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Elevating the Role of the Healthcare Human Resource Leader - Part 3

Presented by Integrated Healthcare Strategies
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This is the third in a series of four articles examining the elevation of the role of the human resources leader in healthcare organizations. In the Integrated Healthcare Strategies November 2009 Newsletter issue, we examined the first of the following four key factors which we have identified are necessary to elevate the role of the Human Resources Executive.

1. The Chief Human Resource Officer (CHRO) thinks strategically by ensuring that the resources under their responsibility are managed wisely;
2. The CHRO is seen as the “people” expert, not just the HR expert, and is seen by senior executives and the board of trustees as a sought-after advisor on human capital issues;
3. The CHRO has the expertise and ability to help the senior team manage and decide issues involving the overall success of the organization -- not just the success of specific human resource functions;
4. The CHRO has the political and persuasive skills to garner the support of the senior executive team to place specific “people” initiatives at the same value and importance level as financial, clinical, or quality initiatives.

In the January 2010 issue, we examined the second factor - being the People” Advisor.

This third installment will explore the factor of being seen as a “Business Partner” for the board or other executives as another key component of elevating the role of the HR leader.

Being a “Business Partner”

Human Resource Executives in healthcare have not traditionally been viewed as a true business partner to their peer executives. They have typically been seen as an expert in the specific area of human resources. Our MSA HR Capital practice’s experts have found that HR leaders who have found a full “seat at the executive table” possess:

1. A broad knowledge of the business functions of healthcare organizations;
2. An understanding of human behavior and motivation; and
3. Credibility and influence with the board of directors of the healthcare organization.

Business Knowledge

MSA HR Capital has found that HR Leaders that have a broader understanding of the business functions within their healthcare organization are viewed as a business partner to the other executives and the board. In the highly complex environment of healthcare, only having extensive expertise in one area without a broad understanding of overall business operations limits an executive's ability to contribute effectively to the overall leadership of the organization.

A high performing CHRO should have an understanding of the functionality of the organization similar to that of a CEO – a knowledge of the operations overall but not necessarily the details of each particular area within the organization. This includes a working knowledge of reimbursement models and the relationship with insurers, the various regulatory requirements, clinical and quality programs, and an understanding of the business and finance functions. Many HR Executives are perceived as experts in Human Resources by their Senior Leader colleagues. But it is vital for the CHRO to be viewed as knowledgeable about the other functions of the organization, as well.

As an example, one key piece of knowledge for any healthcare executive to understand are the reimbursement models for both private insurance and federal programs. Understanding the basic concepts and issues related to negotiations with insurers as well as the complexity of federal and state payment models, allows a CHRO to be a part of the development of strategies to maximize the opportunity for the organization's financial success. From understanding which areas of the delivery system provide the best reimbursement, to determining the competitive pay position of certain jobs based on the potential revenue they may bring to the organization. Only looking at the expense side of the HR function limits a CHRO from being involved in the total discussion with the CFO, COO and CEO.

Human Behavior and Motivation

Since the "People" side of healthcare is the one common aspect of a healthcare organization's performance, a Human Resource Executive who is seen as a "People" expert, will naturally become a sought after advisor. Understanding the components of fundamental human behavior, group dynamics, personal and group motivation, as well as various value models and profiles enables the CHRO to answer the question 'why did they do that?' or 'how can we get this team to work?' Each person involved in either the delivery of care or the support of the care is motivated in some manner, and there are clear differences in both identified groups, as well as within various clinical and operational environments. Understanding that everyone is not motivated the same way, enables various performance enhancement models to be developed. Many organizations struggle because only one model is utilized, limiting its effectiveness.

Even supporting how to approach effectively non-traditional HR areas can be a key to the CHRO being seen as a "People" expert. Understanding the motivations and 'people' components of both the hospital's and insurance company's negotiating team and how it will impact the process, or being able to identify the various motivations and issues of a medical group considering selling their practice to the hospital, can make the difference from those transactions being successes or failures. The ability to identify that some individuals are intrinsically motivated to do their jobs for the sake of helping people, some are motivated by additional money and/or prestige, and others are motivated simply by improvement, can be the key in developing successful strategies and approaches to fundamental issues facing the organization. The CHRO will be recognized for adding value to any discussion because they can help develop more effective strategies to achieve the organization's objectives which leads to an elevated role within the executive team as well as with the Board of Trustees.

Board Accountability

In a typical Board meeting, there is a clear agenda which includes discussion and reporting on key accountabilities: financial performance, clinical and quality outcomes, capital improvements and community and medical staff relations. Each executive responsible for those areas shares their accountability with the CEO and is seen by the Board as an expert in that area. It may not be unusual for an HR Committee of the Board to discuss and hold accountable the CHRO for traditional HR functions, including employment and turn over, performance review, and compensation strategy. Although this type of Board accountability can be positive, it actually tends to limit the view of the CHRO by the Board to simply the HR function.

On the other hand, if the CHRO is held accountable for the broad "People" side of healthcare delivery - similar to the CFO being held accountable for the "Financial" side of healthcare delivery - the impact and value of the CHRO is elevated dramatically. Since there is a people component in every aspect of health care, having the Board hold the CHRO accountable to ensure that an effective "People" plan is in place for every significant initiative (similar to the accountability that a financial plan be in place for every initiative) can change the entire dynamic of the CHRO role and can drive the change deeper in the organization than simply a discussion at the Senior Executive level.

As an example, if the organization is considering developing a new 'Heart Hospital', there would clearly be a discussion and accountability by the Board to develop a plan outlining the financial impact of the initiative, the roadblocks to success as well as solutions to overcome key issues. Ideally the Board would also require that a simultaneous 'People' plan be developed to identify how the new hospital could be properly staffed at a cost which could be managed consistent with the financial projections. Such a plan should also outline potential roadblocks and solutions to key issues including culture development and managing tensions with the current work environment. Having the Board recognize that without an effective "People" plan, the initiative

has a lower chance of success, creates a need for accountability, which brings with it additional responsibility and value to the organization for the CHRO.

Building the Board's understanding of the need for "People" accountability typically requires a high level of Board education and as well as support from the CEO and other Senior Executives. Once there is an understanding of the value a "People" plan can bring to the success of key projects and initiatives, adding to the Board agenda the CHRO's section of 'What is our People Plan?' will become as normal as the section 'How does this impact us financially?'

In our next newsletter, we will explore how CHROs can move the other leaders of the organization to view "People" initiatives at the same level as clinical, financial, or quality initiatives.

About MSA HR Capital

Integrated Healthcare Strategies provides clients with the most comprehensive array of healthcare-specific consulting services available through our five integrated specialty practices. Our MSA HR Capital practice helps clients develop a human resources organization that supports their strategic goals. MSA HR Capital provides comparative data from over 1,000 hospital organizations to tailor solutions for your specific work environment to ensure that you reach objectives by integrating your management, compensation, labor relations and employee engagement goals into one seamlessly operating strategy. Our process is simple - turn data into information which helps develop more knowledge and better decisions and positive actions. For more information, visit www.IHStrategies.com.

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