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Making the Case for Medical Simulation:

**7**

Steps to Navigating  
the ROI Discussion

Imagine yourself sitting outside your institution's executive boardroom. You're waiting to be called in to make your case for investing in medical simulation. You believe in the benefits of simulation. And, you're passionate about what it can do. But at some point, you know you'll be asked, "What's the return on investment, the ROI?"

To stake your claim in that discussion, experts advise that you find common ground. That involves striking a balance between understanding what's important to senior management, being clear about what you intend to deliver, and remaining firm about metrics that are important to solving the problem at hand.

To find that common ground and navigate the ROI discussion, follow these easy steps.

"Return on investment in simulation is not necessarily about bringing in money... what it does is save money."

*Dr. Charles Pozner, Medical Director for the Neil & Elise Wallace STRATUS Center for Medical Simulation at Brigham and Women's Hospital*

## Own your part of the math, not all of it.

1

You don't have to be a CFO to engage in the ROI discussion. What's important is that you appreciate how a CFO thinks. A CFO's job is to maximize investment outcomes for the benefit of the organization. The hallmark for how they approach this is the formula for ROI.

$$\text{ROI} = \frac{\text{Gains} - \text{Investment Costs}}{\text{Investment Costs}}$$

It's important to know the formula. It's equally important to know that, unless you have a finance background, this is likely not your comfort zone. Joe Fifer, CEO of the Healthcare Financial Management Association (HFMA) and a former hospital CFO, recommends: "Take the bold move and ask for your CFO's help. Ask your CFO to assist you with managing the investment costs. Meanwhile, you should focus your efforts on defining and presenting the gains."

More than  
**\$700,000**  
in SAVINGS!

Simulation-based education in Catheter-Related Bloodstream Infection at Northwestern Memorial Hospital resulted in net annual savings of more than \$700,000 — a 7 to 1 rate of return.<sup>1</sup>

Experts agree, avoid viewing your CFO and senior executives as gatekeepers. Yes, they hold the key to something you want: money. However, you hold a key to something they want: gains in organizational performance. Now more than ever, senior management is seeking solutions to achieve better performance. If you define your gains correctly, you will increase your chances of making the ROI discussion a collaborative one.

# 2

## Get real about your problem

As you focus on gains, help your CFO and senior management understand the problem as you see it. *What pain point are you trying to solve with simulation? Why do you need to solve that pain point now? What happens if you don't? Why should anybody care?* Communicate the problem that your organization faces in real-world terms.

Answering the above questions will allow you to create a persuasive problem statement that you can use to spark interest in your project. Here's a mock example from a labor and delivery department head:

*My staff does not respond adequately as a team to shoulder dystocia emergencies. We need to address this problem now because we've already experienced three cases in the past month. In each case the infant was compromised, one seriously. If we ignore this issue, we will make this problem systematic, putting our patients at predictable risk. Our organization needs an environment to make solving this problem a priority, because we cannot afford the liability, the impact to our reputation, or the potential for patient harm.*

Refine this statement to reflect your own clinical area and circumstances, but don't lose the essence of what you are experiencing in your real-world environment which others may rarely see.

# 39%

Decrease in OB  
liability claims

**Using simulation-based team training as a means to implement new protocol, a 14 hospital initiative decreased the number of OB liability claims by 39 percent.<sup>2</sup>**

# 3

## Keep your simulation solution simple and focused

The more complex your simulation design, the more difficult it will be to justify how everything connects to the gains you've identified. Most experts advise that you should keep your projects simple—especially if you're new to simulation. Think about your metrics first and ensure that your simulation design fits how you define success. The following list can become quite complex if you let it:

- Simulation equipment
- Instructor training
- Support services (if necessary)
- Ancillary equipment to support the simulation, such as medical supplies and consumables
- The time staff will need to devote to training rather than being at their regular job

"The justification of simulation is about the goal and the metrics you're using to measure your day-to-day success," explains Dr. Amar P. Patel, Director of the Center for Innovative Learning at WakeMed Health & Hospitals. At the end of the day, we're here to help learners be more competent and confident in their skills. And we're here to keep our patients safe."

Simulation does not have to be complex to achieve this. Match your design to your metrics.



*“At the end of the day, we’re here to help learners be more competent and confident in their skills.”*

Dr. Amar P. Patel, Director of the Center for Innovative Learning at WakeMed Health & Hospitals



### Now get specific about gains

4

You understand and can explain the problem. You’ve created the solution. Now you can answer what your organization stands to gain. Will it be reduced risk? Improved patient satisfaction? Mission achievement? Better nurse retention? Better employee engagement?

A joint report from the American Association for Physician Leadership® and HFMA suggests that many gains fall under the general topic of helping build a high-reliability organization.<sup>3</sup> “The goal of becoming a high-reliability organization is a powerful concept that can bridge the traditional gap between clinical and financial leaders,” say the authors. Drawing on their recommendations, consider outlining your gains according to the chart below.

	Record your gain below
No harm to patients (safety imperative):	
Clinical excellence (quality imperative):	
Patient satisfaction (patient-centered care imperative):	
Positive margin (financial imperative):	

If your solution leads to gains in the above areas, you’ve now touched on areas where senior management is likely to focus. The good news for you is that you may be the first ever to introduce them to simulation as a solution.

# 5

## Create advocates in the boardroom before you even get there

Continue to keep your CFO involved, and broaden your support base. Reach out to decision makers and ask for their help. Invite them to see—and experience—the problem you seek to solve. Arrange for them to participate in a simulation and show them how simulation addresses the problem in a way no other solution can.

According to Joe Fifer at HFMA, “As a hospital CFO I saw great ideas daily. The ones that really got my attention and commitment were sponsored by people who got me actively involved so I could experience the problem first hand, sometimes even at the patient’s bedside.”

“Experts in simulation agree. I needed to get my simulators in front of people,” says Dr. Charles Pozner, Medical Director for the Neil & Elise Wallace STRATUS Center for Medical Simulation at Brigham and Women’s Hospital. That was incredibly important to the advancement of simulation...all of a sudden, people from nephrology, people from surgery, people from OB, said, ‘Hey that’s a really incredible tool.’ ”

By getting members of your senior management involved, you’ll be presenting to an audience that already feels some ownership of the problem and are more likely to view your efforts as a problem-solving session rather than a bid for funding.

“Get key stakeholders to come and put their hands on a manikin and experience that adrenaline rush when they’re doing chest compressions (or) delivering a baby.”

*Dr. Komal Bajaj, Assistant Professor, NYC Health & Hospitals Simulation Center*

# 6

## Demonstrate short-term gains

Time is money. And to upper management, the longer one has to wait for ROI, the more risk is involved.

Simulation can be a catalyst for efficient and effective use of time. Experts turn to the Kirkpatrick model<sup>4</sup> to demonstrate the value of learning as learners go deeper into simulation. This model is based on a four-step progression that allows you to show how simulation training is worth the investment:

- **Level 1: Reaction** – To what degree did students embrace the learning activity? This speaks to the number one problem in adult education: engagement. Compare the value of engagement through simulation to what you might achieve through an email or a presentation or even a policy change. Just getting participants engaged adds tremendous value.
- **Level 2: Learning** – To what degree did students acquire the intended knowledge, skills, and attitudes based on participation? This is an opportunity to compare simulation to passive learning. You’ll see the immediate benefits engagement while not involving true patients.
- **Level 3: Behavior** – To what degree do participants apply what they learned on the job? You can show decision-makers how simulation accelerates this process.
- **Level 4: Results** – To what degree do the targeted outcomes occur as a result of the learning and subsequent reinforcement? Imagine the power in telling your senior management, “We will measure this, we will report on this, and we will correct things if there is a problem.”

One of the biggest challenges facing most senior management is employee engagement. Be prepared to show them how simulation meets that challenge head on. (*Ask for Laerdal's article: 3 Ways Simulation Can Help Accelerate Your Learning Efforts.*)

The whole basis for the Kirkpatrick model is how employee engagement equates to ROI, showing in practical, no-nonsense terms how simulation can deliver immediate value.

# 90%

*In simulation-based team training for obstetric clinicians, 90% of participants noted improvement in response to critical events.<sup>5</sup>*

# 7

## *Stand in the door. Go!*

Here's where you get to put it all together and make a powerful case for investing in simulation.

- Lead with the pain point. Explain why it needs to be solved now and what the future looks like if you don't.
- Explain why simulation is the best solution.
- Present the costs, but in light of concrete, measurable and important gains.
- Show how, through better engagement, you can deliver short-term incremental gains in a way that other solutions can't.

By getting your CFO and other key stakeholders involved early in the process, you'll be confident in framing the discussion in terms that they can understand and appreciate.

““The opportunity to practice, and practice on patients, is where you really...make the case for simulation.”

*Dr. Sharon Griswold-Theodorson, Director,  
Professor of Emergency Medicine, Drexel  
University College of Medicine*

## *Summary*

According to Dr. Ivette Motola, director of The Gordon Center for Research in Medical Education at the University of Miami Miller School of Medicine, “We have increasing evidence that we're getting improved patient outcomes by implementing simulation. And that's where we see the biggest return on investment. Improved patient outcomes are our ultimate goal.”

Like Dr. Motola, your senior management's ultimate goal is to implement solutions that advance the functions of your institution—while giving them the greatest ROI. You know the advantages of simulation training. And now you have the background to effectively present your case.



Laerdal's mission is Helping Save Lives. We don't touch patients. We touch the people who do. Through our complete range of patient simulators, scenarios, educational services and performance improvement programs, we strive to enable healthcare providers to be the most competent and confident providers possible.

Ask us about how we can help solve your healthcare training, education, and continuous improvement challenges. You can contact your local Laerdal representative or reach us at:

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For further reading see: Young, M., ROI and Sustainability in Healthcare Simulation (2014), <https://www.linkedin.com/pulse/20140825184716-55191832-roi-and-sustainability-in-healthcare-simulation>