

# STRATEGIES FOR THE HOSPITAL WORKFORCE OF 2010

**I**n setting a strategic path for their organizations, trustees give consideration to recruitment, management, compensation and retention of the organization's physicians, executives and staff. Competitive salaries, staff shortages, performance improvement and interprofessional turf battles are just a few of the workforce issues that have occasionally risen to the board's attention in the past five years. Trustees, in collaboration with the CEO, use their collective experience to help shape the organization's values.

Over the next five years, hospital boards and senior executives will face new and different workforce challenges resulting from dramatic shifts in medical science, technology, demographics and economics. (See "Changes and Challenges Ahead," page 24.) These shifts will require that the labor force evolve along with changes in the delivery system. Indeed, health care workers who fail to develop new skills will not be effective future employees. But unfortunately, unless hospitals prepare for this evolution in work and workforce, ineffective employees may be the only ones hospitals can hire. The supply of preferable alternatives will be diminished by: retirements (especially for nurses and physicians of the baby boom generation); limitations on immigration; a shortage of qualified training program faculty; and an abbreviated work week among younger professionals.

This article will help boards focus on the implications of a tighter labor market in an industry demanding new skills. While workforce issues have traditionally been managed by CEOs, boards may need to give their CEOs formal authority to address this issue in order to emphasize its importance as well as to give them greater latitude to use available resources to retain—and retool—a state-of-the-art workforce.

The law of supply and demand requires retention of qualified, committed employees as the core strategy for having an adequate workforce in 2010. But boards must also remember that retention is not enough; physicians, nurses, technicians and therapists will need to know how to provide new services.

Developing and implementing responsive workforce strategies may take a few years, so trustees should begin shaping approaches that align their workforce with the clinical, demographic and economic scenarios for 2010. The board's leadership in this effort is absolutely necessary for three reasons:

1. No single division within a typical system is responsible for all aspects of workforce planning across all labor classes.

2. Departments with specific workforce responsibilities (e.g., human resources, medical staff relations, compliance) are usually preoccupied with day-to-day tasks. They do not have the luxury to sit back and contemplate the future, much less prepare for it from an organizational perspective. Indeed, due to the increasing demands on managers traditionally responsible for personnel functions (e.g., credentialing, orientation, payroll, benefits administration), responsibility is being spread throughout the organization and even outsourced.

3. If the board does not focus systemwide attention on these emerging challenges, solutions will be piecemeal and uncoordinated. Only health system boards, in partnership with the CEO, can make decisions guaranteeing that workforce issues get strategic attention and are addressed across the system and by business partners, such as information technology vendors and health plans. Furthermore, the board has an obligation to establish links between executive compensation and organizational performance to meet these new and different workforce needs.

BY JEFFREY C. BAUER AND THOMAS P. FLANNERY

## Now What?

Here are future-focused, results-oriented workforce actions that hospitals can launch with a little push from the board:

- **Modernize employee training programs.** Employee training is a persistent problem for many health systems. Considerable education is provided in response to regulatory mandates or operational changes, but it is not always the type of training that produces desired changes in performance (e.g., sitting through long classroom lectures). A strategic review of employee training should identify new approaches that produce better results.

These approaches may include experiential learning in a team environment and Web-based instruction. They may also include simulation-training technologies—already the norm for teaching pilots to fly airplanes and engineers to run nuclear power plants. Simulation can provide levels of standardized and individualized learning that are not possible in the traditional classroom setting. It will likely replace the “see one, do one, teach

one” methodology that is currently the standard in many areas of health care delivery. Simulation can dramatically reduce the time needed to learn key skills.

Trustees can provide a real service by promoting education policies that replace classroom instruction with these more effective methods of employee training. They can also authorize personnel policies, such as targeted tuition reimbursement for employees and salary adjustments, that promote desired workforce improvements.

- **Emphasize retention over recruitment.** In many hospitals, the board needs to allocate more resources to retain existing employees. Recruiting is a very expensive alternative to unsuccessful retention. And for hospitals that modernize their training, recruiting costs will rise even higher because they will be replacing employees who have already developed highly valued skills.

On the other hand, individualized employee training can be a powerful tool for retaining employees in a tight labor market,

## CHANGES AND CHALLENGES AHEAD

Awareness of key trends in four fundamental areas—medical science, technology, demographics and economics—will help trustees prepare strategies that can prevent serious personnel problems later. Strategic workforce planning—the proactive development of appropriate responses to anticipated changes in the medical workplace—should be on the board’s agenda in 2006 so that crises do not occur in 2010.

**1. MEDICAL SCIENCE** Clinical practice is just beginning to move in a totally new direction. Diagnosis for the past 100 years has focused on tissues, organs, and symptoms. Therapy largely consisted of surgery or drugs targeted at patients who had similar problems that could be observed at the level of cells and chemistry (pathology) or shape and location (radiology). Thanks to tools perfected through the Human Genome Project, diagnosticians suddenly have the ability to define health problems at the level of genes and proteins. This allows them to recognize wide variations in diseases that have been treated for years as a single condition. The science of molecular medicine will grow dramatically in the next five years as well, replacing a “one-size-fits-all” approach to patient care and creating intense demand for health care workers who have the knowledge and resources to provide the customized care made possible by this new scientific foundation of medical practice.

**2. TECHNOLOGY** Technological advances are transforming the delivery of health care in several areas, including computer science, telecommunications, biomedical engineering, robotics and informatics. As integral as these new applications may be to providing better care, their most important value may be their contribution to the hospital workforce’s productivity. Hospitals and health care systems are challenged not only to adopt labor-saving technology, but also to do it rapidly by taking specific actions. For example, electronic medical records and robots do a lot more than replace workers—a necessity when quali-

fied workers are in short supply. They get work done at lower costs with fewer errors.

**3. DEMOGRAPHICS** The American population is diversifying in ways that will significantly change who hospitals serve and employ. The indigenous population (defined by demographers as people born in the United States prior to 1970, and their children) is peaking right now. All net additions above the indigenous population from this decade onward will have been born elsewhere; already this group constitutes 12 percent of the U.S. population. Foreign-born women of child-bearing age are less than 5 percent of the population, but they account for nearly 25 percent of all births. Hospitals will see these new Americans not only as patients, but also as employees. Multicultural challenges will arise in all dimensions of hospital operations.

**4. ECONOMICS** The economic outlook is not necessarily bad for all hospitals, but it is almost certainly not going to get any better. Government debt and international competition have all but eliminated the possibility that third parties will keep paying most of the costs of hospital care. Defined benefit health insurance is being replaced by defined contribution health plans. As providers, hospitals will need to learn how to collect more money directly from patients. As employers, hospitals will need to develop creative employment packages and other competitive incentives. Rethinking compensation and benefits may be one of the biggest boardroom challenges between now and 2010.

## REMOTE CONTROLS

Telemedicine provides a good example of a technology that is changing what workers do and need to know. For example, by allowing critical care specialists to cover several intensive care units from a single remote location, telemedicine requires caregivers to interact virtually. Teams must be trained to work in different ways and to use communication technologies rather than face-to-face interaction. Technologists will also be needed to set up and maintain the telecommunications infrastructure. Potential technologist shortages suggest that the caregivers need to learn the basics of setting up and operating these underlying telecommunications systems. For all personnel, labor costs will be so expensive that “windshield time” (i.e., time spent driving from one site to another) will be unaffordable. Hospitals will need to anticipate shifts in cost structure and correspondingly prepare their existing workforce to be efficient and effective in adopting new technologies.

especially when it creates opportunities for career development and professional growth. After all, higher pay alone usually isn't the main reason employees leave one hospital job for another. Many workers change jobs for opportunities to learn new skills and to use advanced technologies. Consequently, having the best training programs in the market will be key to having a stable workforce. Empowerment, often in the form of increased authority and responsibility, is also a powerful motivating force for employee retention.

For all these reasons, trustees need to create a strategic vision that emphasizes retention over recruitment. Boards should expect their organizations to select and keep great employees, and executives should be rewarded for measurable performance in this regard.

• **Create a culture of organizational creativity.** In many health systems, trustees will need to formalize policies that authorize and encourage work-related creativity, particularly when the existing corporate culture confounds workers' efforts to find new and better ways to do their jobs. A board can facilitate this by initiating programs to empower and reward employees who create something of value for the organization. Policies can be changed to let positions and functions evolve.

For example, the proliferation of information technology in the operating room might become incorporated more smoothly if information technicians had the opportunity to join the surgical team (e.g., instead of adding IT responsibilities to overburdened perioperative nurses).

In similar fashion, the adoption of molecular medicine might be facilitated by allowing radiology technicians to integrate imaging tools with molecular diagnostic devices in the laboratory (and vice versa for laboratory technologists). Beyond their intrinsic value, employees who are empowered to be creative can develop processes or products of commercial value, which the hospital can sell to other hospitals or license to vendor partners.

• **Respond to significant differences between employees.** Historically, employers have viewed their workforce as homogeneous and applied the same policies and procedures to everyone. In the workforce of the future, hospitals will need to allow employees to develop specific competencies through an individualized approach. Some employees who already have the necessary competencies should be given the opportunity to “test out” of formal instruction and to develop advanced skills and knowledge (think “extra credit”).

Boards should also recognize the need to integrate new grad-

uates with experienced workers who have not been exposed to training at modern academic health centers. For example, many recent graduates have never seen a paper medical record, while many long-term employees have never worked with electronic records. A formal integration program may be necessary to prevent tensions between different generations of caregivers. Creating a common culture of quality and safety will require bridging professional generation gaps in many organizations.

• **Prepare workers who are adept at adapting.** Rapid change in health care will not only demand new skills, it will also require workers who know how to cope successfully with rapid change. (See “Remote Controls,” above.) Because all employees are not equally adept at adapting, regardless of their skills, hospital managers will need to understand the correlation between personality profiles and successful performance in turbulent times. Traits associated with good adaptive behaviors, such as intellectual curiosity and creative leadership, should be nurtured. Of course, boards must not get involved in day-to-day management of adaptability, but they should clearly endorse it, practice it themselves, and expect their CEO to model it.

### Conclusion

In the next five years, health care delivery will be reorganized around service lines that focus on consumers' needs, not traditional “fiefdoms.” Collaborative teams—not hierarchical departments—will be key to successful organizational transformation. Tightening labor markets will necessitate retaining and retraining workers.

The relationship between a hospital and its workers—especially its physicians—will necessarily be redefined by those health care systems that thrive in the next few years. However, necessary changes in the workforce will not happen automatically. Trustees and CEOs must start providing vision, strategies and resources now so that their managers can begin making operational changes to move the workforce in the right direction over the next five years. **T**

JEFFREY C. BAUER, PH.D., is a partner in the Management Consulting Practice of ACS Healthcare Solutions, Dearborn, Mich. He can be reached at [jeff.bauer@acs-hcs.com](mailto:jeff.bauer@acs-hcs.com) or at (970) 396-3280. THOMAS P. FLANNERY, PH.D., is a principal with Buck Consultants, Boston. He can be reached at [thomas.flannery@buckconsultants.com](mailto:thomas.flannery@buckconsultants.com) or (781) 883-4249.