

THE FIVE BUILDING BLOCKS OF A SUCCESSFUL WORKFORCE PROGRAM —

BEYOND EMPLOYEE RECRUITMENT,
ENGAGEMENT AND RETENTION

Workforce management in the healthcare setting is no longer about hiring employees and hoping they work out to be strong contributors to the organization. Workforce management encompasses a wide variety of components that need to work together for success. From the operations side of reducing and controlling labor cost to creating a high performance workforce, to the tactics of effective hiring, it all adds up to a successful workforce program.

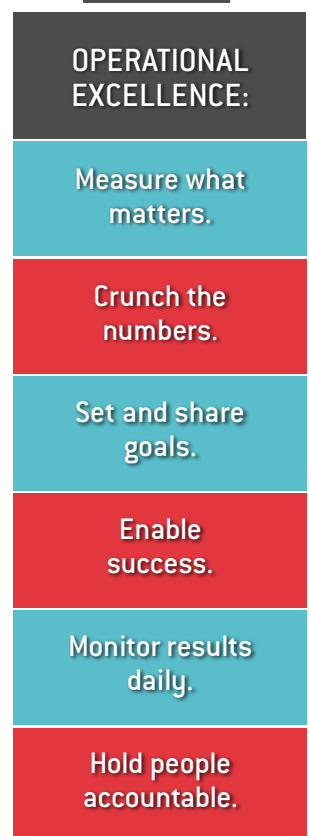
In the following pages, we'll look at five vital components of a successful workforce program – Operational Excellence, Driving Employee Engagement, Effective Recruiting, Employee Verification and Screening, and Staff Management.

Operational Excellence

Any discussion around reducing costs and improving operational efficiency in the healthcare setting must begin with enhancing labor productivity. Total labor expense can exceed 50 percent of a hospital's operating costs and 90 percent of its variable costs. Over half of the nearly \$3 trillion spent annually on healthcare in the United States is attributable to wages for healthcare workers.

Based on these numbers, it is easy to understand the importance of controlling labor costs, but how to do it, in terms of monitoring performance, measuring productivity and managing labor spend on a daily basis remains elusive for many. Amerinet partner Healthcare Insights, LLC (HCI), has developed a six-step, data focused, action plan for improving labor productivity that any healthcare facility can implement.

- **Measure what matters.** Determine the specific performance indicators that the organization needs to monitor, measure and manage. These will vary depending on factors including range of services offered to workforce composition and organizational size.
- **Crunch the numbers.** Calculate an optimum labor compensation ratio and productivity standards for departments and job codes. Determine which departmental staffing plans are being used correctly and which need adjustment. Trend actual versus budgeted labor expenses at the department/division/organization level for regular, overtime and other pay lines to determine reasonable objectives.
- **Set and share goals.** Establish clear objectives around the key indicators and standards and communicate those goals to everyone responsible for maintaining and developing budgets – including directors and floor managers, not just senior leadership or financial executives. Remember that key data about labor efficiencies must be accessible and understandable to all, especially those in the trenches who need to take action, or all that intelligence is worthless.
- **Enable success.** Make sure daily decision-makers have the appropriate tools and training needed to track key labor metrics frequently and drill down on operating reports. Hospitals that opt for a commercially available software solution to facilitate financial management, data analysis and decision-making should select a tool capable of fully integrating large volumes of data into a single, easy-to-understand language that non-financial decision-makers can immediately use to assess and improve productivity. Since any tool or



technology is only effective if it is used, the solution should feature functionality that encourages wide adoption and facilitates mastery even for those who don't have an advanced degree in programming.

- **Monitor results daily.** Cost-saving initiatives, such as flexing staff according to volume, unscheduling unnecessary hours and optimizing premium pay, require more frequent reporting. If department managers are only reviewing current performance levels monthly or quarterly, they are not gaining the benefit of real-time results and the organization is not realizing all the savings it could.
- **Hold people accountable.** Put a system in place to alert directors and managers when they deviate from budget or goals. Then give them the data, analytic tools and drilldown capabilities they need to identify and investigate labor variances independently and take quick corrective action.

“Labor costs account for 40-60% of the typical hospital's operating expense and best practice organizations are moving closer to 37%.” Source: Altius Healthcare Consulting Group

In addition, Amerinet partner Altius Healthcare Consulting Group suggests healthcare facilities perform indicator analyses as a means of evaluating performance potential and constructing meaningful improvement strategies. Some of the indicators that should be measured against national, state, regional and comparative groups include:

- Full time equivalents divided by adjusted occupied beds (FTE/AOB).
- Paid hours divided by adjusted discharge.
- FTE per 100 adjusted discharges.
- Personnel expense as a percentage of operating expense.
- Personnel expense as a percentage of net patient revenue.
- Net patient revenue per FTE.

Driving Employee Engagement

Human capital is an organization's most important asset. The creative potential of an organization's employees is

infinite only if those closest to the actual work are actively engaged in making the organization more competitive and strive each day, not simply to do what is expected, but to do their very best. This requires leaders who are open to new ideas and leaders who focus on removing barriers, not limiting an employee's areas of involvement. The development of a high performance work environment such as this demands creating an environment where communication is central, and leadership is open to change and doing things differently.

Communication must be one of the core values of your organization, meaning that you share information openly and respectfully, and engage in honest debate in order to candidly address opportunities and challenges. It is imperative that all employees feel that they are being appropriately informed and that they are connected to their teams, supervisors and to the overall company culture.

Continuously recognizing and promoting the hard work of your employees is also an important part of fostering a culture of engagement. Whether it be through performance awards or incentive programs, always make sure you are thanking and recognizing employees for their accomplishments. It serves as a public affirmation and example of what engagement and hard work can achieve.

The Studer Group, which works with healthcare facilities nationwide to facilitate leadership excellence and organizational outcomes, views engagement as being at the heart of their balanced approach to driving performance for goals around people, service, quality, finance and growth. So why is engagement so important? Simply put, employee engagement drives Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) results. The evidence shows that employee engagement is clearly correlated with an organization's HCAHPS performance. Studer Group has evaluated data submitted by more than 34,000 leaders at greater than 500 hospitals between 2009 and 2013 as part of Quint Studer's Straight A Leadership Assessment. In comparing HCAHPS performance of those who cited employee engagement as “one of the top three areas we perform well in” to those who didn't, organizations who said they excelled in employee engagement most often had the highest HCAHPS results in all ten composites compared to those organizations who did not list it as an area of strong performance.

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Highly Effective Recruiting

“...hiring the wrong person for a key management position can exceed six to ten times the employee’s annual salary...”



According to Kenneth Cohen, Ph.D., president and CEO of evidence-based executive search and leadership assessment firm The Synergy Organization, hiring the wrong leader can be extremely expensive. A recent research study of the 80 top-performing healthcare executives nationwide showed the direct and indirect costs of hiring the wrong person for a key management position can exceed six to ten times the employee’s annual salary – meaning a \$100,000 job can wind up costing \$600,000 to \$1,000,000 for a single bad hire. Couple that with the fact that roughly 60 percent of most current health system budgets are being allocated for employment costs, and it has become necessary for hospital executives to engage in “human capital planning,” and not rely on non-strategic impression-based “gut instinct” hiring decisions. They must, as Cohen puts it, use the same processes and benchmarks required of other financial priorities and goals, meaning a quantitative process utilizing structured interview and measurement instruments – a quality and metrics driven approach that uses behavioral profiles to identify and appraise job candidates.

Cohen’s organization uses the Four Factor Theory box to explain their use of evidence-based, pre-employment testing and behavioral interviewing. This stresses the importance of

FOUR FACTOR THEORY FOR EVALUATING JOB CANDIDATES			
CONTENT		PROCESS	
Can the candidate do the job?		Will the candidate do the job?	
THE JOB	Functional Demands <ul style="list-style-type: none"> • Job descriptions • Responsibilities • Goals and objectives • Tasks 	Required Behaviors Based upon: <ul style="list-style-type: none"> • Organizational culture • Work group norms • Client/customer • Supervisor 	
	Attributes <ul style="list-style-type: none"> • Education • Experience • Skills • Aptitudes 		

Source: The Synergy Organization

hiring the right people for your organization whose values, demonstrated behaviors and personalities will be the “right fit” for your organization and your unique culture. This approach, according to Cohen, helps progressive hospitals/health systems to “get the right people on the bus and in the right seats” most efficiently and teaches healthcare facilities the “5P’s of Productivity: Properly Positioned Personalities Propel Performance.”

Healthcare executives must become actively involved in strategies to more efficiently leverage their organization’s workforce. The financial, healthcare delivery and employee quality-of-life benefits garnered using evidence-based executive search and assessment are tangible, proven and are quickly becoming a necessity in today’s difficult economic climate.

Employee Verification and I-9 Compliance

Over the past 25 years, worker authorization or right-to-work authorization enforcement from the federal government has increased. In the past five years, many state and local governments have also entered the enforcement arena. This trend has caused employers to become confused about the importance, process and requirements of employee verification and I-9 compliance.

Amerinet partner AccuForm I-9 has developed an action plan for employers suggesting several steps including:

- Identifying and designating a trained, internal HR leader to centralize the employment verification process.
- Writing, recording and publishing internal compliance policies, procedures and training programs.
- Safely storing I-9 documents in a secure location.
- Conducting annual audits of all I-9 files.
- Establishing reporting procedures for employees and employers.
- Optimizing and automating the I-9 process through use of I-9 software, which eliminates errors and creates compliant I-9s.

Increased federal enforcement and a shift toward targeting employers has brought employment verification compliance to the forefront of HR concerns. With fines that can reach into

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the thousands of dollars per employee – you can't afford to leave yourself open to risk.

Following the action plan outlined above is the first step to improving processes and establishing a good faith precedent. Use of I-9 software is the simplest, fastest and most efficient path to employment peace of mind and mitigation of risk.

Managing Staff and Improving Processes and Productivity

The movement towards value-based purchasing models has made the concept of process improvement and its methodologies an important component of healthcare's future. Whether Lean, Six Sigma, Total Quality Management or Re-engineering, a scientific, methodological approach to becoming a performance-driven organization will be vital to achieving success in the new model. Some basic concepts to consider:

- **Choose the Method That's Right for Your Organization.** The culture of your organization will be a major determining factor in what method you choose. Some questions to consider:
 - How receptive are your employees generally to change and innovation?
 - Are your employees quick to adapt to new ideas and/or processes?
 - What problem(s) are you trying to solve?
 - Is it a design issue, process, variation or specific business need?
 - Is it a narrow or cross departmental/corporate issue?
- **Whole Organization Buy-In.** Once the method is chosen, there must be organizational alignment and accountability that begin at the very top. Leadership must first exhibit a commitment to organizational transformation and continued alignment in all areas. They must also communicate a clear strategic framework with explicit goals, timetables and accountability/ownership.
- **Take Your Time.** In the early parts of any process improvement program, it is important to not be overly aggressive, but to initially concentrate on what is called in the Lean process, "point improvements." The focus should be on key areas and learning how to use and apply the tools. Be deliberate – it is a journey, not a sprint.

Root out basic problems, make improvements and build a foundation. Try to choose initial projects that are:

- Core to the overall facility strategy.
 - Ripe for improvement in cost or process.
 - Important because of customer demand.
- **Sustainability and Growth.** As your organization "gets better at getting better," more shared priorities will lead to further alignment of systems measuring performance, alignment of accountability across diverse stakeholders and partnerships that drive a higher level of care.

Labor costs continue to be hospitals' biggest expense, in many cases comprising over 50 percent of their total expense. Growth in net revenue per staffed bed is no longer staying ahead of growth in labor costs. Current physician, nurse and clinician shortages are only expected to increase in coming years. Healthcare providers that develop efficient recruitment processes, maximize the talent already on staff and build employee and physician loyalty will gain competitive advantage as demand for healthcare services grows.

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About Amerinet, Inc.

As a leading national healthcare solutions organization, Amerinet collaborates with acute and non-acute care providers to create and deliver unique solutions through performance improvement resources, guidance and ongoing support. With better product standardization and utilization, new financial tools beyond contracting and alliances that help lower costs, raise revenue and champion quality, Amerinet enriches healthcare delivery for its members and the communities they serve. To learn more about how Amerinet can help you successfully navigate the future of healthcare reform, visit www.amerinet-gpo.com.

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