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Capital Expenditure and Budgeting: A System Approach to Strategic Growth

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Rush University System for Health

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Learning Objectives



- Identify key components of a continuous prioritization model in capital expenditure to optimize resource allocation and align investments with institutional priorities.
- Explain the effectiveness of a capital management system by analyzing quantitative performance indicators and the integration of stakeholder feedback to improve decision-making and operational efficiency.



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Rush Capital Planning Journey



Pre-2022

Annual capital submission cycles

Delayed approvals and resource bottlenecks

Limited transparency

Governance committee formation



2022

System benchmarking and gap analysis

Enhanced stakeholder engagement

Standardization kickoff



2023

New capital intake and evaluation standards

Governance committee revamped



2024

Launched continuous prioritization model

Data-driven outcomes

Multi-year routine capital plan



2025

Full system-wide adoption

Multi-factor scoring and committee review

Real-time resource reallocation

Challenges



"We've always done it this way"



Siloed capital decisions across departments



Delayed responsiveness to urgent needs



Lack of visibility into spend and prioritization



Competing goals with multiple "Sources of Truth"

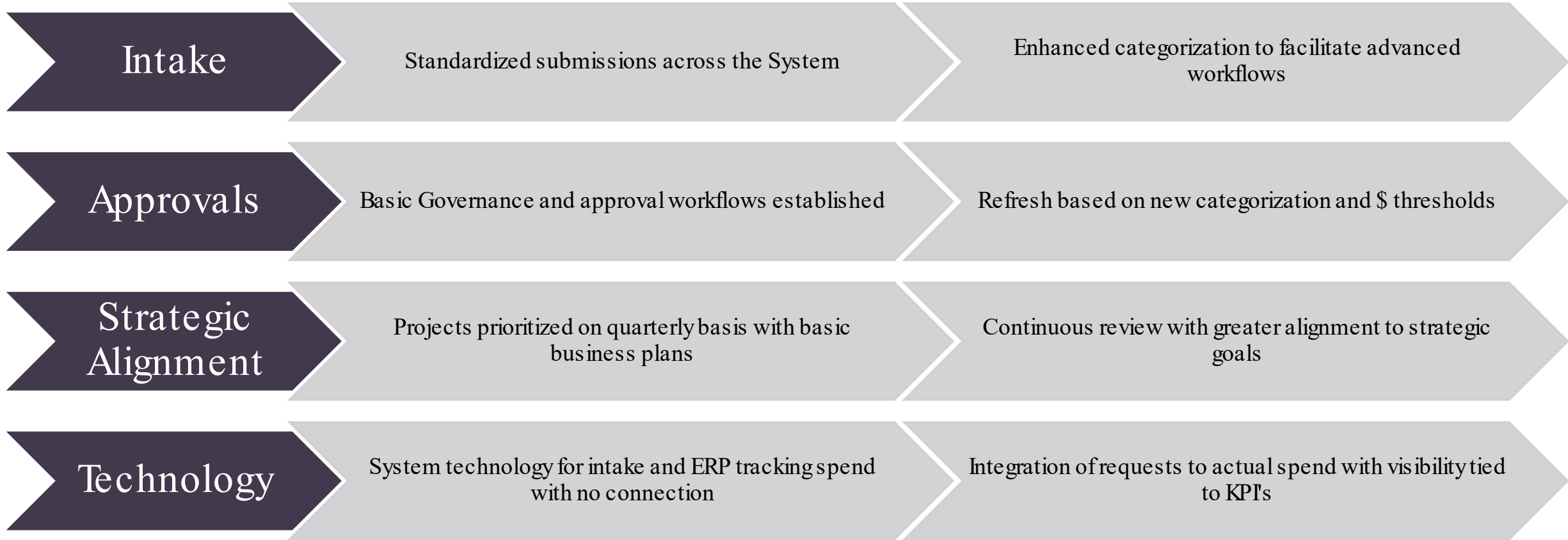
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Framework



Pre Update

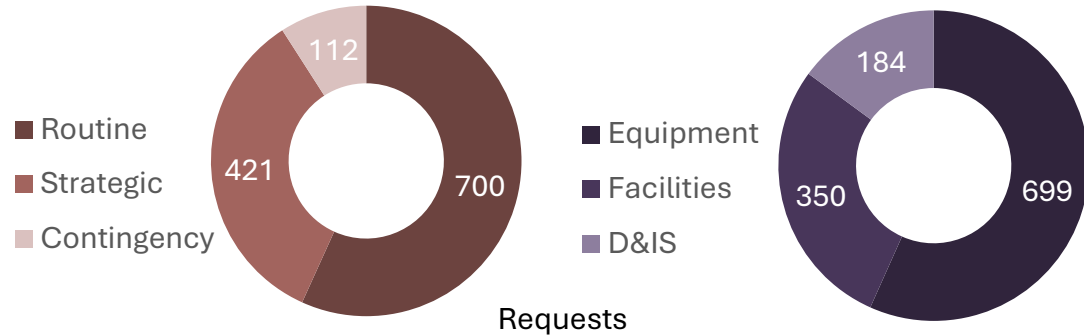
Post Update



Framework



Intake - Categorization



Requests

Routine

- 3 – 5 Year Rolling Plan ...“keep the lights on”
- Examples: Equipment Replacement, Facility Maintenance, IT Infrastructure

Strategic

- Opportunity / Growth / Increased ROI
- Examples: New Buildings, Program Expansions, Recruitment

Contingency

- Unbudgeted / Unplanned / Changes
- Examples: Break/Fix, Over/Under, Unforeseen Issues, Emergencies

Strategic Alignment

Executive Committee	Meetings: Quarterly
	Members: SVP
	Responsibilities: Review Metrics, Approve Projects > \$1M, Reprioritize, Settle Disputes
Capital Committee	Meetings: Monthly w/ weekly review
	Members: Equipment, Facilities, D&S, VP
	Responsibilities: Review Metrics, Approve Projects < \$1M, Prioritize

Approvals

Routine

- Majority of requests
- Faster Approval Pathways
- Responsibility of entry and planning transitioned to Equipment, Facilities, D&S (Previously operational leaders)

Strategic

- Minority of Requests
- Approvals Pathway levels based on value
- Responsibility of entry with facility/operational leaders

Technology – Integrated Data



Enhanced Reporting

- Data sets combined into singular actionable view
- Views by Type and Overall based on role within process
- Visibility and Transparency

My Request Approvals
5

Ready for Feasibility Approval
21

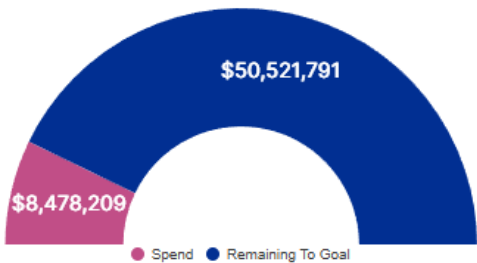
Requests In Progress Value
\$12,456,872

Ready for Committee Approval
35

Actual Spend	Approved Requests	Type	Total	FY26	FY27	FY28	FY29	FY30
\$8,628,353	\$3,715,786	Total	\$89,770,422	\$55,056,545	\$24,244,679	\$10,322,931	\$146,267	\$0
		Strategic	\$81,205,909	\$49,081,464	\$21,655,247	\$10,322,931	\$146,267	\$0
		Routine	\$8,564,513	\$5,975,081	\$2,589,432	\$0	\$0	\$0
Spend Projection	Spend Goal							
\$55,056,545	\$59,000,000							

Routine Spend

Strategic Spend



- What do I need to do?
- What's ready for Committee?
- What have we approved?
- What have we spent?
- What are multi year projections?
- Goal vs. Projections vs. Spend

Monitor and Maintenance



Turning potential for conflicting data, with multiple sources, into opportunity to improve maintenance and data integrity

Metrics
Duplicate Requests
Approved Request Without Funding
Not Approved Request With Funding
No Spend/PO's in First 3 Months
No Spend/PO's in First 6 Months
Spend ≠ Projections
Funding ≠ Request
Projections ≠ Request

Identify Additional Metrics

- What discrepancies drive issues within the process?

Clickable Buttons

- Ability to quickly identify items driving variances

Source of Truth

- When variances need to be updated, they are updated in the Source of Truth

Outcomes & Impact



↓ Capital request turnaround times



↓ Budget variance and underspend



↑ Strategic alignment of investments



↑ Satisfaction from clinical/financial stakeholders



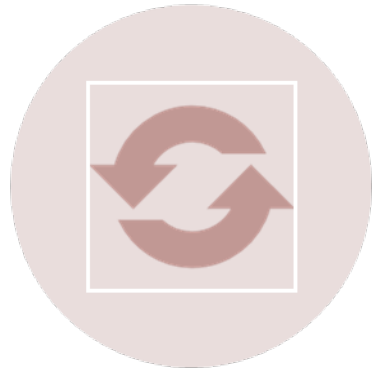
↑ Transparency & accountability

Lessons Learned

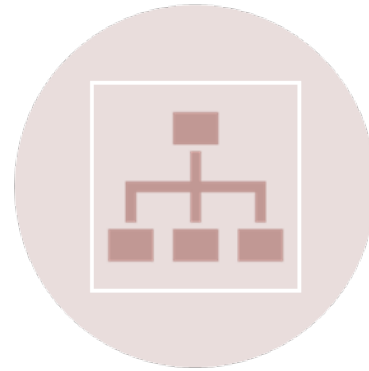


- Flexibility is essential for strategic alignment and long-term sustainability
- A rolling, governance-backed model supports better, data-informed decisions
- People drive change—technology helps, but progress comes through iteration
- Trust and collaboration are built through transparent processes

Key Takeaways



CONTINUOUS PRIORITIZATION
MODEL REPLACES RIGID
ANNUAL CYCLE



REAL-TIME TRACKING AND
STRUCTURED GOVERNANCE



DYNAMIC, RESPONSIVE
FRAMEWORK

Questions?



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