Approaches to Workforce Transformation
Among Leading Health Systems

TheAcademy

Introduction & Objectives

As the healthcare landscape evolves, so too does the healthcare workforce. Digital advancements such as artificial intelligence and virtual technology, increasing margin pressure, labor and pipeline challenges, a push toward consumerization, market disruptors, and changing population demographics are all forcing health systems to reimagine their people, processes, and technology. At the heart of workforce transformation is a push to have the right people with the right skillset, to deliver the right service, in the right place, at the right time.
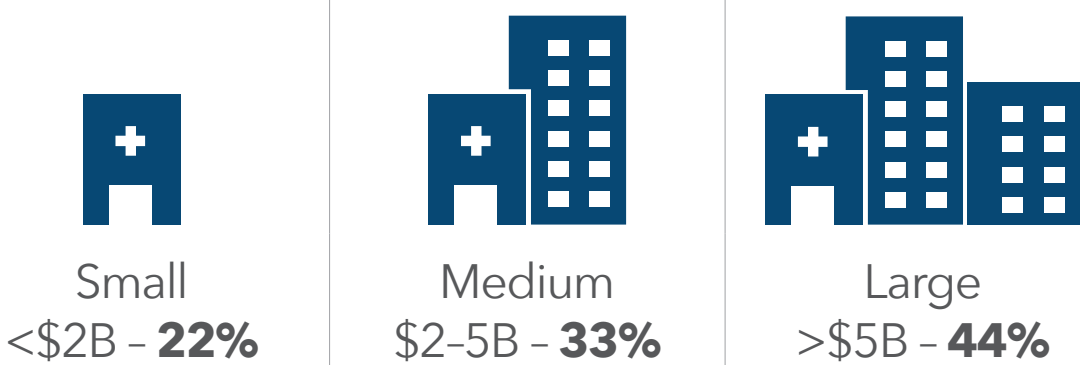
To understand Leading Health Systems' (LHS) approach to workforce transformation, in fall of 2019 The Academy conducted qualitative interviews and fielded quantitative surveys with 38 senior executives across 27 unique LHS. Participating health systems span a range of regions, sizes, and academic status.

Profile of Participating Health Systems

Participating Health Systems Representative of Market

333 Hospitals

3.8M Inpatient Admissions

82.5M Total Outpatient Visits

$5.5B Average Total Operating Revenue (TOR)

Health System Size (TOR)

Small <$2B – **22%**	Medium $2–5B – **33%**	Large >$5B – **44%**

Participants by Region

22% Northeast	**4%** South
19% Southeast	**22%** West
22% Midwest	**11%** Southwest

Participants by Academic Status

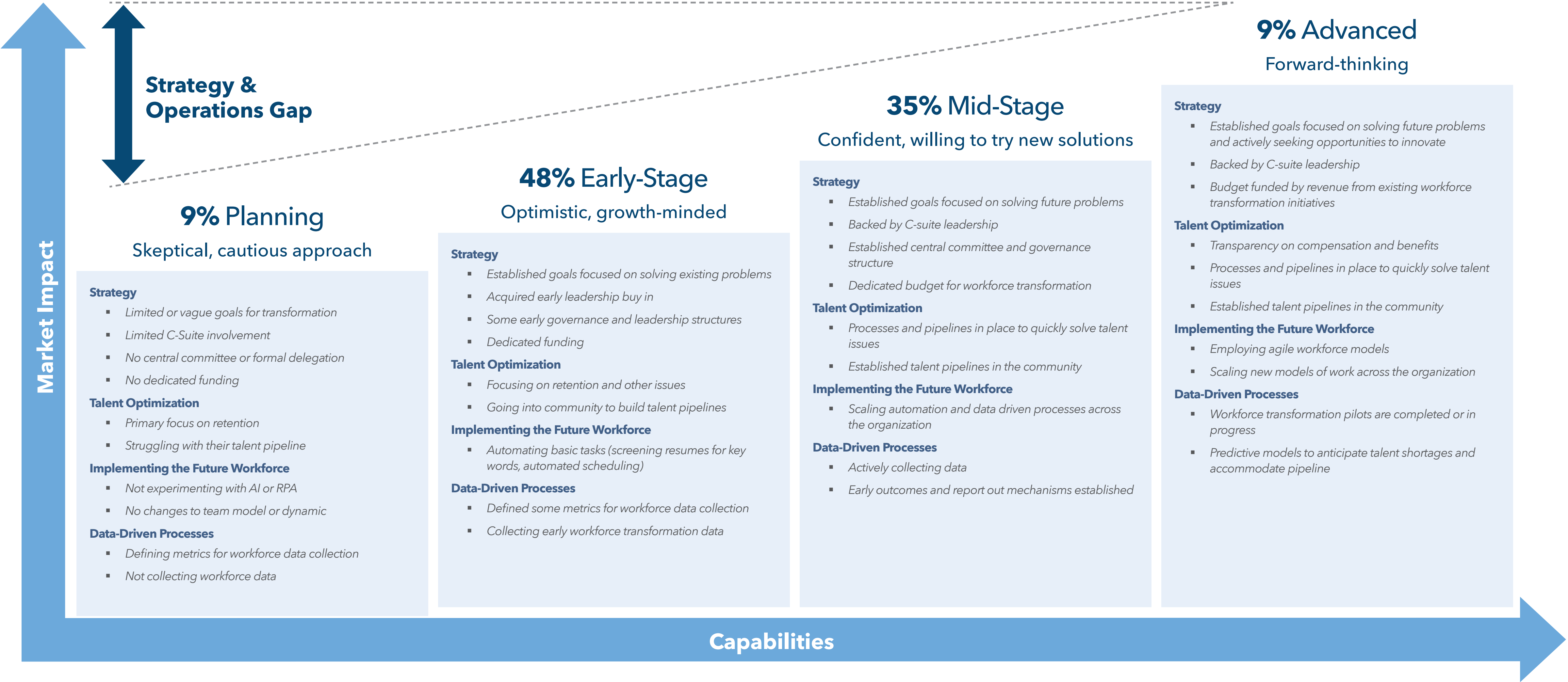|	
37% AMC	**63%** Non-AMC

Participant Titles

Chief Human Resources Officer (CHRO)

Chief Operating Officer (COO)

Chief Nursing Officer (CNO)

Chief Medical Officer (CMO)

VP of Human Resources

Note: Total Operating Revenue (TOR): Defined as all revenue derived from both patient care and health plan (if applicable).
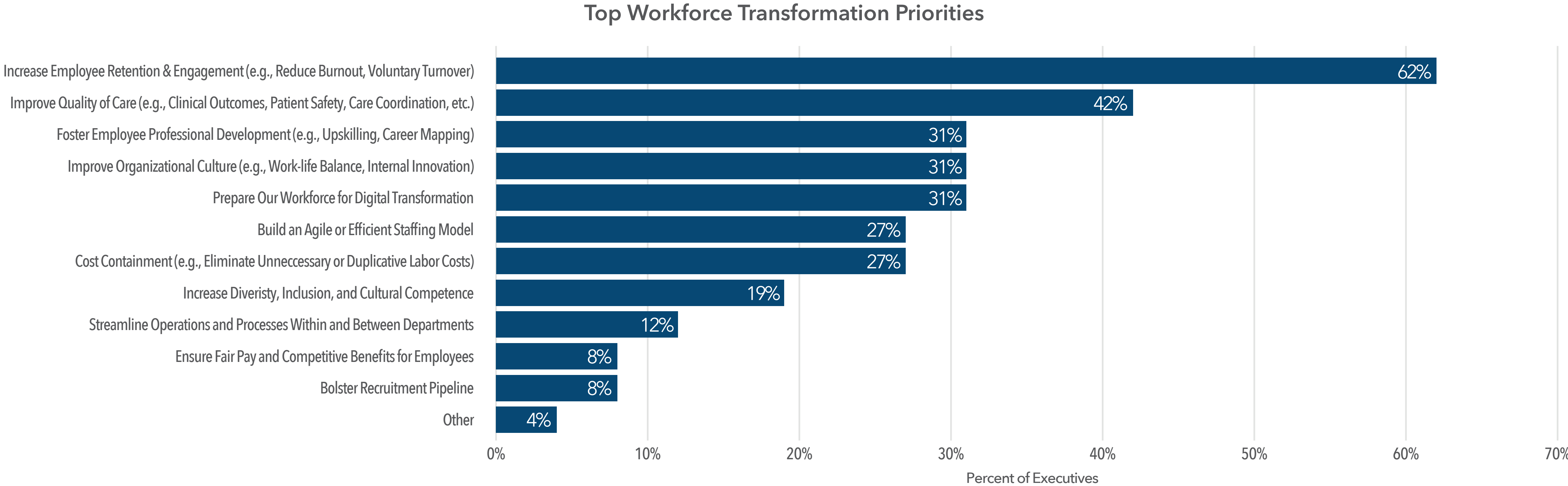
Key Findings

LHS are most commonly in early stages of workforce transformation, focused on defining strategy, talent optimization initiatives, leveraging technology to implement the future workforce, and utilizing data-driven processes to drive success.

Market Impact (vertical axis)

Capabilities (horizontal axis)

Strategy & Operations Gap

9% Planning
Skeptical, cautious approach

Strategy
- Limited or vague goals for transformation
- Limited C-Suite involvement
- No central committee or formal delegation
- No dedicated funding

Talent Optimization
- Primary focus on retention
- Struggling with their talent pipeline

Implementing the Future Workforce
- Not experimenting with AI or RPA
- No changes to team model or dynamic

Data-Driven Processes
- Defining metrics for workforce data collection
- Not collecting workforce data

48% Early-Stage
Optimistic, growth-minded

Strategy
- Established goals focused on solving existing problems
- Acquired early leadership buy in
- Some early governance and leadership structures
- Dedicated funding

Talent Optimization
- Focusing on retention and other issues
- Going into community to build talent pipelines

Implementing the Future Workforce
- Automating basic tasks (screening resumes for key words, automated scheduling)

Data-Driven Processes
- Defined some metrics for workforce data collection
- Collecting early workforce transformation data

35% Mid-Stage
Confident, willing to try new solutions

Strategy
- Established goals focused on solving future problems
- Backed by C-suite leadership
- Established central committee and governance structure
- Dedicated budget for workforce transformation

Talent Optimization
- Processes and pipelines in place to quickly solve talent issues
- Established talent pipelines in the community

Implementing the Future Workforce
- Scaling automation and data driven processes across the organization

Data-Driven Processes
- Actively collecting data
- Early outcomes and report out mechanisms established

9% Advanced
Forward-thinking

Strategy
- Established goals focused on solving future problems and actively seeking opportunities to innovate
- Backed by C-suite leadership
- Budget funded by revenue from existing workforce transformation initiatives

Talent Optimization
- Transparency on compensation and benefits
- Processes and pipelines in place to quickly solve talent issues
- Established talent pipelines in the community

Implementing the Future Workforce
- Employing agile workforce models
- Scaling new models of work across the organization

Data-Driven Processes
- Workforce transformation pilots are completed or in progress
- Predictive models to anticipate talent shortages and accommodate pipeline

Retention and Engagement Are Top Priorities for Transformation

- Increasing employee retention and engagement is a critical driver for workforce transformation initiatives, with almost two-thirds (62%) of LHS executives rating engagement as a top priority. Additionally, 42% of executives rate improving the quality of care as a top priority for workforce transformation.
- Executives are generally aligned on top priorities across roles; however, clinical executives (e.g., CMO, CNO) more often included staffing models as a priority. Over half (56%) of clinical executives surveyed indicated that a top priority is building an agile or efficient staffing model, compared to 14% of operational executives (e.g., CHRO, COO).

Top Workforce Transformation Priorities

Priority	Percent
Increase Employee Retention & Engagement (e.g., Reduce Burnout, Voluntary Turnover)	62%
Improve Quality of Care (e.g., Clinical Outcomes, Patient Safety, Care Coordination, etc.)	42%
Foster Employee Professional Development (e.g., Upskilling, Career Mapping)	31%
Improve Organizational Culture (e.g., Work-life Balance, Internal Innovation)	31%
Prepare Our Workforce for Digital Transformation	31%
Build an Agile or Efficient Staffing Model	27%
Cost Containment (e.g., Eliminate Unneccessary or Duplicative Labor Costs)	27%
Increase Diveristy, Inclusion, and Cultural Competence	19%
Streamline Operations and Processes Within and Between Departments	12%
Ensure Fair Pay and Competitive Benefits for Employees	8%
Bolster Recruitment Pipeline	8%
Other	4%

Percent of Executives

> "We have a huge focus on retention right now, specifically for first year nurse retention. We are trying to make sure that our interview, onboarding, and reorientation is working properly and that people are feeling welcome when they join." – *CHRO*

Revenue Cycle and HR Are Focus Areas for Workforce Transformation

Functions Targeted for Workforce Transformation by LHS Maturity
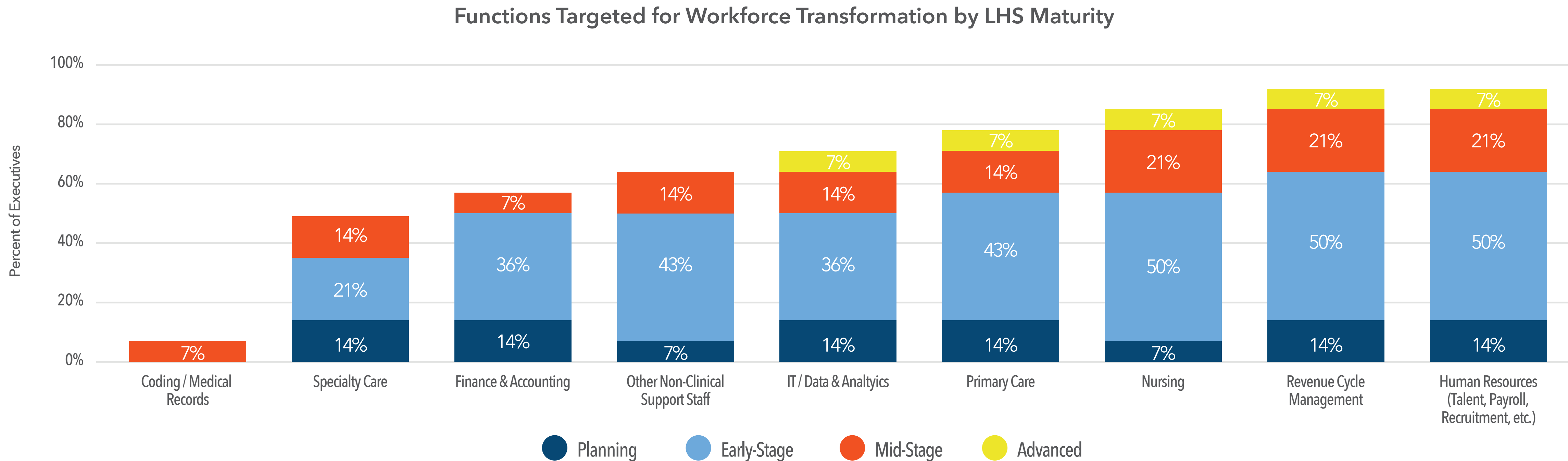
- Currently, almost all (92%) LHS are focused on implementing workforce transformation initiatives around operational functions including human resources (HR) and revenue cycle management (RCM). LHS are also commonly targeting clinical functions including nursing (85%) and primary care (78%) for workforce transformation.

- Looking forward, LHS anticipate increasingly focusing on functions such as specialty care, finance and accounting, and IT/data analytics for workforce transformation initiatives.

> "We fill about 10k jobs a year. It's always a challenge to be able to standardize and operationalize when you are dealing with such a large number. To streamline the process, we've been looking at asynchronous communication with our applicants so they can text the hiring manager about availability to be interviewed, and work directly with that leader on scheduling." – *CHRO*

Execution of Transformation Follows a Common Cycle

- LHS determine the specific initiatives to implement based on the critical priorities that need to be addressed and target functional areas for optimization. While specific workforce transformation initiatives may vary across organizations, there are common processes by which health systems implement these programs or solutions.
- Typically, LHS' transformation process will occur in three phases:
  - » **Planning** – the organization will define goals, metrics, organizational structures, and resources
  - » **Implementation** – leaders will drive change management, form cross-functional partnerships, and adjust workflows and processes to support the new goals or initiatives
  - » **Evaluation** – stakeholders will collect, analyze, and report on data aligning to key measures of success and adjust initiatives accordingly to support continued improvement

Inititiatives

Recruitment

Retention

Learning & Development

Clinical Process Improvement

Tech-enabled Process Improvement

Transformation Cycle

Acquire Leader Buy In

Lead Change Management

Secure Budget and Resources

Form Internal & External Partnerships

Create Goals & Specify Metrics

Planning

Implementation

Evaluation

Work Flow & Process Improvements

Adjust Path of Initiative and Inform Future

Collect Data

Assess Success of Initiative

LHS Are Hiring New Staff for Workforce Transformation

- LHS have taken some key steps in order to implement workforce transformation, most commonly hiring new staff dedicated to implementation of workforce transformation initiatives (50%), organizational restructuring (46%), and/or forming cross-departmental partnerships (45%).

- Additionally, health systems report conducting formal strategic planning across interprofessional and interdisciplinary teams; prioritizing alignment and coordination of vision, strategy, and tactics across teams; developing long-term goals and key performance indicators (KPIs); and prioritizing workforce education at all levels to support the implementation of workforce transformation initiatives.

- Health systems are also in the process of implementing initiatives focused on specific issues within workforce transformation, such as succession planning, physician wellness, care coordination, and efficient patient management, among others.

Steps Taken to Implement Workforce Transformation by LHS Maturity

Step	Planning	Early-Stage	Mid-Stage	Advanced
Hire New Staff Dedicated to Workforce Transformation Initiatives		33%	13%	4%
Restructure Your Health System's Organizational Model	4%	21%	13%	8%
Form New Partnerships Across Departments and Service Lines	8%	21%	8%	8%
Introduce New Technology Into Workflows	4%	21%	8%	8%
Establish Change Management Champions Across the Health System		21%	8%	8%
Create Campaigns to Advertise System Wide Initiatives		13%	13%	4%
Other		13%	4%	4%

Percent of Executives

Legend: Planning, Early-Stage, Mid-Stage, Advanced

Few Have Dedicated Budget, Funding For Workforce Transformation

21% We **do not have a defined budget.**

21% We are in the **process of defining a budget.**

21% Transformation **shares a budget** with other priorities.

14% Transformation **has a dedicated budget** independent of other priorities

21% We are hoping to **generate cost savings** from initial transformation initiatives **to fund new transformation projects** or workstreams.

Note: Figures may not add to 100% due to rounding

- Most health systems are in early stages of allocating a dedicated budget for workforce transformation, with many in the process of defining a budget (21%) or grouping transformation with other budget items (21%).

- Only about one-third (35%) of LHS have a dedicated funding mechanism for workforce transformation, either through a defined budget (14%) or through the reinvestment of cost savings to fund future initiatives (21%).

- As LHS look to increasingly focus on workforce transformation, defining a clear and dedicated budget to this work will be critical to sustained progress. Executives note gaining buy-in from senior leadership is crucial for enterprise prioritization and securing the necessary resources for implementation of transformative solutions and initiatives.

"I meet with our CFO monthly on whether wages need to be invested. I also meet consistently with our CEO and his cabinet of direct reports. I am often keeping them appraised on where our efforts are." – *VP of HR*

CNOs and COOs Are Top Transformation Collaborators

Top Roles Collaborating with CHROs on Workforce Transformation Initiatives

CNO	COO	CIO	CMO	CEO	Service Line Leaders	CSO
79%	79%	71%	71%	71%	50%	43%
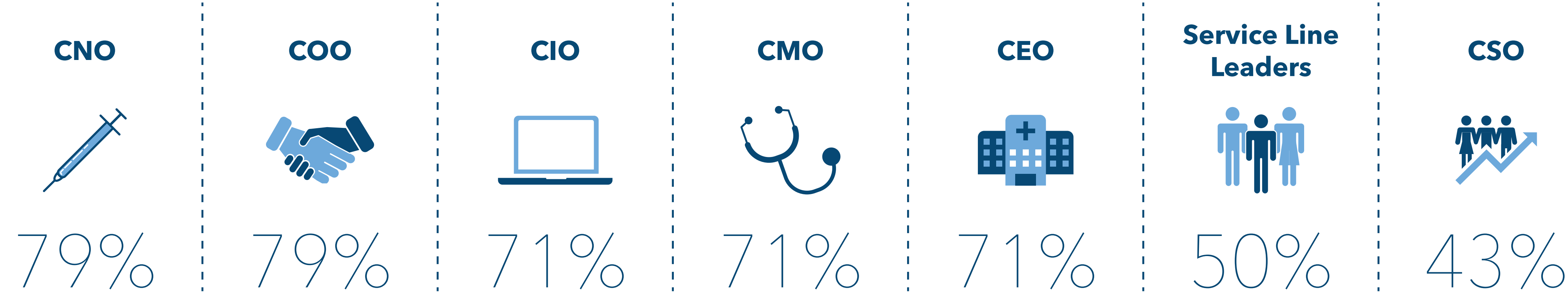
- As HR executives begin to implement workforce transformation initiatives, cross-functional partnerships are critical for success. Most commonly, CHROs engage with CNOs (79%) and COOs (79%) to support workforce transformation initiatives. HR executives also commonly (71%) form partnerships with CIOs, CMOs, and CEOs.

- Ensuring alignment across executive leadership helps to lend credibility, build support, and improve participation among front-line staff. These partnerships are critical for the success of workforce transformation initiatives particularly due to the multidisciplinary nature of workforce transformation.

"The board is aligned with regard for the need to transform. We have coalesced the organization nicely to lift of up things like safety and quality that we can all rally around. The numbers are improving and continue to improve."– *CHRO*

"Our CEO was there in the very initial conversations and involved in our staffing project. From there the COO has really been more involved on an ongoing basis." – *CNO*

Clinical Workflow Redesign Driving Improved Care Effectiveness

- Almost all (89%) of LHS have redesigned clinical workflows and/or structures as part of broader workforce transformation efforts. These efforts may include implementing care pathways and team-based care models, transforming recruitment structures, optimizing EHR workflows, and leveraging "nudges" and artificial intelligence (AI) solutions to integrate clinician decision support at the point of care.

- These efforts have had positive impact, with the majority of clinical executives (77%) reporting that workflow redesign has improved overall clinical effectiveness, 44% of which note a significant improvement.

- While LHS have made improvements through workflow redesign, clinical executives note additional initiatives they are prioritizing in the future. Most commonly, clinical executives are aiming to implement initiatives around standardizing processes (67%), restructuring care teams (44%), and implementing technologies to improve efficiencies (44%), quality of care (44%), and clinician decision support (44%).

> "We implemented the utilization of high performance work teams and new clinical improvement processes, which have enabled the team to focus on the top 5-6 clinical improvement efforts." – *CNO*

Effect of Workflow Redesign on Clinical Care

Have not redesigned workflows as part of workforce transformation — 11%

It has had no impact on our effectiveness — 11%

It has significantly improved our effectiveness — 44%

It has slightly improved our effectiveness — 33%
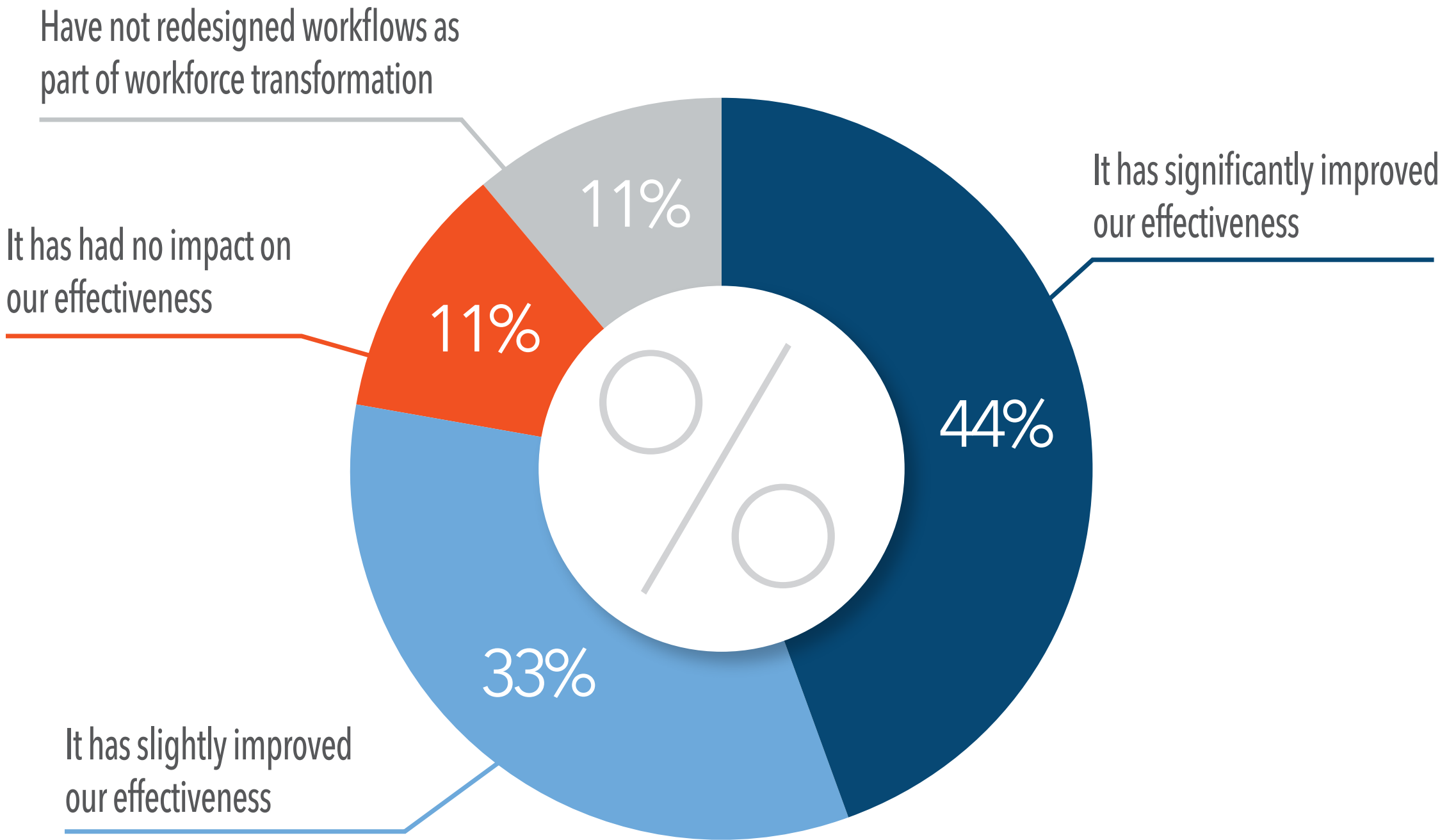
Note: Figures may not add to 100% due to rounding

LHS Are Defining and Tracking Measures of Success

- Over half (53%) of LHS are actively engaging in evaluating outcomes data or continuous tracking of outcomes metrics, while some organizations (8%) are in the process of defining the appropriate metrics or planning to evaluate metrics in the future (38%).

- Progress on workforce transformation tends to vary with maturity, as more advanced LHS are engaging in more advanced outcomes tracking. Almost all mid-stage and advanced health systems (75%) are as least evaluating workforce transformation outcomes and obtaining initial results.

- To measure success, health systems are most commonly prioritizing metrics around employee engagement and retention (e.g., burnout rate, voluntary termination rate) (100%), clinical quality and patient safety (e.g., safety outcomes, quality of care) (46%), and recruitment and pipeline (e.g., average time to fill a job vacancy, hiring process satisfaction rate) (46%).

"We are closely analyzing people leaving in the first year. We break retention down by tenure, 0-1 years, 1-3, 3-5, we have historically performed poorly in that first bracket. That first year is monitored very closely. If we can get people stretched, that 2-4 year threshold is starting to increase. If we can get them to 5 years they don't leave, they are vested in their retirement. I personally monitor the orientation for all of our new hires." – *VP, HR*
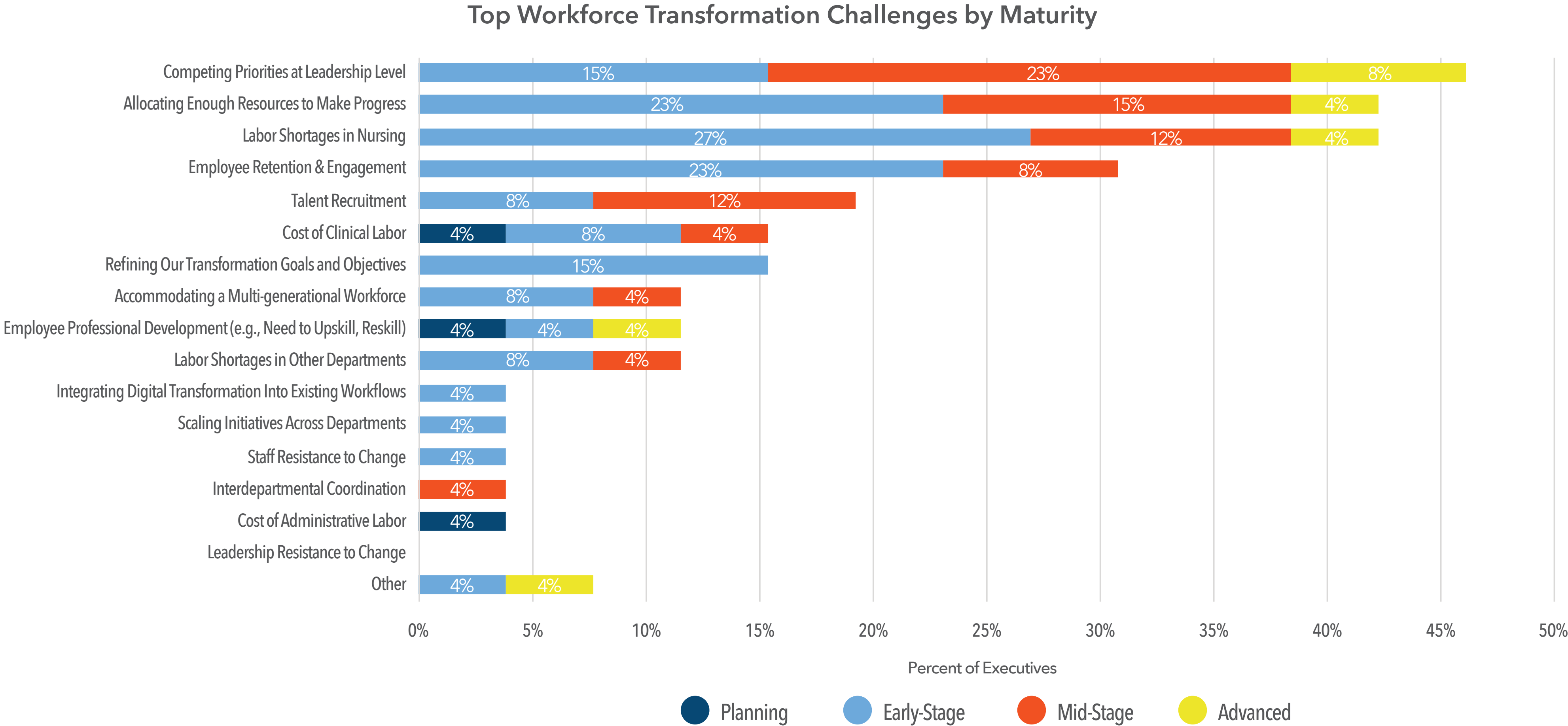
LHS Approach to Measuring Progress and Outcomes of Workforce Transformation

Legend:
- We Continually Track Outcomes and are Generally Quick to Adjust Our Strategy Accordingly
- We are Evaluating outcomes and are Obtaining Initial Results
- We are Planning to Evaluate Outcomes, but it's Too Soon to Measure Progress
- We are Interested in Evaluating Outcomes, but Unsure of What Metrics to Use
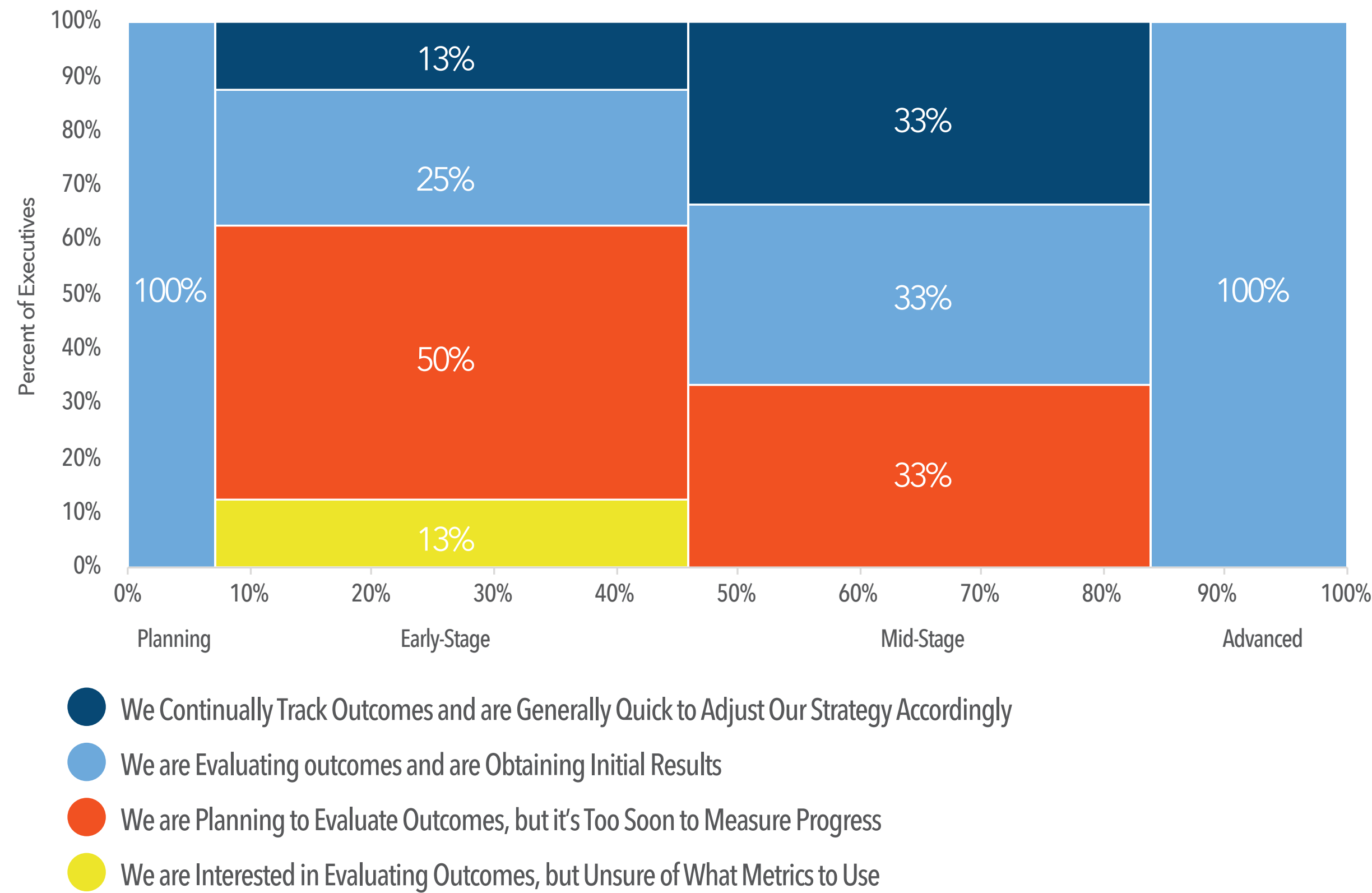
Note: Figures may not add to 100% due to rounding

Competing Priorities at the Leadership Level Is a Top Challenge

- Competing priorities at the leadership level is the most common (46%) challenge across LHS, and particularly among mid-stage and advanced organizations. While more mature health systems may have leadership buy-in for workforce transformation as an organizational priority, more advanced initiatives require continued leadership support that can be challenging to negotiate.

- Additional challenges executives commonly report include allocation of resources (42%) and labor shortages, particularly within nursing (42%), and employee retention and engagement (31%).

Top Workforce Transformation Challenges by Maturity

Challenge	Planning	Early-Stage	Mid-Stage	Advanced
Competing Priorities at Leadership Level		15%	23%	8%
Allocating Enough Resources to Make Progress		23%	15%	4%
Labor Shortages in Nursing		27%	12%	4%
Employee Retention & Engagement		23%	8%	
Talent Recruitment		8%	12%	
Cost of Clinical Labor	4%	8%	4%	
Refining Our Transformation Goals and Objectives		15%		
Accommodating a Multi-generational Workforce		8%	4%	
Employee Professional Development (e.g., Need to Upskill, Reskill)	4%	4%		4%
Labor Shortages in Other Departments		8%	4%	
Integrating Digital Transformation Into Existing Workflows		4%		
Scaling Initiatives Across Departments		4%		
Staff Resistance to Change		4%		
Interdepartmental Coordination			4%	
Cost of Administrative Labor	4%			
Leadership Resistance to Change				
Other		4%		4%

Percent of Executives

Mature LHS Are More Satisfied with their Transformation Efforts

- Health system executives are generally satisfied with their organization's workforce transformation efforts to date, with over half (56%) of executives indicating they are somewhat (40%) or very (16%) satisfied.

- However, satisfaction with their workforce transformation initiatives varies with LHS maturity level. Advanced health systems are generally very satisfied with their workforce transformation efforts likely because they have much of their infrastructure in place and are seeing the results of their accomplishments. Mid-stage LHS are generally very neutral about their workforce transformation efforts with many of them still in the process of analyzing the outcomes of transformation efforts.

- Looking forward, LHS are planning to continue to focus on workforce transformation efforts to drive greater efficiency, engagement, and improve outcomes. Across functions, executives anticipate a continued evolution of workforce transformation needs particularly with a greater focus on AI and digital solutions, automation, standardization, and technology integration over the next 3-5 years.

"In order to tackle affordability, we will need to tackle the cost of labor. As digital solutions are introduced, we need to ensure the associated jobs are evaluated to see if changes should be made to positions. We also need to continue hardwiring methods so leaders can be rewarded for managing labor costs and eliminating unnecessary waste." – *CHRO*

"Digital solutions will impact workforce roles and process flows." – *COO*

"We will need to become more versed in standard work (SW) expectations coupled with staying innovative/cutting edge. Measuring compliance with SW will be the key to eliminating variability from systems." – *CNO*

LHS Satisfaction with Workforce Transformation Efforts

Percent of Executives

Planning: 100% (Somewhat Satisfied)
Early-Stage: 14% (Very Satisfied), 50% (Somewhat Satisfied), 7% (Neutral), 29% (Somewhat Dissatisfied)
Mid-Stage: 13% (Very Satisfied), 13% (Somewhat Satisfied), 63% (Neutral), 13% (Somewhat Dissatisfied)
Advanced: 50% (Very Satisfied), 50% (Somewhat Satisfied)

Legend:
- 2 – Somewhat Dissatisfied
- 3 – Neutral
- 4 – Somewhat Satisfied
- 5 – Very Satisfied

Note: Figures may not add to 100% due to rounding

Methodology

In December 2019, The Health Management Academy conducted a qualitative and quantitative assessment with senior Leading Health System executives regarding workforce transformation. The 38 total respondents represent 27 unique health systems. Respondent roles included Chief Human Resources Officer, Chief Medical Officer, Chief Operating Officer, Chief Nurse Officer, and Vice President of Human Resources. The responding health systems have an average Total Operating Revenue of $5.5 billion and own or operate a total of 333 hospitals.

To calculate LHS workforce transformation maturity, each of the four maturity characteristics were rated on a scale of 1-100 for each LHS. The scores were summed and averaged to yield a total health system maturity score. Maturity was determined by splitting the 1-100 scale into quarters, such that <25 represented planning, 25-50 represented early-stage, 50-75 represented mid-stage, and >75 represented advanced maturity.

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TheAcademy

The Health Management Academy (The Academy) brings together health system leaders and innovators to collectively address the industry's biggest challenges and opportunities. By assisting member executives to cultivate their peer networks, understand key trends, develop next-generation leaders, and partner to self-disrupt, they are better positioned to transform healthcare.

100 Health Systems

500+ C-suite Executives

2,000+ Health System Leaders

66%
Inpatient Admissions

62%
Outpatient Visits

67%
Total Physicians

62%
Total Operating Revenue