Whitepaper: Using Analytics to Create a Healthcare HR Strategy

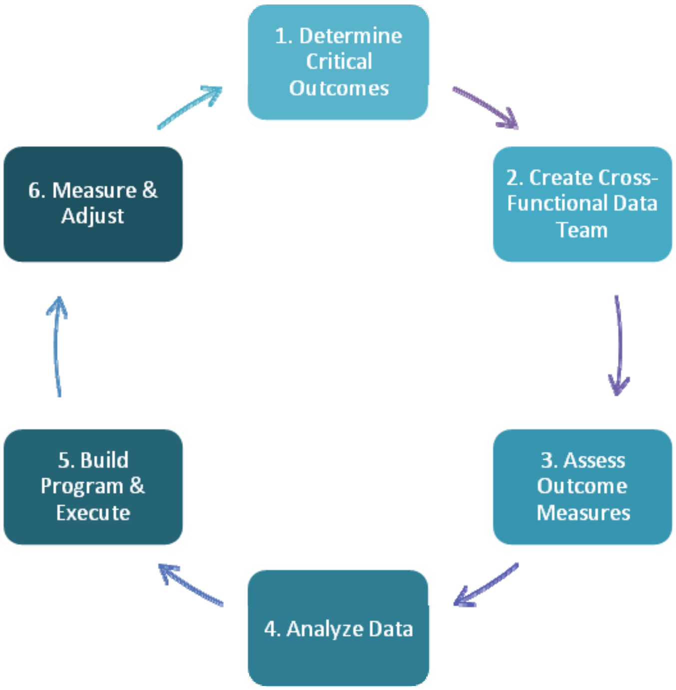
Overview

While healthcare organizations have evolved substantially in how they view Human Resources and how they acknowledge a workforce's inherent value to the organization, some significant gaps still exist. The overall inability to discover and quantify the people-drivers of business outcomes continues to hinder the strategic planning and impact of HR. A proven process (the Business Partner RoadMap™) outlined and illuminated by case studies, helps HR functions move to the next phase of this evolution – empirically determining the impact of employees on business outcomes as the foundation of the organization's HR strategy.

Baptist Leadership Group has implemented the Business Partner RoadMap™ with HR functions across numerous industries to help them uncover the initiatives that are truly impacting their business outcomes. This process allows healthcare organizations to create an HR Strategy that is based on analytics, demonstrated business impact and ROI.

What are the Steps for Linking Employee Data to Business Outcomes?

The Business Partner RoadMap™ is a six-step process (shown below) that drives your HR Strategy by connecting what you do as an HR leader directly to the business. It moves beyond conducting just analysis and creates an environment of executive buy-in, cross-functional interaction, targeted initiative-building and a culture of measurement and re-focusing.



Step 1: Determine Critical Outcomes

A healthcare organization must first determine the top two to three most critical priorities that it anticipates will be accomplished through its employees. For example, outcomes such as increasing patient safety, decreasing nurse turnover, or increasing patient satisfaction are commonly desired outcomes. These outcomes can be gleaned by reviewing strategic documents and plans. Key stakeholder interviews of the board, CEO, CFO, CMO or other business leaders are also very helpful in the process. Once this information has been collected and summarized, the results must be prioritized into two to three desired outcomes.

Step 2: Create Cross-Functional Data Team

Once the various owners of the critical business metrics have been identified, a cross-functional data team needs to be organized. This team should consist of measurement experts, key line of business leaders or metric owners, and HR leadership. The measurement experts are needed in order to determine data requirements to scientifically link the necessary datasets and conduct the requisite statistical analyses. This cross-functional team will also facilitate and sponsor the linkage initiative. Therefore, it is important to have influential company leaders and decision-makers participate in this process. Often times, the necessary data to conduct the analyses, to create an HR Strategy, already exist in most healthcare organizations.

Step 3: Assess Measures of Critical Outcomes

Once the critical outcomes have been identified, the next step is to determine how data are currently captured in the organization. Several measurement characteristics of each outcome measure must be assessed. These include:

- Frequency of measurement (e.g., monthly, quarterly, annually)
- Level of measurement (e.g., by line of business, by work unit, at the store level, at the organization level)
- Organizational owners of each of the outcome measures (e.g., the department or leader of the particular measurement)

It is critical to understand each of these measurement characteristics before any linkages to employee data can be made.

Step 4: Objective Analysis of Key Data

This is the part of the process that will require advanced statistical knowledge. Many healthcare organizations employ statisticians or social scientists. If this type of internal resource does not exist in your organization, then hiring a consultant or full-time statistician for this role is necessary. This critical step is where the datasets are actually statistically linked through various methodologies.

Many leaders are familiar with correlation and regression, but not with a technique called structural equations modeling. Correlation is not sufficient and regression is adequate. Structural equations modeling is the preferred solution for these types of data linkage analyses as it accounts for measurement error and causality can be inferred. Structural equations modeling allows one to be able to state that employee attitudes about work-life balance are a causal driver of increased patient satisfaction, for example. This implied causality is important for understanding how these different measures relate to each other as well as for calculating return-on-investment.

The statistical component of this step sounds complicated, but it is really just a tool for accomplishing three things:

1. Understanding the relationship between employee attitudes/behaviors and meaningful outcomes
2. Prioritizing types of interventions (i.e., determine which important levers to pull)
3. Estimating ROI to determine levels of investments and expected returns

All of this work is designed to allow you to figure out your priorities and how much to invest in them. The final result generated from the data analysis step is a list of key priorities, taken from the employee data, which will simultaneously drive the desired outcomes. For example, increasing employee attitudes about work-life balance will increase productivity, increase patient satisfaction and decrease turnover. It will also show which initiatives are not having their desired impact(s) and could be candidates for 'cost-cutting'.

Step 5: Build the Program and Execute

Once the critical priorities have been identified, the next step is to determine what types of interventions will have the desired effect. This is the action-planning stage where activities can be focused at the systemic (organization-wide) level, line of business level, or work-unit level. Quite frankly, this stage encompasses the bulk of the work and investment associated with any people-related process. The big difference is that the investments being made are focused on those employee processes/attitudes/demographics etc, that have been shown to have a direct impact on the organization's desired outcomes—and not just an assumed impact. An expected return can be utilized to guide the HR Strategy.

A common trap at this stage is to look for the "silver bullet" of interventions. Best-practices (another name for "silver bullets") are great to guide action-planning. But, simply replicating a "best-practice" will get an organization nowhere. Initiatives must be customized and placed in the context of each unique organization.

Step 6: Measure and Adjust/Re-prioritize

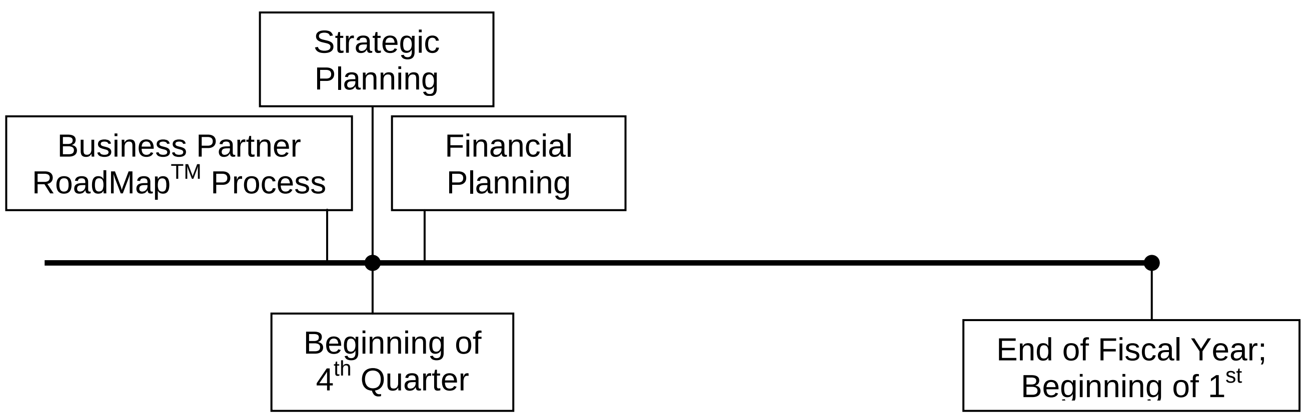
The last step is to re-measure in order to assess progress and calculate return-on-investment. Most organizational leaders understand the importance of goal setting and measurement. They also understand the importance of creating a culture of measurement and accountability. For example, measuring employee attitudes through an employee survey every 18 months to two years just does not make much sense. A culture of accountability is the reason patient satisfaction is measured continuously in healthcare organizations. While monthly monitoring of employee attitudes is not recommended, measuring them annually does seem reasonable and necessary. Other employee measures, such as training participation, are measured more frequently in organizations. Learning Management Systems (LMS) typically provide employee training data at a higher frequency of measurement (often in real-time). In the cases where continuous measurement is available, an organization's ability to monitor progress and drive accountability is greatly enhanced.

Similar to how other organizational decisions are made, slight adjustments to initiatives should be made along the way, based on measurement results. However, it is not advisable to make frequent, wholesale changes to the strategic focus of the interventions. In other words, pick your two to three priorities and build action plans around those priorities. Measure progress against those plans two to three more times, and then re-calculate the dataset linkages and re-prioritize. This should be an annual analysis process.

How Do I Integrate the Business Partner RoadMap™ into the Strategic Planning Process?

While the Business Partner RoadMap™ can be applied in many settings, there is also a recommended approach for organizations that aligns with their strategic planning process. Most healthcare organizations conduct an annual strategy planning and financial planning process, starting the quarter prior to the beginning of the next fiscal year. It is recommended that the Business Partner RoadMap™, to identify key priorities, be performed during this planning process.

The timing on conducting the analyses should be 3-4 months before the beginning of your fiscal year. This will give your organization enough time to complete all of the steps in the Business Partner RoadMap™ and make key decisions on prioritizing what to work on. From a people perspective, the results of the Business Partner RoadMap™ will inform strategy, budgeting, and metric setting, so it makes sense for an organization to incorporate this process into your existing, annual strategic planning process. This ensures that people-related initiatives are aligned with key strategic priorities, are appropriately funded, and are associated with an expected ROI. When this occurs, the role of HR is clearly linked to the strategic priorities of the organization….and after all, that is the ultimate goal of this approach. The figure below shows how the RoadMap is aligned with the typical organizational planning timeline.

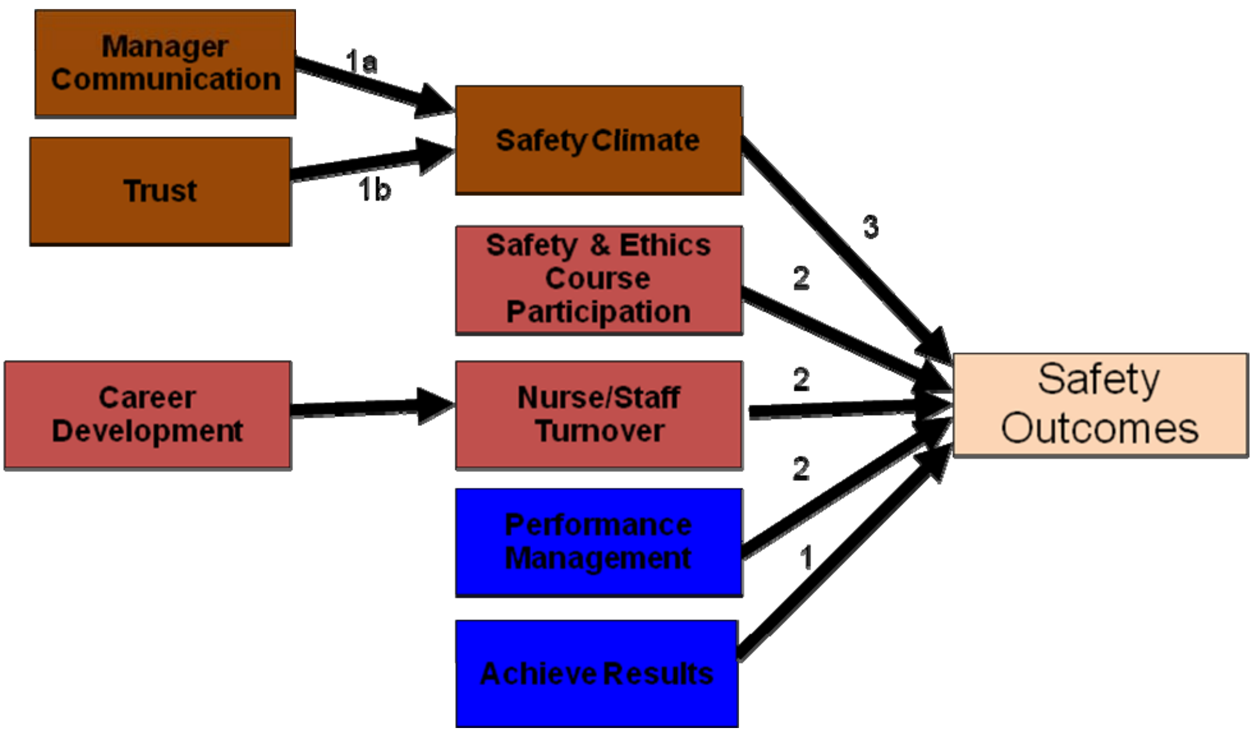


Case Study

A large healthcare organization, with over 11,000 employees, is the focus of this case study. In following the steps of the Business Partner RoadMap™, the stakeholder interviews revealed that unit-level patient safety was a key priority. The cross-functional data team, that included leaders from various hospital units and HR, pulled together the patient safety data that was measured at the unit-level. Also measured at the unit-level were the following employee data (not a comprehensive list):

- Annual employee survey data (including measure of Safety Climate)
- Competency assessments for unit managers
- Voluntary training focused on patient safety
- Employee ethics training
- Nurse/Staff turnover at the unit level
- Completion and usage of performance management system
- Average unit manager tenure in the unit manager position
- HRIS Data (e.g. employee tenure, demographics)

Our analysis using structural equations modeling to determine causal linkages, revealed that across a very extensive amount of varied employee data, a relatively short list of areas had the strongest impact on patient safety improvement.



The numbers on the arrows show the ranking of impact that each area of employee data had on our business outcome (patient safety improvement). “Achieve Extraordinary Results” was the strongest driver of this outcome followed by Performance Management usage and so on. The original HR Strategy included expensive incentives for unit managers to improve patient safety and developing new training on patient safety. However, the Business Partner RoadMap™ showed the organization’s leadership that the initiatives with the highest ROI already existed in the organization and needed to be more fully leveraged. This allowed their HR function to create a strategy and a budget that eliminated spending on new programs and created new/less expensive investments, enhancing current initiatives around what was truly impacting patient safety.

How Can I Best Use the Business Partner RoadMap™ in a Down Economy?

The Business Partner RoadMap™ process allows HR leaders to discover how “what they do” is driving various types of important outcomes and to increase their investments accordingly. In a down economy, when cost cutting is the order of the day, leaders can use the Business Partner RoadMap™ to determine where to make appropriate cuts as well. The process is identical in a down economy, however, you are now more intently focused on discovering what initiatives are not having their desired impact. This process of prioritizing, as shown in the case study, helped the organization determine where to increase investments. If we look deeper into the list of employee data that we had incorporated into the analysis, it was discovered that numerous new training courses (e.g. more optional safety courses) and manager incentive programs were investments that were not effective. In a down economy, these would be ripe for budget cuts. The key now is that this organization is making budgets cuts based on sound analytics and ROI calculations instead of looking at what programs have the biggest budgets or which ones intuitively “feel” like they may not have a strong impact on business outcomes.

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