

## Foreword

ALLOCATING CAPITAL IS difficult because it involves a series of problems. To quote M. Scott Peck, MD, the author of *The Road Less Traveled* (New York: Simon & Schuster, 2002): “Discipline is the basic set of tools we require to solve life’s problems. Without discipline we can solve nothing. With only some discipline we can solve only some problems. With total discipline we can solve all problems.”

A number of years ago, I was faced with a significant dilemma as a newly hired chief financial officer for a multistate, \$4.5 billion health system. Having received a rating downgrade, and harboring doubts about the best way to move forward as a system, the organization realized that capital allocation was a critical component to our future success. But where to start?

Fortunately, I had the opportunity to be introduced to Kaufman Hall, and specifically Jason Sussman. Jason had been helping other clients with the problem of allocating capital. What emerged for me during the period we worked together was the ultimate capital “Aha!” moment—a true picture of the capital management cycle he described and, more important, the right set of disciplines to execute it well.

After a few years of painstakingly putting in place all the disciplines of a robust capital management cycle, including the capital allocation centerpiece of the process, our organization started making better capital decisions, and results consistently improved. Ultimately, our strong credit rating was restored. In this book, Jason presents the right set of disciplines in a thoughtful, well-organized manner. To executives looking for a quick fix, this probably is not the guide for you, as it requires a commitment to a continuous loop of planning, assessment, analytics, decision making, execution, and reassessment. To executives who are committed to improving their organizations’ capital allocation processes through disciplined thought and actions, however, you cannot find a better road map.

My experiences with Jason have been very positive. Together, we have created great value in two large and complex healthcare organizations. His experience, evident throughout this book, has been gleaned from many years of working with healthcare providers across the country. I have heard so many positive, reinforcing comments about his work that I am confident you will find this book enormously helpful in moving your organization forward in a time of great challenges, yet also of great opportunity.

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