



## INTEGRATED HEALTHCARE STRATEGIES™

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# Elevating the Role of the Healthcare Human Resource Leader, Part 1

Presented by Integrated Healthcare Strategies,  
as authored by Kevin Haerberle and Martina Young

Every initiative, every issue, and every success in a healthcare organization involves people. To be successful, all organizations have internal experts to provide direction and insight on key components of the organization. Being the expert on setting a direction, creating a culture of leadership, and balancing the myriad of competing interests requires a CEO. And being an expert on how to lead, manage, and motivate people requires a CHRO.

With the current focus on supply costs, inventories, and productivity, we sometimes overlook the fact that the senior HR leaders in healthcare have the responsibility to strategically manage the most significant and largest expense and resource of any healthcare organization -- the people who provide the care and service. Even though the CFO does not have complete control or influence over supply costs, it remains their ultimate responsibility to make sure the costs are managed efficiently and wisely. Likewise, the CHRO has the added responsibility of dealing with the tightly intertwined cost of people and the impact any decisions will have on the motivation and engagement level of individuals with emotions and concerns.

Ensuring that the people management systems are efficient and provide effective employee relations is critical. Effective people management systems impact an organization on many levels, such as reducing the cost of turnover, preventing quality issues caused by vacancy rates, minimizing the energy and effort required to create an engaged workforce, and avoiding wasted dollars on compensation practices which no longer have a positive impact. When these efforts are not well balanced by an expert, there can be a substantial economic impact and limitations to becoming a high performing organization.

It is important for the CHRO to think strategically and be viewed as having a strategic role in the success of the organization -- not just the success of HR. With over thirty years experience working with healthcare executives, and our surveys of tens of thousands of leaders, MSA HR Capital, a practice of Integrated Healthcare Strategies, has found that "a seat at the table" typically occurs for the CHRO when the following four factors are evident:

1. The 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 make decisions on 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.

Through a series of articles, we will explore each one of these factors. This first issue delves into how thinking more strategically in using resources wisely is the first step in elevating the role of the HR leader.

### **Economic Impact on Compensation Practices**

Through 2008 and 2009, healthcare organizations have been making financial changes in reaction to the economy such as reducing salary increases, freezing salaries, workforce reductions, decreasing or eliminating retirement investment matching, and implementing hiring freezes, all affecting human resources. One result of these uncertain times is the opportunity CHROs have to transform their role by increasing involvement in the financial and strategic goals of their healthcare organization. MSA HR Capital consultants have witnessed human resource leaders become key players -- true CHROs -- in devising plans to solve the financial dilemmas that many organizations are experiencing. Not only is their expertise needed for identifying efficiencies in their systems, but also for maintaining positive employee relations through the necessary changes.

These CHROs are becoming the driving force behind identifying financial savings through reviewing their compensation program and resources from an efficiency standpoint. CHROs have begun exploring efficiencies in the human resources systems, such as compensation, in order to reduce expenses and release funds for the essentials in difficult economic times. One such essential for which funds are needed is maintaining competitive levels of hiring rates for staff level positions. In turn, staying competitive helps to keep turnover low, providing further cost savings.

### **The Opportunity**

A recent survey conducted by Integrated Healthcare Strategies revealed that over 15% of participants have made decreases to their differential pay, and over 10% have made decreases to specialty pay under the current economic conditions. The following are other areas where efficiencies have been realized:

- Eliminating legacy compensation policies for which the necessity has passed;
- Removing accrued time off for leadership positions as a liability;
- Pay for certifications where the market is no longer differentiating;
- Overtime calculations that are more generous than legally required;
- Job titling;
- Application ratios; and
- Call pay.

Traditionally the human resource budget has not been viewed the same way as other areas of healthcare organizations. For example, if a materials management department is asked to find ways to decrease costs by 5%, that department would look for ways to purchase comparable products for a lower price. CHROs that view their department from this perspective begin to be perceived by the other leadership members as strategic business partners.

CHROs have many skills to bring to the executive table, and need to demonstrate a return on investment in human capital to be credible. The four factors of being financially aware of human resource funds, having access to executive team members and the board, having accountability and influence for non-human resource functional decisions, and having other leaders see the value in supporting human resource initiatives are all key in becoming an elevated human resource leader within a healthcare organization.

This is one example of how effective human resources practices have an impact on overall organizational strategy. In our next issue, we will explore HR's role as a strategic advisor to the Senior Executive Team and Board of Directors.

### **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](http://www.IHStrategies.com).*

### **About the Authors**

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