Optimizing Your Workforce for the Future

7 Key Competencies to Drive Results

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As health systems struggle to return to pre-pandemic levels of financial performance, they are increasingly facing capacity challenges — not from a lack of space or equipment but rather from a mismatch between staff supply and demand.

Many organizations no longer have the workforce they need to keep beds and clinics open or to staff a full complement of procedural space thanks to increased attrition, opting out, and competitive recruiting. For the staff who remain, this means an even more difficult day-to-day situation: covering vacancies with overtime and doing more with less — on top of exhaustion and burnout from managing through the pandemic.

Left unchecked, this situation can rapidly become a downward cycle from which it is difficult to break free, given the revolving door of onboarding and unexpected turnover. This situation has the potential to get worse in the future. A recent survey indicated that nearly 40 percent of healthcare workers are not very likely to remain in the field following the COVID-19 pandemic.[1] Some organizations already are experiencing an above average utilization of high-cost, temporary contract nurses, with estimated demand for travel nurses up 30–40 percent, numbers that are likely to increase.[2]

On top of unprecedented exhaustion and burnout, healthcare workers are putting their lives on the line, covering vacancies with overtime, and doing more with less. Healthcare organizations need to take a comprehensive approach to workforce management that includes addressing the stress and burnout employees face daily and fostering their well-being and morale.

40% of **healthcare workers** are **not very likely** to stay in the field **following the pandemic**
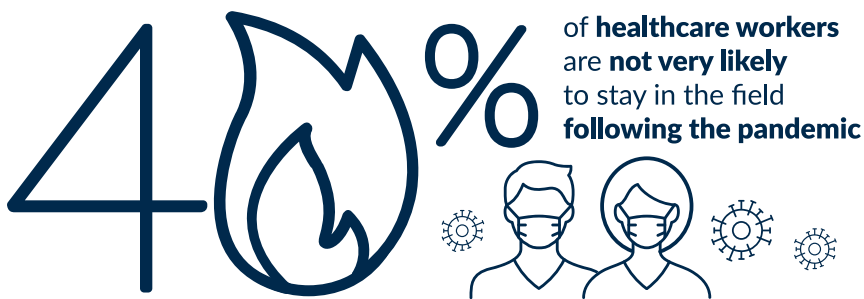
To avoid this doom loop, healthcare leaders must take this opportunity to reimagine and reinforce critical aspects of workforce management. Such measures include proactively managing staffing levels, deployment, and utilization, while fostering provider and staff well-being and morale. A comprehensive approach — one that provides the structures, technology, and tools to support a vibrant, capable, and cost-effective workforce and that simultaneously addresses the stress and burnout employees face daily — is imperative to achieving sustainable financial performance in the years to come.

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7 Competencies for Next-Level Workforce Success

Leaders must acknowledge the magnitude of change that has occurred in many of their teams. At the same time, they must ensure that their organizations have the foundational capabilities to effectively manage their workforce. They must reevaluate all aspects of workforce management to build an organizational environment and infrastructure (i.e., the right vision, plans, structure, tools, and technology) that supports a vibrant and resilient workforce — a critical component to improving margins and achieving sustainable financial performance. A multi-dimensional approach to workforce optimization, such as the one depicted below, will support the development and maintenance of a flexible, engaged, and cost-effective workforce.

Figure 1: Workforce Vision and Philosophy
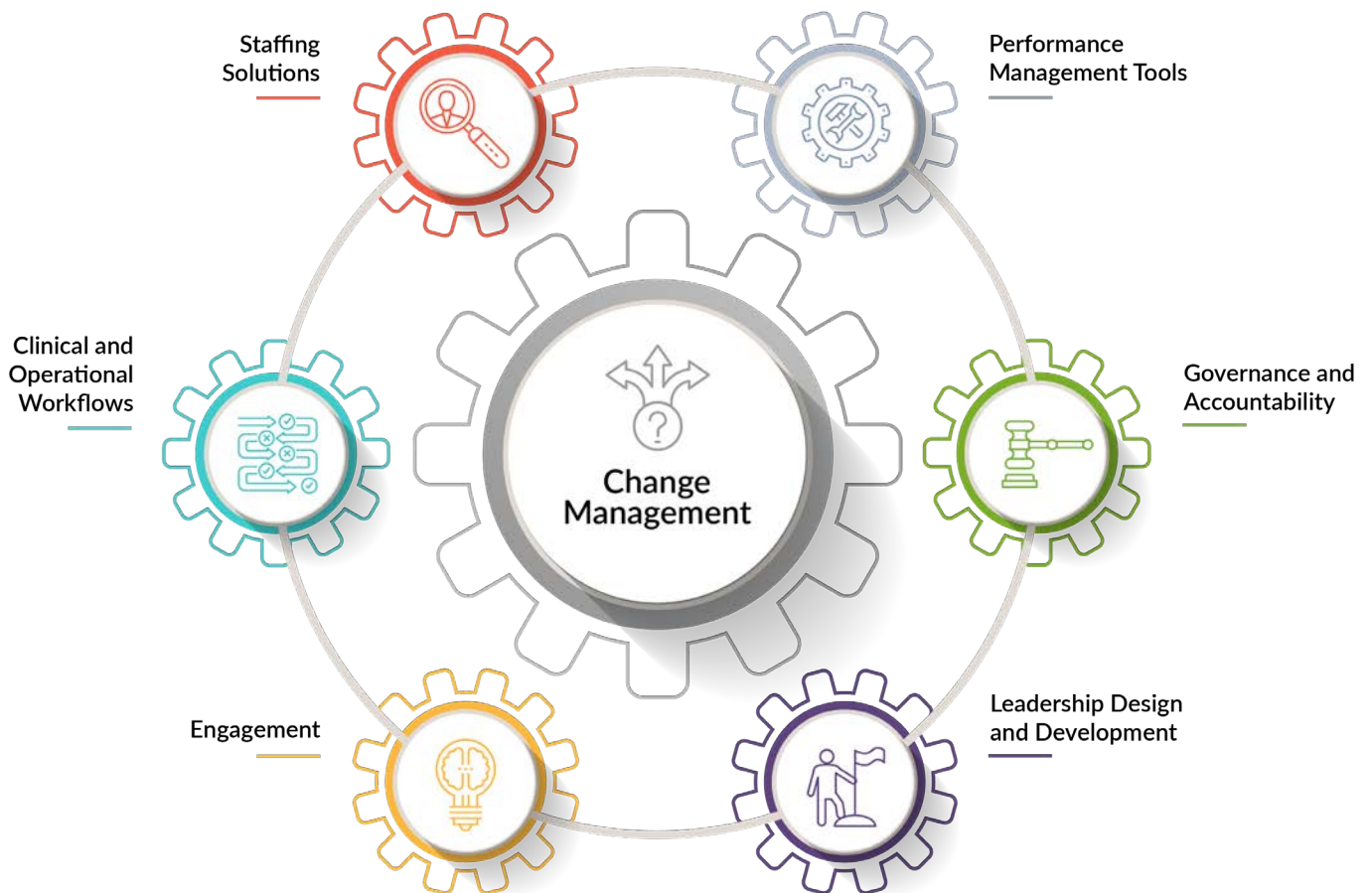
01 – STAFFING SOLUTIONS

Managers need staffing solutions that ensure the appropriate mix and number of staff to meet the needs of the department. In addition, they need to have mechanisms in place that provide visibility into demand and the ability to effectively manage variation. For variable departments (e.g., inpatient nursing, clinics, and therapies), solutions include staffing in accordance with productivity targets, building in the ability to flex up or down through float pools, and instituting supportive pay practices and policies. For departments with fixed staffing levels (e.g., administrative departments), the solutions should include a clear delineation of the value added at incremental staffing levels. Established and agreed-upon staffing targets that are aligned with departmental and organizational requirements and validated against benchmarks are essential for ultimate workforce success.

In Chartis' interviews of Chief Financial Officers (CFOs) and Chief Operations Officers (COOs) regarding their strategies to respond to the challenges presented by the pandemic, all of the organizations we spoke with acknowledged the importance of flexible resources, coupled with visibility and an understanding of real-time demand and performance.[3]

TACTICS TO CONSIDER

1 **Identify potential areas of opportunity to address current financial constraints.** An opportunity assessment should include an external benchmark analysis as a primary method to prioritize where the organization should focus improvement efforts.

2 **Refine department staffing plans and productivity targets** based on recent changes to scope and intensity of services.

3 **Update volume and work driver analytics to ensure department leaders understand how demand has shifted** to align coverage and schedules with the periods of greatest need.

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02 – CLINICAL AND OPERATIONAL ROLES AND WORKFLOWS
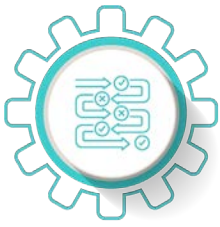
Organizations have recently experienced significant disruption to legacy team structures, care models, and staffing patterns. The disruption has many drivers, including the need to accommodate fluctuations in volumes, co-manage COVID and non-COVID patients, and integrate new modalities of care, including hospital at home and virtual visits. To staff most effectively, healthcare organizations must continually review people, workflows, processes, and technology to ensure team members are fully supported and working to the top of their licenses.[4] This includes automating routine processes, leveraging technology as available, streamlining workflows, and eliminating any work that does not add value.

In a recent survey of 25,000 physicians, researchers documented the impact of after-hours charting on physician burnout. Those who reported five or fewer hours per week on after-hours charting were significantly more likely to report lower overall levels of burnout.[5]

"Costs for burnout-related nursing turnover are estimated at $14 billion."[6]

TACTICS TO CONSIDER

1 **Rigorously pursue all opportunities to clarify roles and streamline processes** to increase efficiencies, reduce non-value-added work, and improve the patient and employee experience. For example, one primary care practice developed a patient summary sheet and printed it for all patients scheduled to arrive the next day. This measure saved the medical assistants approximately two hours of chart preparation time each day and enabled the provider to focus on the patient, not the chart.

2 **Pause to rationalize the value of manual workarounds, processes, and reporting,** then scale back processes that are lower value and work toward automating processes that are high value. For example, many opportunities exist for automation within revenue cycle functions, such as updating patient demographics and streamlining financial clearance processes. Additionally, organizations can reduce patient access staff workloads by using automated or patient-driven online check-in processes, streamlined referral management processes, and automated no-show management.

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03 – ENGAGEMENT
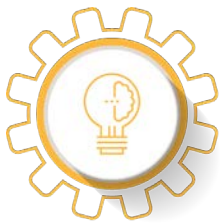
Ensuring that staff feel engaged, valued, and aligned with the broader organization is one of leadership's most important levers to promote retention at all levels. While compensation and incentives are often thought of first, financial motivators are only one component of recruitment and retention. All else equal, it is the mutual respect and commitment between employer and employee that fosters a culture in which employees want to stay. That said, value propositions for healthcare organizations are changing due to expanded opportunities for remote work and new competition for entry-level positions. Organizations must be able to articulate the value proposition that they are offering to recruits and reinforce it with employees both financially (e.g., aligned pay practices and benefits) and non-financially (e.g., leadership visibility and accessibility, self-governance, and development opportunities).

Creating and reinforcing an organization's value proposition is likely to be insufficient to ensure engagement in today's environment. The physical and emotional toll on healthcare providers and staff is significant and is driving turnover and increasing vacancies. Organizations must develop and maintain strategies to attend to the mental health of staff in their organization, while also fostering new mechanisms for connectivity and open communications so employees feel heard and valued.

> "We cannot overestimate the trauma our workers experienced during this time. It is financial trauma and emotional and workforce trauma. To have to potentially downsize after people have given so much during this time is just awful."[7]
> — COO in the Northeast
>
> "Staff need a break! We cannot expect people to be on and available all the time just because they are remote. They need the opportunity to totally unplug."[8]
> — CFO in the Northeast

TACTICS TO CONSIDER

1 **Establish an understanding of employee engagement and adaptability.** It is helpful to regularly survey staff to understand their level of engagement, identify areas of risk, and develop action plans for underperforming areas.

2 **Evaluate the sufficiency of mental health and other resources** (e.g., support programs and counseling) available to the organization's providers and staff. Organizations should proactively supplement these resources as needs are identified.

3 **Align employee compensation and incentives with organizational goals and financial targets.** To successfully recruit and retain staff, employers must maintain market and internal parity across positions. In addition, incentive systems that enable leadership to recognize individuals for their contributions and reward them financially reinforces their value to the organization.

4 **Actively engage and recognize employees.** A thoughtful non-financial approach to staff appreciation through effective two-way communications and other methods is essential to ensure staff feel connected to the organization and want to stay. This includes thinking through approaches specific to remote workers to make sure they continue to feel part of the team.

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04 – PERFORMANCE MANAGEMENT TOOLS

Equipping leaders with the tools they need to proactively manage day-to-day operations is foundational to a successful workforce program. Such tools include technology, data, and analytics to support real-time understanding and management of performance against workforce targets (i.e., comprehensive KPIs, productivity), optimize staff scheduling, and redeploy staff to areas of greatest need. Recent expansion of the remote workforce poses additional challenges for performance management, although many organizations have seen improvements in productivity and are now questioning the extent to which they will return to office-based requirements.

The criticality of performance management and monitoring tools is becoming widely recognized, as evidenced by the booming performance management software market, which is projected to be worth more than $5.5 billion by 2026.[9]

TACTICS TO CONSIDER

1 **Provide the required tools to those responsible for managing the workforce.** Tools for activities such as scheduling and real-time productivity, as well as targeted leadership and management training, are especially critical in these unprecedented times.

2 **Ensure the education and training for any tools are sufficient.** Front line managers, especially those who are able to flex staffing with volume, likely need education in both how to use the tools and the fundamental concepts required to effectively manage their workforce.

3 **Ensure leadership is focusing on key metrics that have downstream impacts on labor productivity.** These metrics should include turnover, vacancies, onboarding hours, and time to fill positions.

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05 – GOVERNANCE AND ACCOUNTABILITY

Productivity targets and staffing tools are only valuable if they ultimately influence the hiring of new or replacement positions. A vacant position should not signal an invitation to hire. Rather, it should signal an invitation to review the areas' productivity trends to determine whether filling the position is warranted. The organization must establish effective accountability mechanisms that reinforce agreed-upon goals through productivity review and robust data-driven position review and control processes. Metrics may include daily or bi-weekly productivity targets; overtime and agency utilization; key staffing metrics (i.e., time to fill, open positions, and turnover or retention percentages); and external leading practice comparators.

> "Our Board wants to avoid any more layoffs. So, we are trying to control through vacancies and a lot more scrutiny on FTEs. As folks leave, we really evaluate rather than say we need to replace. It is a stricter, more disciplined process."[10]
>
> —COO in the Northeast

TACTICS TO CONSIDER

1 **Assess the current leadership structures' alignment with the strategic needs of the organization,** such as day to day operational needs, succession planning, strategic bandwidth, and employee engagement.

2 **Inventory and enhance the workforce curriculum and training programs** for management and determine when and how these programs will be delivered.

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## 06 – LEADERSHIP DESIGN AND DEVELOPMENT

In addition to training in performance management tools, organizations would be well served to develop and maintain the infrastructure to support and develop workforce management skills in current and future leaders. This includes a robust leadership development agenda for new leaders that teaches both the concrete skills (e.g., managing productivity, understanding volume trends and patterns, and interviewing skills) and softer skills (e.g., crucial conversations, empowering staff, and building an environment of trust). When organizations couple leadership training with strong formal and informal mentorship, succession planning, and processes to identify and develop future leaders, they create over time the necessary depth and breadth of the leadership team and ensure that strong workforce management skills are extended throughout the organization.

> Gallup organizational research indicates that at least 70 percent of the variance in team engagement is explained by the quality of the manager or team leader.[11]

TACTICS TO CONSIDER

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07 – CHANGE MANAGEMENT
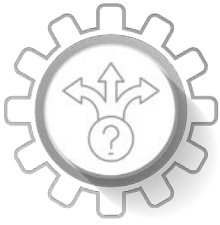
Underlying these competencies is a deep understanding of what is required to make change happen within the organization. In our experience, workforce changes are only executed and sustained when they are connected to the goals or mission of the organization; when they are understood as an activity driven by operations, rather than a remote Finance Department; and when these changes include the underlying day-to-day activities, roles, and policies that guide availability and allocation of staff. Organizations must have a commitment to effective communication and a comprehensive change management plan. This plan may include early engagement of stakeholders, a cascading multi-modal communication plan, training around new policies and workflows, and concrete actions to address potential barriers and sources of resistance.

> According to Prosci, a leader in change management solutions, the better we apply change management, the more likely we are to deliver on project objectives. Correlation data from more than 2,000 data points and 10 years shows that initiatives with excellent change management are six times more likely to meet objectives than those with poor change management.[12]
>
> —COO in the Northeast

TACTICS TO CONSIDER

1 **Pressure test details, processes, and messages with those you want to influence.** Focus groups or other engagement of the informal influencers in the organization can yield a plethora of ideas about the change — from how it's structured and implemented to how you can effectively communicate it within the organization.

2 **Audit internal communication channels** to ensure they are still the most effective mechanisms through which to convey key messages to each audience.

3 **Commit to and maintain a connection with your workforce** to collect feedback, gauge progress, celebrate milestones, and pivot, when necessary.

Following the perfect storm of physical and emotional exhaustion of their team alongside the financial disruption brought on by the COVID-19 pandemic, healthcare organizations are reevaluating how they are managing their workforce. In doing so, they must seize the opportunity to address many of the issues that have been brewing for years. Decisions made now to invest in and build a strong, stable workforce are critical to returning healthcare organizations to a financially sustainable path that will allow them to serve their patients and communities for years to come.

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