How HR Can Help Executives Get the Big Picture

BECOMING A STRATEGIC PARTNER TO THE C-SUITE

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CEOS THINK HR TEAMS ARE "JUST GETTING BY"

Today's executives don't hold HR in very high esteem: according to Deloitte, "42 percent of business leaders believe their HR teams are underperforming or just getting by, compared to the 27 percent who rate HR as excellent or good when assessing HR and talent programs."[1]

For HR teams in healthcare organizations, this is demoralizing news. Amid changing regulations and care delivery models, a very real skill shortage (especially in IT and nursing), increasing retirements, Millenials' unique demands on the workplace environment, *and* rapidly changing technology in talent management (which ERP provider merged with whom, again?), HR teams have their hands full without the specter of a dissatisfied C-suite.

Yet it is precisely these challenges that are affecting HR's ability to do its job—and do it well. And all of these challenges are far beyond any HR manager's—or any CEO's—control. The Baby Boomer exodus isn't slowing any time soon, Millennials will continue to change—and challenge—the workplace, and ICD-10, HCAHPS, and the Affordable Care Act are already in play.

There is one key factor within HR's control, however. Employee engagement. Engagement is the key to creating a rich employee experience, one that powerfully influences retention, performance, loyalty, motivation, and productivity. Improving engagement can help any healthcare organization excel in a rapidly changing field by reducing turnover, decreasing skill gaps, and increasing commitment to patient care.

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The benefits are measurable: healthcare organizations with increased employee engagement have higher HCAHPS[2], lower turnover rates, shorter patient stays[3], and lower mortality indices.[4] As if that weren't motivation enough, healthcare organizations with higher engagement see tangible financial benefits, as well. For example, studies show higher nurse engagement scores translate to significantly lower malpractice outlays.[5]

Making employee engagement a priority is also how HR teams can prove their worth as strategic partners with the C-suite. Working with executives to improve engagement—and along the way delivering a more consistent, comprehensive picture of a healthcare organization's talent—lets HR teams play a pivotal role in the organization's sustainability. Instead of being viewed as simply the department that takes care of paperwork and exit interviews, HR teams can be instrumental in helping the C-suite visualize a successful future for the organization—and creating the workforce that will make that success a reality.
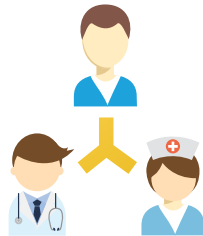
WHAT ARE THE TOP THREE KEYS TO HELPING HR DEPARTMENTS BECOME THE C-SUITE'S STRATEGIC PARTNER?
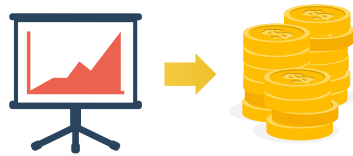
Making compensation performance-based and transparent.

Delivering powerful analytics, not just data.

Taking the lead on succession planning.

TAKING THE LEAD ON SUCCESSION PLANNING

Healthcare CEOs are concerned about succession planning—and for good reason. Expected and unexpected shortages of critical talent affect a healthcare organization's ability to maintain high quality patient care *and* profitability.

It's not just increasing Baby Boomer retirements creating shortages. Attrition is a significant challenge, as well: according to the National Center for Healthcare Leadership (NCHL), 25% of CNOs in 2009 had already *left* a similar position within a mere five years[6]. In addition, competition for top talent has seen many high performing, highly skilled healthcare workers lured away, not only by better offers from other healthcare organizations but *offers from other industries*.

Yet amid these disturbing trends, succession planning simply still isn't being done in a consistent, measured way. While research by Hewitt found that in the majority of organizations (86%) "management identifies high potentials early to at least 'some degree' and takes action to proactively develop them," a mere 7% were doing so on a regular basis.[7]

Healthcare organizations that don't proactively build their talent pipeline through development, performance management, and succession planning may think they can just rely on external candidates in time of need. Yet research conducted by Matthew Bidwell, assistant professor at the University of Pennsylvania's Wharton School, showed that external hires don't demonstrate the same level of commitment to the organization as internal hires. In addition, external hires were 21 percent more likely than internal hires to leave a job "on their accord."[8]

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3 HOW CAN HR GET IN FRONT OF SUCCESSION?

1. Become expert talent identifiers at the *beginning* of the employee lifecycle.

CEOs are counting on their HR teams to identify high potential, high performance employees, which means HR must have an effective way to identify talent from the beginning of the employee lifecycle (recruiting and onboarding), not the middle (performance). True succession planning begins with sourcing, as healthcare organizations identify current and future talent needs and target hiring to meet long-term organizational goals.

2. Champion a formal development process.

The adage "great leaders are made, not born" has never been more apt. The world of work, the economy, and technology move at light speed, and even the most talented succession candidate needs training. HR can lead the charge in ensuring the organization values and prioritizes learning and ensures leadership candidates are developed over time.

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As an adjunct, putting formal learning in place can also help healthcare organizations attract better talent in the first place and engage the ones they have. Employees value growth opportunities: in the 2012 Employee Job Satisfaction and Engagement study, 63% of employees thought the ability to use their skills and abilities fully were most important to job satisfaction[9], and 36% rated an organization's commitment to professional development as very important to job satisfaction.[10]

MAKING COMPENSATION PERFORMANCE-BASED AND TRANSPARENT

CEOs don't always know why employees aren't engaged—or why they leave. It's easy to blame attrition on dissatisfaction with pay: 89% of organizations think employees jump ship for more money. Yet in reality, only 12% of workers leave for a bigger paycheck.[11] This is especially relevant for healthcare organizations. Healthcare workers are already passionate about what they do, and often it's not money that causes dissatisfaction but untenable work environments, especially for clinical care staff. Case in point: research by the American Organization of Nurse Executives discovered that 59% of RNs felt burned out on their jobs from stress; other research shows 44% experienced chronic health conditions and most reported feeling exhausted "almost always."[12]

Thus, in healthcare organizations, effective compensation not only addresses financial concerns but environmental ones. This may include coordinating fewer hours, providing more flex time, and even something as basic as ensuring fairness in pay. In high stress environments, employees care that their pay, in comparison to others, is both equitable and competitive. According to research by Towers Watson, levels of employee engagement are directly affected by perception of pay fairness: employees who think they are being paid fairly are "4.5 times as likely to be engaged as those who don't."[13]

Why does pay transparency and fairness make such a significant difference in engagement? Before employing discretionary effort, employees want to know that everyone is held to the same standards and that work and effort merit equitable reward. According to Laura Bienstock, North American practice director, rewards, at Towers Watson, this means giving employees "a direct line of sight" into "where they stand and how pay decisions are made."

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Bienstock recommends organizations have both a performance management system and a communication program in place to allow leaders to gain both the true view of performance and the ability to communicate with employees on a regular basis. When organizations tie pay to performance and prioritize transparency around it, they can see significant improvements in individual and organizational outcomes.

Research shows organizations with pay-for-performance systems raise their "top performers 1.5 to 2 times faster than an average employee."[14] i4cp's 2011 report "Tying Pay to Performance" discovered that "three-quarters of high-performance organizations tie pay to performance to at least a moderate extent."[15] For healthcare organizations, where high performance correlates with quality patient care and reduced mortality, pay-for-performance and compensation transparency can have an even more significant impact.

HOW CAN HR TEAMS TAKE THE UNDERSTANDING OF COMPENSATION BEYOND THE DOLLAR?

1. Unify compensation with performance through technology.

Tying compensation to performance requires transcending the traditional performance review process or relying on multiple systems to track employees. Technology that unifies both performance management with compensation management can help HR and CEOs make data-driven decisions about whom to reward, instead of relying on guesswork. New tools that allow administrators to review clinical performance at the bedside may also be helpful in assessing skill, engagement, and areas for improvement, and then attaching these real-time assessments to compensation.

2. Prioritize transparency.

In a 2012 World of Work survey of compensation managers, 34% of respondents shared "minimal pay-related information" with employees. The same number are "actively sharing the organization's compensation philosophy with employees."[16] Only 18% communicated with employees individually about their compensation more than once a year.[17] Engagement depends on employees knowing what the system is and how it works. When healthcare employees understand what is expected of them and how their achievement ties to their compensation—and that the same system is employed for all workers—they're more likely to be engaged.

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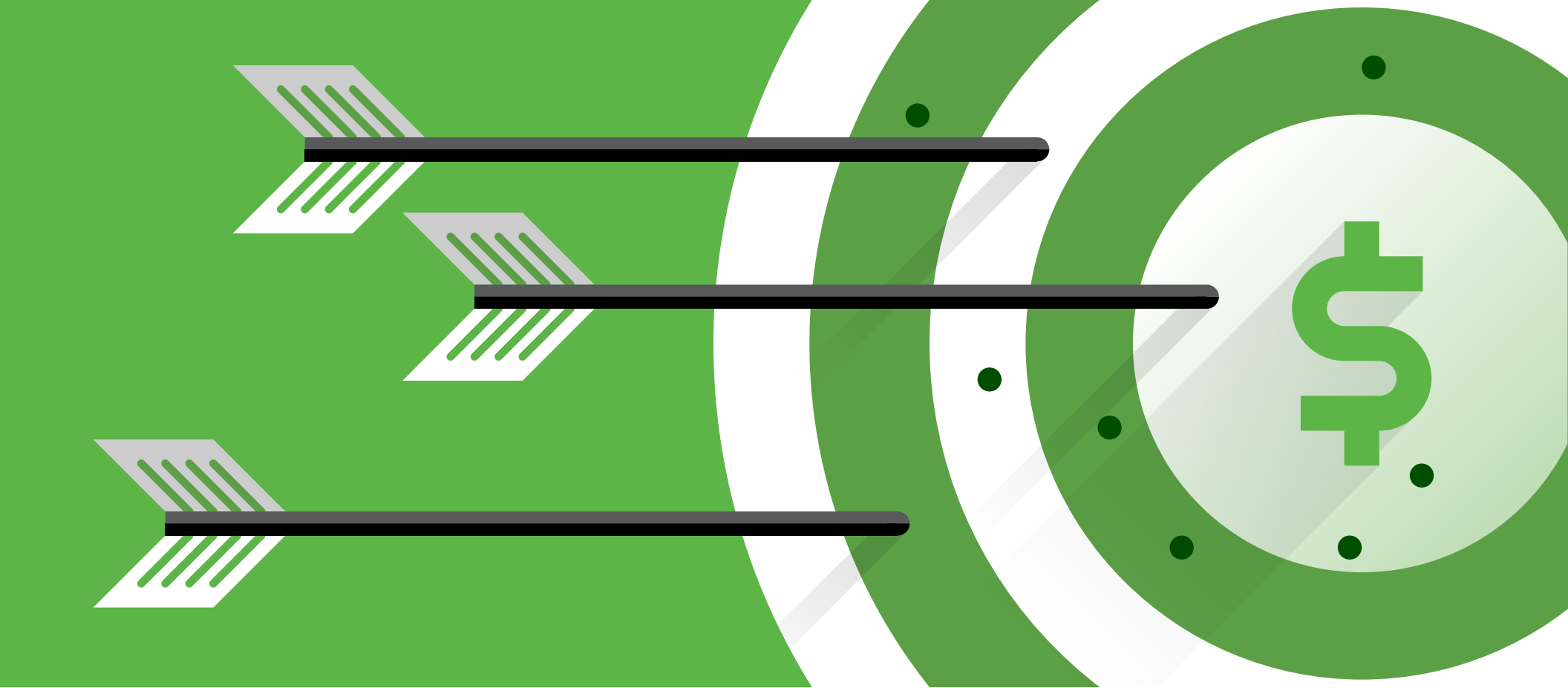
3. Be flexible about what constitutes performance achievement.

Pay-for-performance systems can improve engagement—but healthcare organizations need to remember that performance, while always viewed through the lens of improving overall patient care, can be *evaluated* in myriad ways. For some employees, performance may be marked by goal achievement, while for others it may be competency fulfillment or the completion of learning initiatives. This may also mean tying learning systems to performance and compensation systems to adequately track performance achievement.

PRESCRIPTIVE ANALYTICS

Studies show that the C-suite has a much more optimistic outlook on engagement levels than other employees. Among C-level executives, more than 20% thought their employees were more engaged when compared to other companies; only 7% of respondents outside the C-level thought the same.[18]

CEOs aren't just missing the big picture on engagement. One statistic shows that less than half of chief financial officers "appear to understand the return on their investment in human capital."[19] Yet having the big picture of the workforce, through comprehensive talent analytics, is key to a healthcare organization's success.

Research by Hewitt shows that less than 10% of organizations surveyed "measure the effectiveness of talent management programs, track the quality of talent, or use specific quantitative frameworks to align human capital investments with their business strategy."[20] According to studies by Deloitte, only 4% surveyed said they had "predictive talent analytics" in place, and only 14% had any program in place.[21] In healthcare specifically, analytics are hampered not just by a lack of measurement, but also a lack of qualified personnel and/or systems to evaluate and make use of data.[22]

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A lack of an analytics program can be directly correlated to a similar lack of a unified talent management system. HR teams still relying on disparate talent management processes—multiple systems tracking different phases of the employee lifecycle—simply can't deliver the big picture of talent to the C-suite. Both executives and HR must have access to more sophisticated analytics to grasp the reality of their current talent landscape and subsequently make the kind of talent decisions, from hire to retire, that support continued high patient care standards and organizational profitability.

According to Bersin, access to powerful analytics requires advanced talent management strategies—and systems that deliver a unified view of every phase of the employee lifecycle. The benefits are significant. Organizations that have "intermediate or advanced strategies"
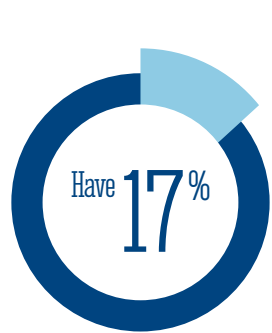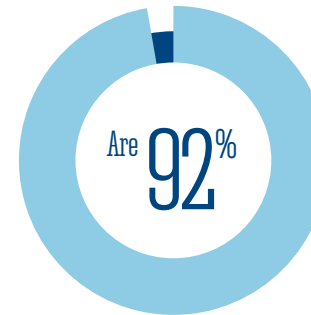
Have **17%** lower voluntary turnover rates and 41% lower turnover rates among high performers
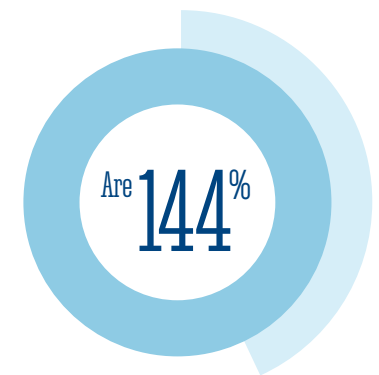
Are **109%** more capable of retaining high performers
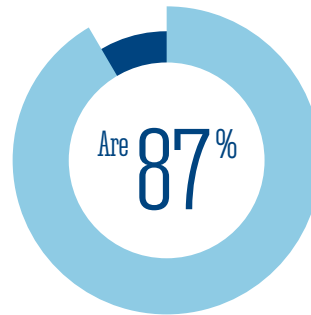
Are **87%** more capable of "hiring the best people"

Are **92%** better at "responding to current economic conditions"

Are **144%** better at "planning for future talent needs."[23]

HOW CAN HR TEAMS DELIVER BETTER INFORMATION TO THEIR C-SUITE?

1. Take analytics beyond absenteeism and turnover rate.

True talent management analytics encompass more than attrition rates. Driving better decisions means giving CEOs prescriptive data, not standalone facts. Prescriptive data is the result of all the facets of talent management, the unification of recruiting, learning, performance, compensation, and succession information into comprehensive analyses. Broadening metrics also requires using a system that goes beyond spreadsheets and canned reports. One-size-fits-all software can't help healthcare organizations analyze talent management processes specific to healthcare units, e.g., surgery, outpatient care, etc.

2. Ensure the veracity of data.

Consulting firm DDI discusses the three "Vs" of Big Data—velocity, variety, and volume—and recommends adding "veracity." Data is "low veracity" when it is either data that isn't "logically associated with talent behaviors" or data that "requires additional cleaning steps before they can be used."[24]

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> ## DDI recommends organizations create a data structure that "parellel[s] the employee lifecycle to ensure analytics are prescriptive in nature."[25]

DDI recommends organizations create a data structure that "parallel[s] the employee lifecycle to ensure analytics are prescriptive in nature."[25] HR teams must ensure any analytics take into account all aspects of the talent management lifecycle to ensure executives see the big picture, not just part of it.

3. Deliver analytics in a readable, accessible format.

A survey of healthcare executives by IBM found that nearly 40% stated that their biggest stumbling block for increasing their use of analytics was their ability to get relevant data. Study authors noted that this difficulty was related to both the sheer amount of data available and healthcare organizations' current inability to integrate data from a variety of sources and technologies.[26]

CEOs often have a broad knowledge of departments—and rapidly changing skill and technology needs—but they aren't experts in everything. Thus, the burden falls to HR teams to find ways to manage ever-increasing amounts of critical information and position this information for the C-suite. This means providing decision makers with not just numbers but analyses that show the big picture of the workforce and *how it relates to each medical specialty and service.*

BECOMING A TRUE STRATEGIC PARTNER REQUIRES TRUE TALENT MANAGEMENT TOOLS

In a survey of global CEOs, only 34% thought their HR teams were ready to tackle new talent strategies post-recession; 9% thought HR wasn't prepared at all.[27] Yet HR teams can reestablish their strategic worth by playing a key role in succession planning with formal identification and development strategies; taking the lead in transparent, pay-for-performance compensation planning; and delivering true, prescriptive talent management data that transcend traditional HR metrics.

However, for HR teams to function effectively as the crucial link between talent and healthcare executives, they must have access to true talent management tools. For too long, HR teams have been hobbled by inefficient talent management processes: spreadsheets-based reviews, clumsy legacy ERP systems, and separate recruiting and applicant tracking applications. These prevent HR teams from gaining—and sharing—the big picture view of talent that is so crucial to a healthcare organization's ability to continue to provide high quality patient care, on-budget, and amid multiple challenges, such as increasing retirements, skill shortages, and changing regulations.

Becoming a strategic partner to the C-suite requires instead a truly unified talent management (UTM) strategy, designed to deliver the full story of a healthcare organization's talent. UTM provides a seamless talent management experience, connecting every phase of the employee lifecycle on a single platform, with one login—and access to one customer support team. UTM empowers HR leaders to help CEOs plan for the future with powerful, unified recruiting, onboarding, learning, performance, compensation, and succession tools.

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"Powerful talent management requires powerful talent management tools."

Used by more than 2100 companies worldwide, Cornerstone OnDemand is the only truly unified system designed to enable comprehensive talent management, from one platform, with one login.

As a result, healthcare organizations can place more focus on engaging every employee while spending less time managing multiple systems. Cornerstone helps organizations improve patient care and profitability by delivering key insight into the entire employee lifecycle:

Ready to learn more about how to get started building your unified talent management strategy and how it can benefit your organization?

Let's Talk

| CORNERSTONE RECRUITING | CORNERSTONE ONBOARDING | CORNERSTONE CONNECT | CORNERSTONE LEARNING | CORNERSTONE PERFORMANCE | CORNERSTONE COMPENSATION | CORNERSTONE SUCCESSION |

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