

INTEGRATED HEALTHCARE
STRATEGIES™

Connecting HR to the Board with a Strategic People Plan

*Kevin Haeberle – Exec. VP, MSA HR Capital
Along with all of you attending today*

MHA March 2009

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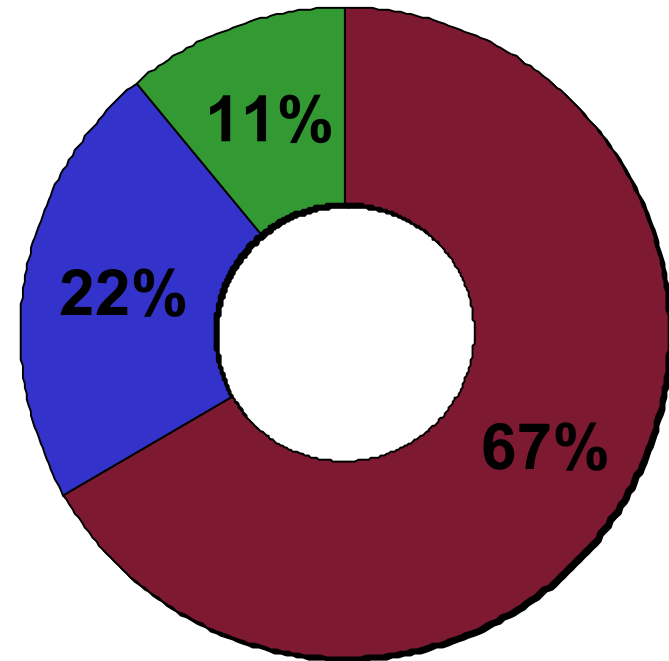
Objectives for Today:

- 1. Discussing the argument why a People Plan is more strategic than a Human Resources Plan**
- 2. Ideas on how to frame the conversation with your Senior Team on the value of a People Plan and its Strategic Value**
- 3. How to help ensure success – Board Accountability**
- 4. Thoughts about becoming a farmer/gardener - Planting the seed, water, and fertilizer**



The best thing about working in healthcare is

1. We change people's lives
2. Healthcare is not recession proof but better than most
3. That it is not AIG or any other financial organization

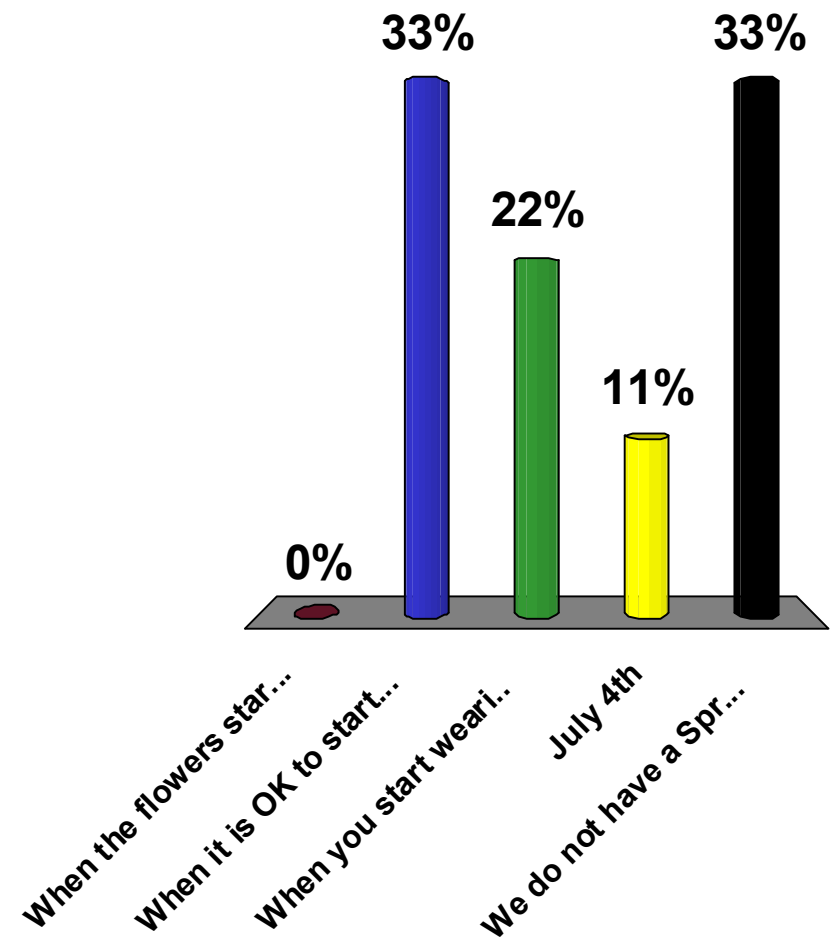


■ We change ... ■ Healthcare... ■ That it is...



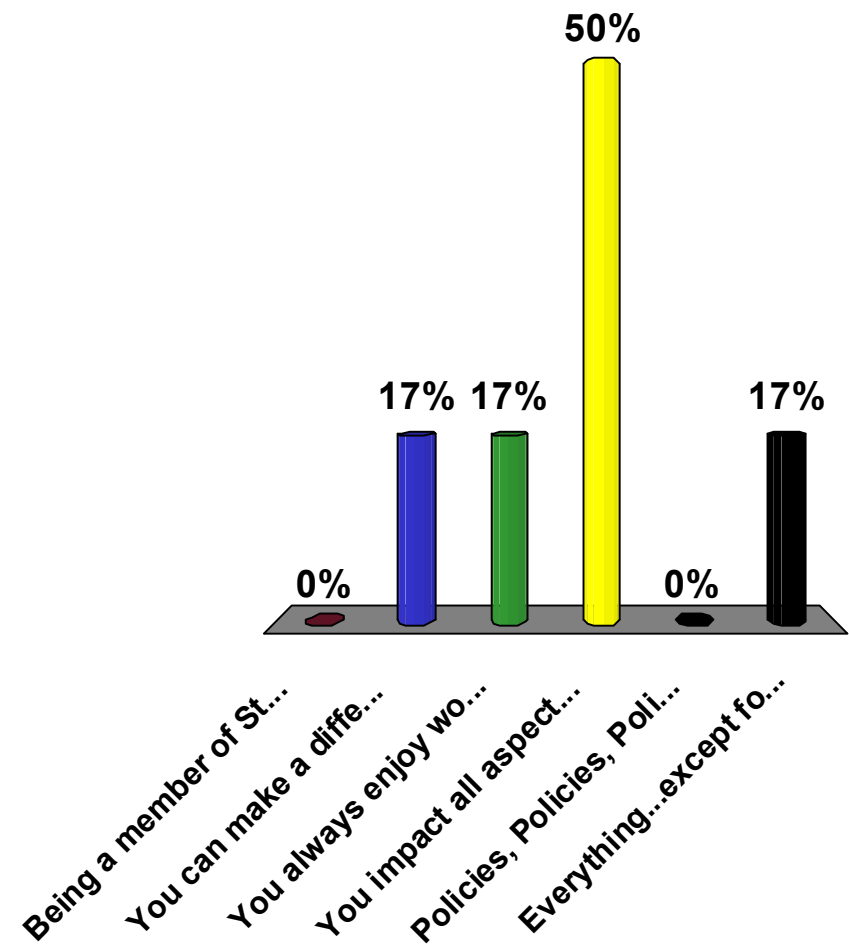
Spring in Montana is

1. When the flowers start to bloom
2. When it is OK to start complaining how hot it is
3. When you start wearing shorts, no matter the temperature
4. July 4th
5. We do not have a Spring, just mud



The Best Thing about Being an HR Leader is...

1. Being a member of State and National Associations
2. You can make a difference
3. You always enjoy working with people
4. You impact all aspects of the organization
5. Policies, Policies, Policies...Yeah!
6. Everything...except for the people!



What is the difference between an HR Plan and a People Plan

Perspective

HR or Organizational

Responsibility

Managed by HR Leaders or Led by HR Leaders

Comprehensiveness

Policy and Process or Every Aspect of Health Care Business

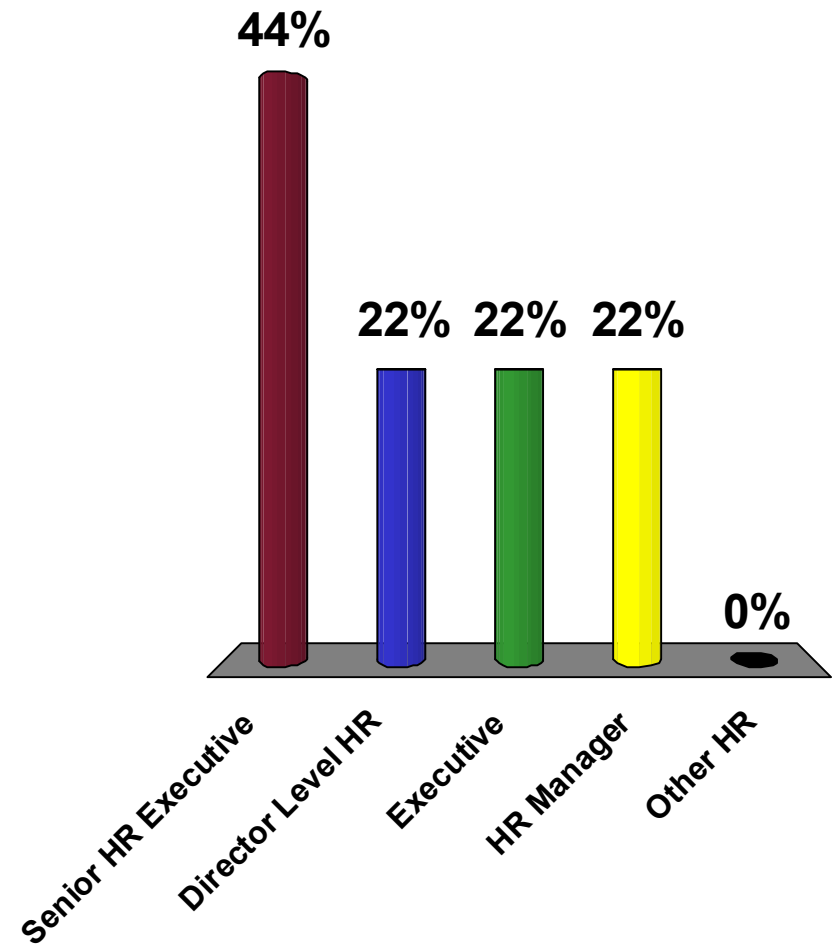
Accountability

HR or Everyone



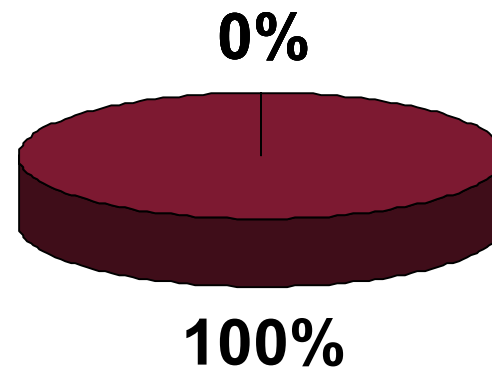
What level of responsibility does your most senior HR leader have in your organization?

1. Senior HR Executive
2. Director Level HR
3. Executive
4. HR Manager
5. Other HR



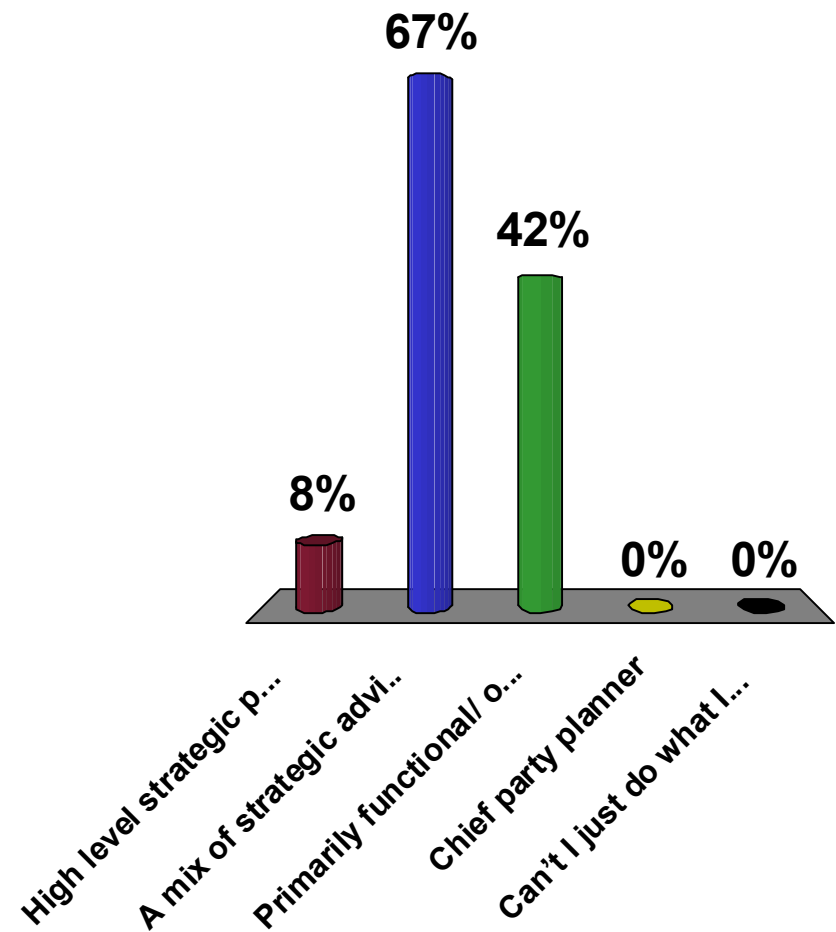
Who does your organization's senior HR leader report to?

1. CEO
2. COO
3. CFO
4. VP Level Position
5. Other



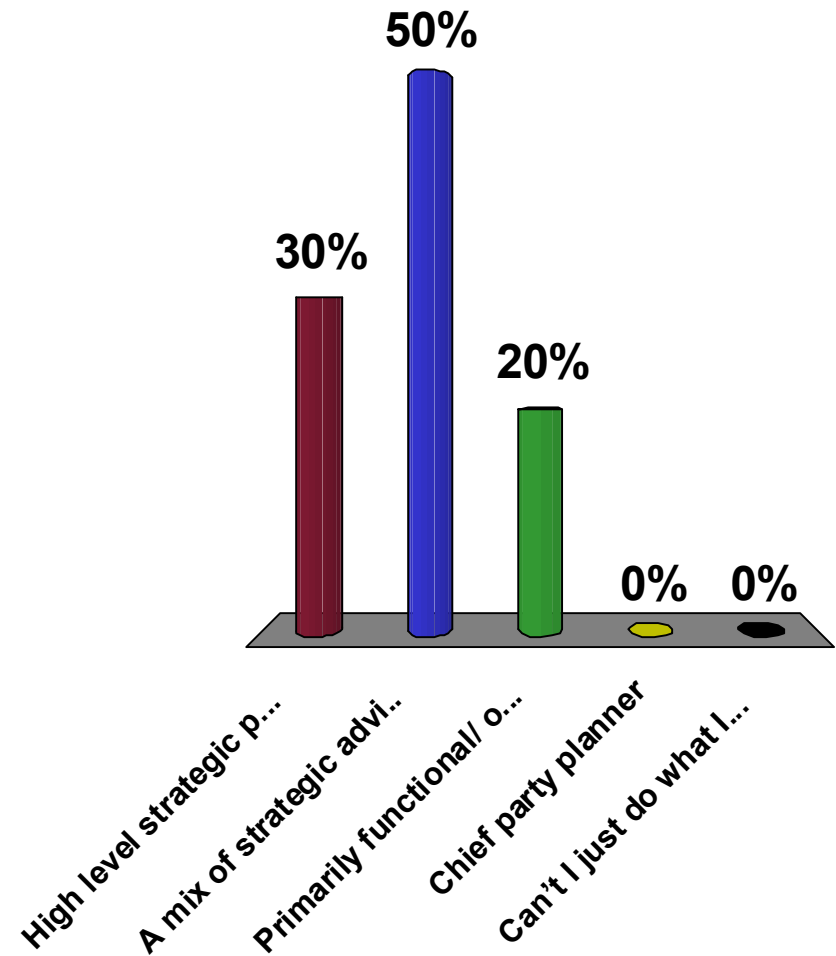
How do you think most healthcare Senior Executives nationwide perceive HR leadership?

1. High level strategic player
2. A mix of strategic advice and operational support
3. Primarily functional/ or operational support
4. Chief party planner
5. Can't I just do what I want to do



How do your Senior Executives perceive HR leadership?

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3 Key Signs an HR Leader is Perceived as Strategic

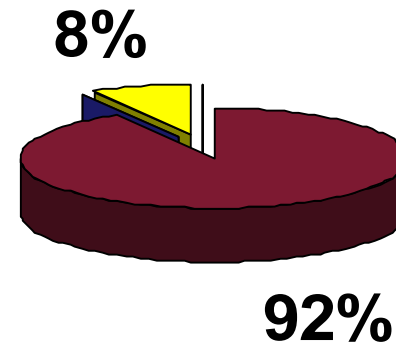
1. Chief HR leadership has regular access to Senior Executives and Board of Directors

- Chief HR leader reports to the highest ranking official in your division or location, i.e. President, CEO, Administrator, Executive Vice President, etc.)
- Chief HR leadership regularly attends the Senior Executive meetings.
- Chief HR leadership regularly attend Board Meetings
- Conversations and discussions between Senior HR Leadership and Executives relate to overall organizational strategy and objectives, not just HR related matters
- Chief HR leadership included in social engagements with other Senior Executives.
- Chief HR leadership is included on all important tours of the organization and in meetings with key constituents of the organization.
- Chief HR leadership is located in the C-Suite



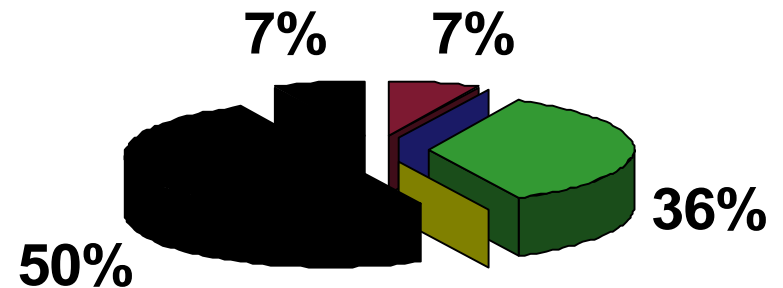
What is the Senior Financial Officer's Official Title?

1. Chief Financial Officer
2. Vice President of Finance
3. Senior Vice President Finance
4. Director of Finance
5. They are only known by their "unofficial" title



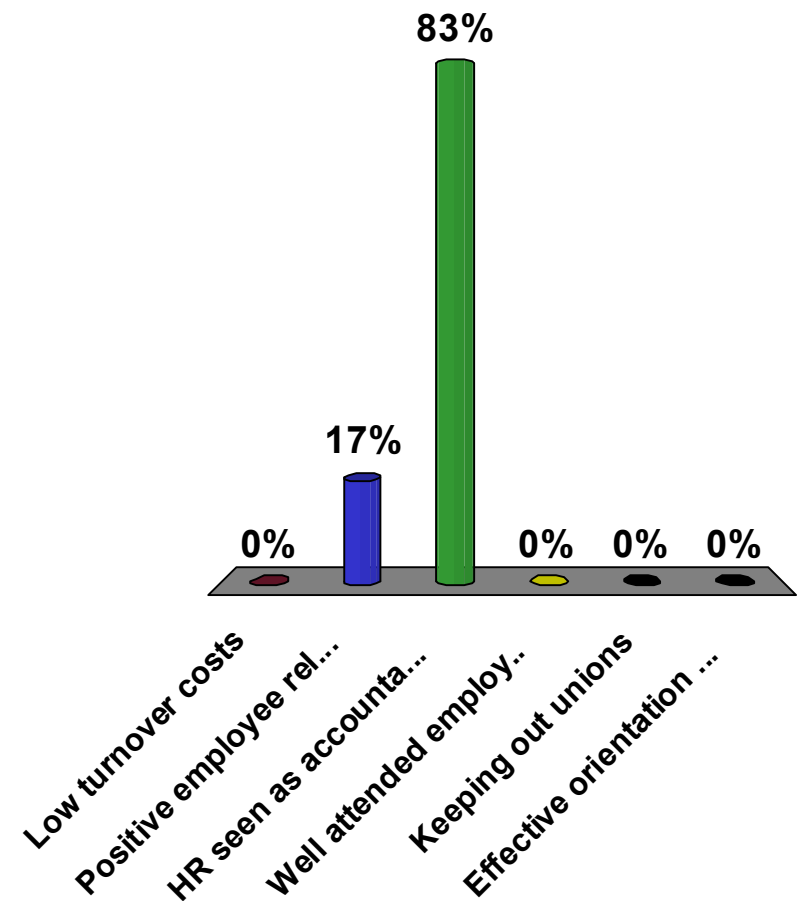
What is Senior HR Leaders Official Title?

1. Chief Human Resources Officer
2. Chief People Officer
3. Vice President of Human Resources
4. Senior Vice President Human Resources
5. Director of Human Resources
6. Personnel Director



What is the most important factor for HR leadership to be perceived as a strategic partner?

1. Low turnover costs
2. Positive employee relations
3. HR seen as accountable for people side of strategic and tactical initiatives
4. Well attended employee rewards banquet
5. Keeping out unions
6. Effective orientation program



3 Key Signs an HR Leader is Perceived as Strategic

2. HR leadership has opportunity to (and has accountability for) influencing non-HR functional decisions.

- Chief HR leader (or other appropriate HR leader) proactively and routinely gives advice relating to the “people impact” on organizational strategic matters (finance, quality, growth initiatives, etc.) outside of the HR function.
 - The senior executives routinely solicits support and/or input/advice from Human Resources for their position on any matter before the meeting on that matter takes place.
 - Monthly financials, quality reports, etc. are automatically given to Chief HR leadership
 - Chief HR leadership is held responsible for identifying and developing solutions for “people” issues relating to any tactical or strategic initiative.



3 Key Signs an HR Leader is Perceived as Strategic

3. **Senior Executives in your organization sees value and provides the same support and focus for all HR specific initiatives that they do for financial or quality initiatives.**
 - CEO holds the Senior Executive Team accountable to participate in Management Development, Orientation, and other HR specific initiatives similar to financial and quality initiatives.
 - CEO holds Senior Executive Team accountable for supporting and consistently upholding HR policies and procedures

Bottom Line:

*Senior HR leader operates as a **business leader accountable to support the organizations business objectives as a whole, who happens to oversee the HR function, not the other way around.***





Developing a Successful People Plan



What is a People Plan?

- **Every strategic initiative has a people component.**
- **Identifying issues, solutions and the impact the people side has on the particular strategic initiative**
- **Both comprehensive to the organization and specific to each strategic and tactical initiative.**
- **HR leadership is responsible for the people plan, similar to how the CFO is responsible for the financial issues related to strategic plans.**
- **A people plan includes issues surrounding employees, leadership, physicians, board members.**
- **While the details of each people plan are unique to the specific initiative, certain considerations are common to most people plans.**



Key Inquiries of How People Impact a Strategic Initiative

1. *What will be the **skills and talents** needed for the strategic initiative to be successful?*
2. *Does the **current marketplace** contain those skills?*
3. *Will the strategic initiative cause a **skill depletion in other areas** of the organization?*
4. *Does the initiative alter the **supply and demand for needed skills** in the marketplace?*
5. *What **level of leadership** is required to oversee the initiative and manage the resulting change?*
6. *Is **leadership** for the initiative **developed internally, externally or a combination**?*



Key Considerations Impacting the People Side of Any Strategic Initiative

- *Will the initiative, to be successful, require a change in the **compensation model**?*
- *Does our **current “people” systems** have the capacity and/or ability to support the new initiative?*
- *Does the **community (all key constituents)** support and **understand the need** for the initiative?*
- *What plans are in place to **facilitate, support and accountability from Board Leadership**?*
- *What plans are in place to **facilitate, support and accountability from Physicians**?*
- *Will the initiative require a **fundamental cultural change** in the organization and, if so, what plans need to be made to address?*



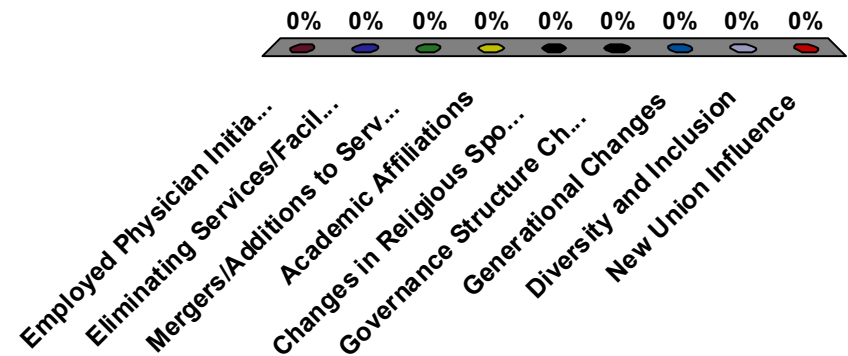
Key Trends Impacting the People Side of the Business

- **Employed Physician Initiatives**
- **Eliminating Services/Facilities**
- **Mergers/Additions to Service Lines**
- **Academic Affiliations**
- **Changes in Religious Sponsorship**
- **Governance Structure Changes**
- **Generational Changes**
- **Diversity and Inclusion**
- **New Union Influence**



The following trends are currently impacting my organization
(select top three that apply)

1. Employed Physician Initiatives
2. Eliminating Services/Facilities
3. Mergers/Additions to Service Lines
4. Academic Affiliations
5. Changes in Religious Sponsorship
6. Governance Structure Changes
7. Generational Changes
8. Diversity and Inclusion
9. New Union Influence





Selling Your Plan to the C-Suite



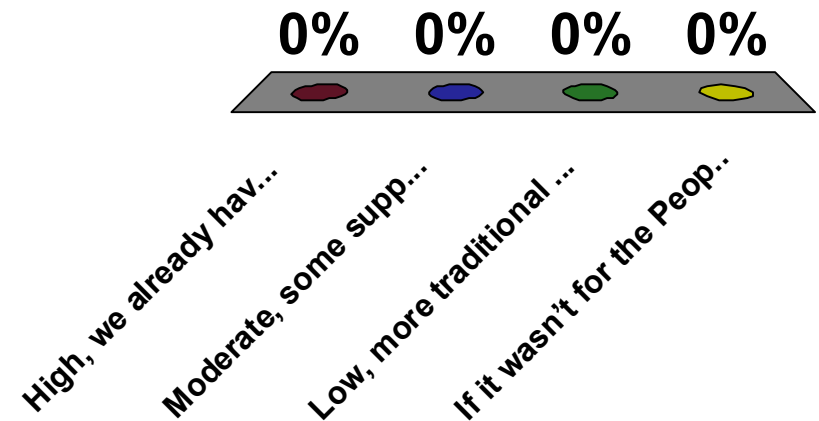
Step 1: Raising the Awareness of the C-Suite

- A successful people plan spans beyond traditional “HR” responsibilities.
- Illustrating the significant risks of not considering the “people” issues in assessing cost, feasibility, and timeline.
- The needs for HR leadership assume the responsibility to raise people issues and develop plans, but share accountability.
- Showing that success of any strategic initiative is enhanced by proactively considering and developing plans to manage the people side of the initiative.



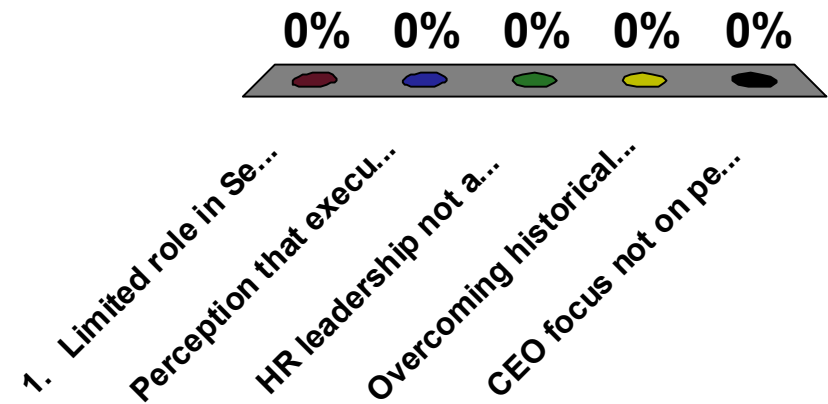
What is your C-Suite's current awareness of the importance of a comprehensive People Plan

1. High, we already have a People Plan
2. Moderate, some support.
3. Low, more traditional view of HR function
4. If it wasn't for the People this would be a great job



What are the two biggest roadblocks to raising the C-Suite's awareness?

1. Limited role in Senior Executive meeting
2. Perception that executives already experts in the people aspects
3. HR leadership not assuming a role beyond traditional HR
4. Overcoming historical view of HR's role
5. CEO focus not on people side



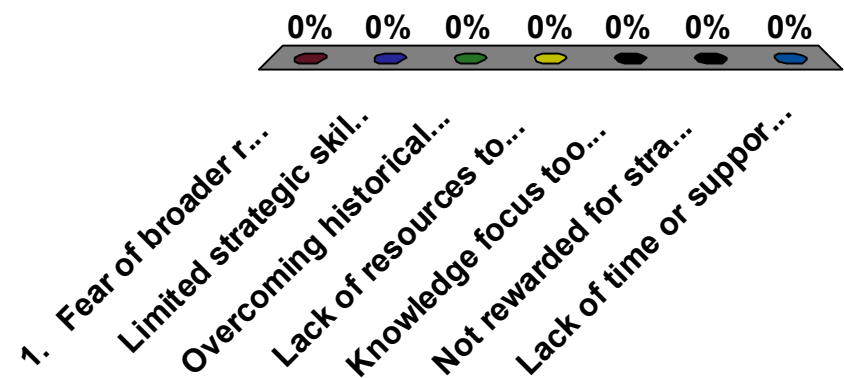
Step 2: Changing HR Leadership's Role

- Gaining additional business knowledge (i.e., finance, quality, etc.) to enhance insights and people solutions.
- Broadening the perspective of Directors/Managers within HR.
- Sharing new knowledge and insights with all levels of HR leadership and staff.
- Gaining input from HR Directors/Managers on people issues and solutions for specific organizational strategic initiatives.



What are the two biggest roadblocks to changing HR Leadership's role?

1. Fear of broader responsibility
2. Limited strategic skills and experience
3. Overcoming historical view of HR's role
4. Lack of resources to develop plans
5. Knowledge focus too narrow
6. Not rewarded for strategic thinking
7. Lack of time or support for gaining knowledge



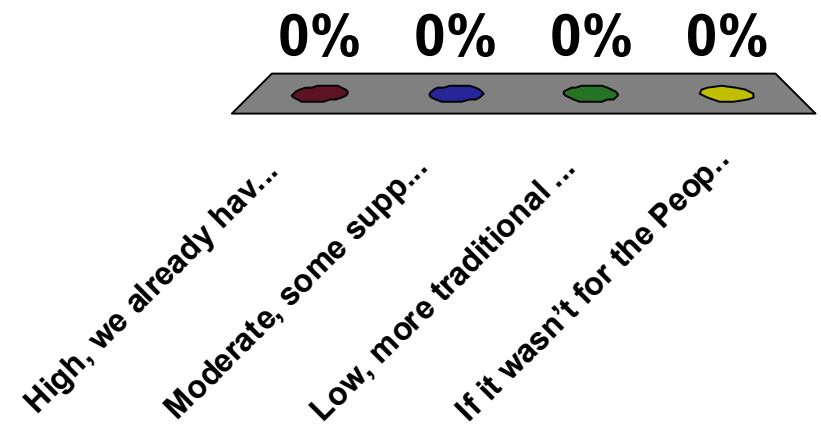
Step 3: The Key - Develop at Board Level People Plan Awareness and Accountability

- Establish similar accountabilities for the people side of the initiative as would be for finance, quality, and operational feasibility.
- Create a people plan report similar to periodic financial and quality reports.
- Replace Board HR committee with People Plan committee.
- Regular attendance of Chief People Office at Board meetings.



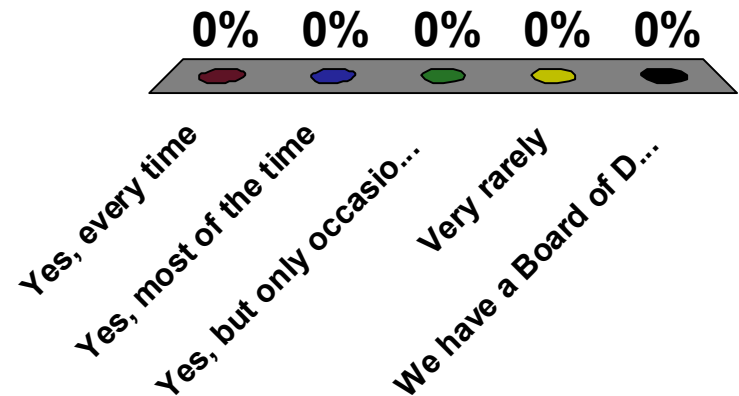
What is the openness of your Board Leadership in adopting a People Plan approach?

1. High, we already have a People Plan
2. Moderate, some support.
3. Low, more traditional view of HR function
4. If it wasn't for the People this would be a great job



Do you or your senior HR leader attend Board of Director meetings?

1. Yes, every time
2. Yes, most of the time
3. Yes, but only occasionally to speak to specific HR initiatives (i.e., employee survey, etc.)
4. Very rarely
5. We have a Board of Directors?



Major Challenges to Strategically Developing a People Plan

- **Numbers are easier to manage than People**
- **People Plans are incredibly complex and require sophisticated management and management systems**
- **People Plans are ‘given’ in strategic discussions**
- **Everyone is an ‘expert’ in people, don’t need expert guidance**
- **Many Healthcare Senior Leaders are natural introverts**
- **Board Members have historical conditioning to establish financial and quality accountabilities – people accountabilities are new**



Starting the Process

- **What seeds are likely to grow – gain understanding with a few leaders and expand**
- **What can water the seeds – risk aversion and risk management**
- **Fertilizer (natural or chemical) – Demonstrate Successful Strategic Initiative because of People Plan**



What do I think can happen next

1. **Wow – I can change the world**
2. **This can work at our organization, but it will take time**
3. **We just are not ready yet, so mostly foundation work first**
4. **What are you smoking, this will never work**
5. **We already do it**
6. **How can we make this a national trend**

