the organization's human resources department to post and fill new finance department positions, updating department policies and procedures, and providing ongoing staff training on new processes. The redesign ground work performed will make these next steps much easier and more efficient to implement.