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# Workforce Decisions

## **TODAY**

# Will Shape Your Hospital's

## **FUTURE**

**COMPASS**  
CLINICAL CONSULTING<sup>SM</sup>

*This whitepaper is the second in a series of 12 that will address the many facets of hospital workforce planning and productivity – perhaps the largest challenge at many American hospitals.*

*If you missed the first report on “Productivity without Fear” you can download a PDF copy at this location:*

*[www.compass-clinical.com/hospital-workforce-paper1](http://www.compass-clinical.com/hospital-workforce-paper1).*

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# Hospital Workforce Planning

## A Strategic Critical Success Factor

The future of your hospital is something that either happens on its own, or that you do your best to create. Getting there on your own terms calls for a well communicated vision—one that ensures everyone in the hospital is focused on the same direction and that guides your decision-making. The vision defines what you will be and what you will not be. It sets parameters on where you are headed so you can effectively manage the organization to make the vision a reality.

Nothing is more critical in achieving the vision than having exactly the right workforce to get the work done—throughout the organization. Without the right people it is difficult to deliver efficient patient care with excellent patient safety and quality outcomes. Planning for human resource needs is one of the greatest challenges facing leaders and managers. Hospital workforce planning ensures that you will have the right people with the right skills in the right place at the right time (R4).

### **The International Public Management Association defines workforce planning:**

*Workforce planning is the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce, identifying future workforce needs, establishing the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objective.*

This distinguishes workforce planning from workforce productivity. Although related, they have very different goals and processes. One is getting the right people on the bus, and the other is propelling the bus forward with great efficiency. Both are centered on your hospital's unique core values for delivering safe, quality healthcare to patients.

## Assembling an Experienced Team to Guide Workforce Planning

Many hospital leaders do a good job at setting vision and developing a strategic plan, but miss the importance of assembling the talent that makes it all run better. In part, this is because such future talent planning is hard work, requiring a level of management skill that has been honed from doing this kind of work across many hospital organizations. As important as this skill is, having the experiences among the management team is rare. Such experience helps everyone avoid the potholes and helps to relieve anxiety on the part of employees now on staff, including where will they fit in, or if they will fit in at all.

*Read more about putting experience on your team to guide the process of designing the right workforce plan for your hospital.*

Visit [www.compass-clinical.com/consultant-2](http://www.compass-clinical.com/consultant-2).

Being a senior leader, you realize that your job is one of managing the politics and organizational culture. One of the skills you need is the ability to work with various constituencies and to understand why they do or don't do things the way you expect. Being sensitive to multiple views and fashioning a course that respects those views underlies every step you take in assuring your organization that it will be better in the future and that everyone now on the team will play a part in running a better hospital.

# A High-Level View of Workforce Planning

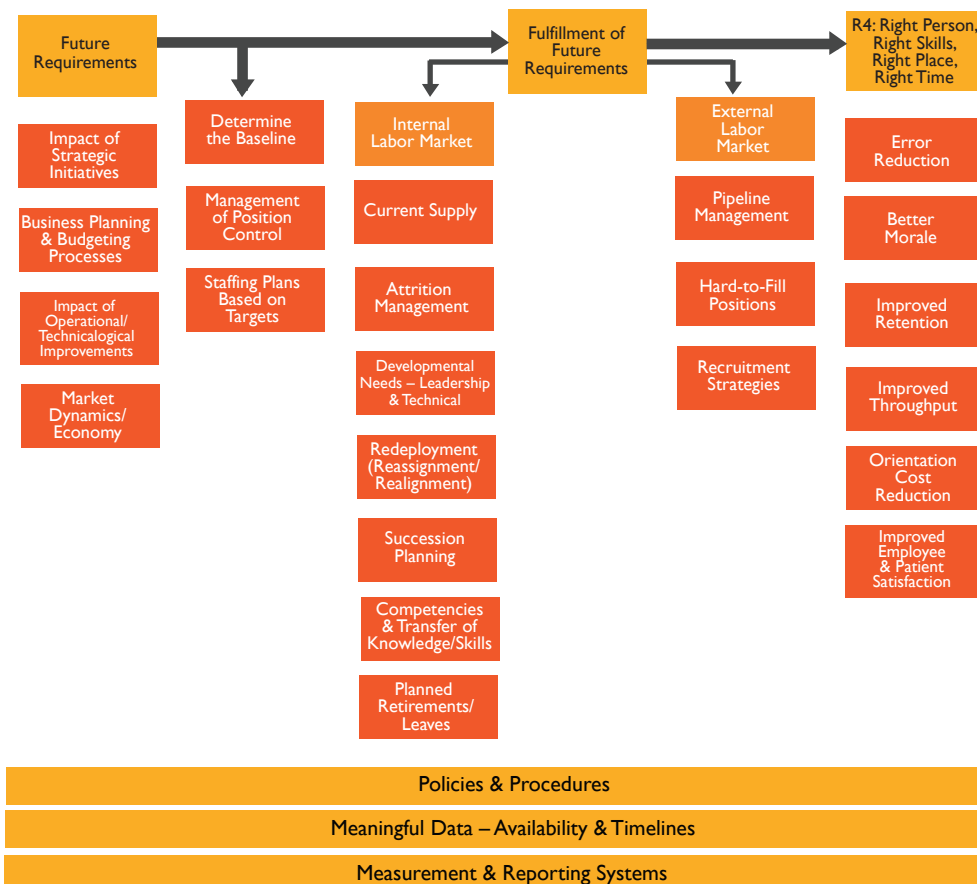
The Rand Corporation calls for three attributes that can drive a successful workforce planning process:

1. Workforce planning can help ensure that an organization has the right mix— by education, experience, and other important characteristics of personnel to advance its functional and organization objectives.
2. To succeed, workforce planning should answer questions regarding desired workforce characteristics now and in the future, and how organizational practices are helping maintain or develop these characteristics.
3. Among elements needed to make workforce planning successful are active executive and line manager participation and accurate and relevant data.

The Compass Clinical Consulting diagram below demonstrates the different facets of workforce planning. Each of these areas will be addressed throughout this whitepaper on hospital workforce planning.

Download a scalable PDF version of the Compass Workforce Planning Overview Diagram. Visit [www.compass-clinical.com/workforce-diagram](http://www.compass-clinical.com/workforce-diagram).

## Workforce Planning



# 5 Drivers of Hospital Workforce Planning

**Strategic Initiatives:** It is important to start by designing a hospital workforce plan to analyze the future requirements of the hospital/healthcare system. The plan is built upon your strategic initiatives. Strategic planning provides a map for your hospital's management relative to your external environment. By assessing where you are, where you are going, and planning for the future, the strategic plan defines the changes that the organization must achieve.

**Business Planning and Budgeting Processes:** Your business planning and budgeting processes help refine strategic initiatives by providing important detail regarding timing and implementation dates. These processes feed key information for workforce planning. The hospital workforce plan lays out the specific tasks and actions needed to ensure that the hospital has the human resources necessary to accomplish its strategy.

Critically, if the plan calls for closing or downsizing a service line, workforce plans can be developed to account for attrition and retraining of affected employees rather than laying employees off. Hospital workforce planning provides key information for budgeting processes, especially important variables that impact the budget such as overtime, education, orientation and recruiting requirements.

*Download an example of "The New Normal for Productive and Non-Productive Hours" at [www.compass-clinical.com/workforce-example](http://www.compass-clinical.com/workforce-example).*

**Technological Improvements:** Analyze the impact of your operational and technological improvements. This analysis will typically result in waves of process streamlining and work elimination opportunities. At the beginning of a change process there may be a need to “staff up” to make sure that all affected staff are educated on the change and have the time to develop new skills; once the change has been implemented, there may be opportunities for a reduction in staff.

*A good example of this is the installation of PACS in the Diagnostic Imaging department. When PACS is being built and installed, it will require staff involvement in workflow design and staff education; once PACS has been fully implemented, there will be a need for fewer filing clerks, so it will be important to plan for reassignment/retraining of that staff.*

### **Market Dynamics and Economy:**

Strategic planning should address the effect of changes in demand for services, and this should be incorporated into the hospital workforce planning process. Market dynamics and the economy can affect the number of patients admitted and the number of outpatients being seen. For example, the current weakened economy has the potential to reduce admissions as elective admissions may be postponed. Another factor influenced by the economy is the availability of workers.

As the economy improves, employees who have postponed retirement could retire in large numbers, resulting in a need for a large number of replacements. Physician recruitment also plays a key role; a new specialty surgeon may require the addition of staff in the operating room and the surgical nursing unit, but the loss of a specialty surgeon who is difficult to replace may require decreased staffing until a replacement is found. Monitoring the activities of competing hospitals is a focus that will help determine patient service demand as well as labor supply (negatively or positively).

### **Determining the Baseline for Hospital Workforce Planning:**

An early step in effective workforce planning is the determination and characterization of the current or baseline level of employment. Various measures of baseline employment levels are available, including aggregate hospital productivity measures, such as “FTEs per Adjusted Patient Day” or “FTEs per Adjusted Discharge.”

For more information, download “How to Use Benchmarks to Make Effective Workforce Decisions.” Visit [www.compass-clinical.com/workforce-baseline](http://www.compass-clinical.com/workforce-baseline).

Once the baseline employment level has been calculated, it is important to characterize the baseline. For instance, if the baseline level of employment is considered to be excessively high, then near-term planning options may emphasize staff retraining and reassignment as well as aggressive attrition management. Another early step is to determine the gap between the baseline and the future requirements.

Moving from the aggregate hospital productivity measures to departmental measures will clearly identify where there are areas of excessive staff, not enough staff, or sufficient staff. Examples of typical workload measurements for selected hospital departments are:

- Nursing Unit – Equivalent Patient Days (midnight census + observation hours)
- Radiology – Procedures
- Pharmacy – Doses Dispensed
- Respiratory Therapy – Treatments
- Laboratory – Billed Tests
- Physical Therapy – 15-minute Units
- Environmental Services – Square Footage Cleaned
- Nutritional Services – Equivalent Meals

It is important to have an effective Position Control process in place for every department. Successful workforce planning requires an understanding of required staffing with the commensurate workload, the number of current vacancies, and how staffing will change with effective process redesign initiatives.

# Fulfillment of Future Requirements

Here are some questions to help determine the gap between the current labor supply and the future requirements:

## Internal Market:

- Do I have a good position control in place that gives managers a good understanding of the current labor supply and current vacancies?
- Are there policies and procedures in place to manage a necessary down-sizing through attrition?
- What are the developmental needs of all employees, both leadership and technical?
- Are there policies and procedures in place to redeploy staff as necessary (reassignment/realignment)?
- Are the succession plans in place, especially for “hard-to-fill” management positions?
- Are there adequate hours budgeted to ensure that staff remain competent?
- Is there a set of competencies that aligns with the organization’s mission, vision, and strategic goals?
- Are the plans in place for transfer of knowledge and skills for staff that are leaving?
- Is information on a timely basis with regard to planned retirements, leaves, and turnover rates?

## External Market:

- What is the production rate of various local nursing and other clinical education programs?
- Which “hard-to-fill” positions require lengthy recruitment cycles?
- Are there recruitment strategies in place to ensure that vacancies are filled quickly and with the right person?

## R4: Put the Right People on the Bus... with the Right Skills in the Right Place at the Right Time

We like to think of workforce planning as the Human Resources component of operationalizing the strategic plan. In planning any project, one must recruit the right people to be part of the project. Workforce Planning is built on the same principle, only on a larger scale, related to current work processes as well as the impact of strategic change. When organizations integrate Workforce Planning into their strategic management, they are better prepared to ensure the success of their strategic plan. By attaining R4 you are not only saving labor expense dollars, but there are many other benefits:

- **Error reduction** – Having the right skill mix on a nursing unit—with staff who are familiar with the routines, policies and procedures, and the work environment—helps to reduce, if not eliminate, errors (i.e., medication errors, patient falls). Eliminating redundancy of responsibility also helps to reduce errors.
- **Improved morale** – People appreciate knowing what is expected of them and what they can expect from the organization. This leads to job satisfaction as well as a high degree of trust, collaboration, and teamwork.
- **Improved retention** – When hospitals use hiring freezes, pay cuts, and layoffs to meet a budget crisis, employees often become frustrated and overworked. Having a clear and well communicated workforce plan helps employees feel secure, and they are much more likely to stay with this type of organization.
- **Improved throughput** – There is a passion for service and caring; employees are continually looking for ways to remove “bottlenecks” and eliminate waste, so they are efficient and patients flow through the system with ease.
- **Orientation cost reductions** – High rates of turnover are extremely expensive—including the cost of replacement and orientation—particularly in very specialized clinical areas of the hospital. Retaining employees and knowing exactly when and where staff members are needed results in less expenditure for orientation.
- **Improved patient satisfaction** – Dedicated, professional employees directly contribute to improved quality outcomes and improved patient satisfaction.

## Starting the Workforce Planning Process

As with strategic planning, a SWOT analysis can help in hospital workforce planning. In the case of workforce planning, the focus is on building a capable workforce rather than the organization's strategic position. Strengths and weaknesses are internal to the organization and are more readily managed, modified or controlled than opportunities and threats, which are external to the organization. The SWOT analysis helps with longer-term thinking about future services and pressures and what you need to do now to get workable strategies in place.

Using a SWOT analysis can help you build detailed work plans to address each of the key elements in the workforce plan. In addition, it will help prioritize next steps.

Supporting any workforce plan are Policies and Procedures, Meaningful Data, and Measurement and Reporting Systems. Also required is the full engagement of the Human Resource department and the Finance department. These subjects will be addressed in much more depth in future editions of our whitepaper series.

### Ten Elements of a Successful Hospital SWOT Process:

1. Impact of strategic initiatives
2. Pipeline capacity management, especially for “hard-to-fill” positions
3. Redeployment capabilities (realignment/reassignment)
4. Attrition management (e.g., rates by department and job class, use of data to anticipate needs)
5. Business planning and budgeting processes
6. Impact on operational improvements, such as reduction in length of stay and in-hospital complications
7. Impact of technological improvements
8. “Control” of position control
9. Workforce strategies for recruitment, hiring and retention and integration of these strategies within the management structure
10. Staffing needs and related data and reporting systems

## Workforce planning is a dynamic process.

As solutions are implemented and the hospital makes progress toward its goals, circumstances may change. Leaders will change. Some opportunities will go away and others will emerge. While there is not a need to develop a new workforce plan every year, the plan should be revisited regularly to allow for mid-course adjustments and corrections.

The people working at your hospital—today and in the future—are your hospital. They are the people who lead and manage. They are the people who care for patients. Knowing where you are headed means you will also know what people you need. This, in the end, is the most important job of any hospital's leadership team.

## SWOT Analysis - Workforce Forecasting

	Helpful to achieving the objective	Harmful to achieving the objective
Internal Origin attributes of the organization	<b>S</b> Strengths	<b>W</b> Weaknesses
External Origin attributes of the environment	<b>O</b> Opportunities	<b>T</b> Threats

To download full-size chart, visit [www.compass-clinical.com/workforce-swot](http://www.compass-clinical.com/workforce-swot).

# Authors

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### President

Dr. Gutbezah's focus is on improving clinical operations, developing medical staff leadership, and strengthening physician-hospital relationships. His diverse experience in hospital, medical group and managed care settings has enabled him to develop a broad knowledge base and an unusual skill set, which he has applied to implementing quality improvement initiatives, developing medical group governance structures, compensation plans, productivity reporting models, and physician management training programs. While on active duty, he was Head of the Quality Assurance Department of the Navy Medical Command, National Capital Region, in Bethesda, Maryland. Cary has been the medical director for two multi-specialty medical groups and for several HMOs. In addition to consulting work, he has worked as interim hospital CMO in three different organizations, leading the medical staff through improvements in utilization management, changes in peer review practices, and corrective action procedures. Cary is board certified and completed a laboratory medicine residency and an immunohematology fellowship at Washington University in St. Louis and is a member of the American College of Physician Executives.

## Shawna O'Neill, RN, MHA

### Principal, Workforce Planning and Productivity

Shawna O'Neill makes hospitals more efficient. Her experience as a nurse, a hospital administrator, and a consultant gives her a unique perspective on the clinical and social dynamics at play in today's healthcare environments. She understands the complexity of hospital operations and how to make them run more smoothly, accounting for every step within a given process. As Co-Principal of Compass Clinical Consulting's Workforce Planning and Productivity practice, she addresses clinical and social obstacles to help clients realize their productivity goals without compromising healthcare quality or morale.

## Eric Dam, MHA,

### Principal, Workforce Planning and Productivity

Eric is an expert in hospital operations. Eric's quarter-century experience has been rooted both in theory and practice. As Co-Principal for Compass Clinical Consulting, Eric uses his specialized talents to address critical areas, such as administration operations, planning, information systems, and finance – with focused emphasis on hospital and patient care services redesign, organizational development, and the monitoring and improvement of productivity and business systems functions.

