

# **Investing in an Energy Management System: The Case of Quality Care Nursing Home**

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## **EXECUTIVE SUMMARY**

This case presents the story of how a small- to medium-sized enterprise (SME) makes the decision to invest in an emerging technology. Specifically, the case looks at Quality Care Nursing Home, a 125-bed elderly care facility with roughly 200 employees. Advances in information technology yielded an opportunity for Quality Care to achieve savings of both financial and natural resources through the implementation of an energy management system (EMS) integrated into organizational decision making and management processes. In the case, Quality Care is considering investment in a new IT-enabled EMS in order to improve client satisfaction while reducing costs. The case describes the problem, energy management systems (which are an emerging technology), and how the business went about evaluating the need for the technology and making its case as to

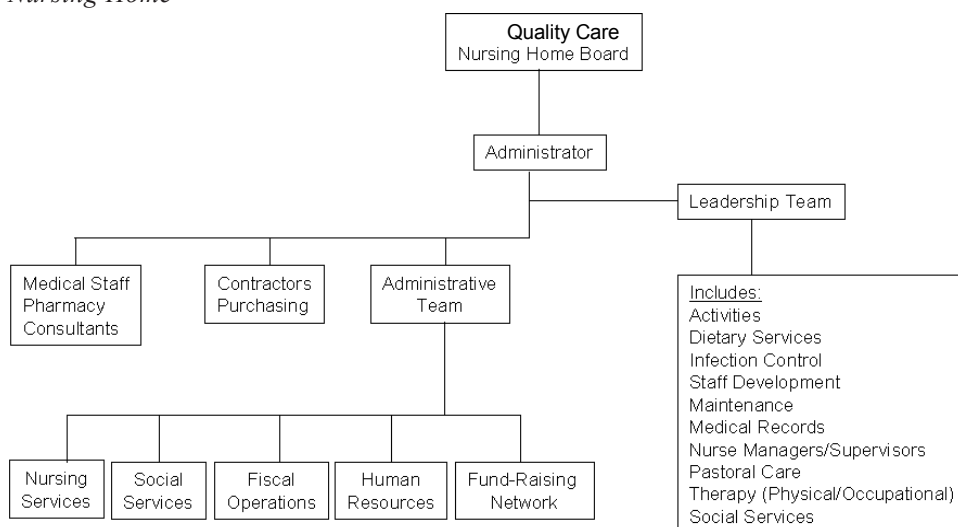
whether or not to invest in the technology. The case presents an interesting investment decision in terms of balancing the qualitative and quantitative costs and benefits of the proposed IT solution.

## BACKGROUND

Located high on a hill overlooking the Hudson Valley, trees, fields and dairy farmland surround the 120-acre property of Quality Care Nursing Home, Inc. A religious order of nuns founded Quality Care in 1949, and continues to operate the facility today. In 1992, the original nursing home was replaced with a state-of-the-art building, containing three direct care floors and one floor dedicated to administrative functions, ancillary services, such as physical therapy, and the kitchen, environmental services, and maintenance. These functional areas occupy 60,000 square feet. In 1997, the nursing home was sold to R-Healthcare, Inc., a large healthcare group operated by a different religious order. In 2000, new construction expanded Quality Care to 68,000 square feet with the addition of a chapel and large meeting hall space.

The 200 employees working at Quality Care provide intensive and professional care 24 hours of every day in support of the needs of the progressively infirm elderly who are no longer able to live independently. The direct and indirect patient care is provided in an environment of compassion, accountability, respect, excellence, and other special services (C.A.R.E.S.) that define Quality Care's core values. Included in "accountability," Quality Care calls employees to responsible stewardship of the human and material resources and assets of the organization. They are to work together to be effective and efficient in the use of resources and to provide a safe environment and ecology. They require a reasonable financial return in order to provide resources needed to pay fair

*Figure 1. This Diagram Shows the 2001 Organizational Chart for Quality Care Nursing Home*



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