

# Transforming Culture: Creating an Environment Conducive to Retention

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*A culture of retention within a healthcare system reaches deeply into every aspect of the organization. Let's suggest, for the purposes of this paper, that leaders of an organization must build a camera to "envision" their own culture of retention. The lens of vision lets organizational leaders focus on the individual healthcare system's needs related to culture and retention.*

To create a steady vision, the camera must be supported. The process of creating the support for a culture of retention can be envisioned as setting up a tripod, based on three legs. These legs are:

- Building organizational leadership.
- Enhancing organizational culture.
- Establishing metrics.

When all of the tripod's legs are steady, the picture can become clearer and clearer of how to transform the foundation of the workforce within the healthcare system. Over the past four years, Newmeasures has studied 530,000 employees within 250 high-performing organizations, in the areas of hospitals, long-term care, home health, hospice, and rehabilitation. Common elements of each high-performing organization include accessible leadership, open communication and empowered employees. In this paper, we will disclose the methods used by some organizations and share how other organizations can attain these elements – and build a "tripod" for retention.

## **Building the Business Case for Retention**

The vision for retention first comes from an understanding of the need for retention. This understanding will be different within each specific organization, depending on unique organizational culture, goals, community and vision.

We all know that the healthcare industry faces many challenges. Among the top challenges are continued workforce shortages. We know that the increasing demand for skilled, highly competent and engaged employees will continue for the foreseeable future. Human resources wisdom and research has long told us that it is less expensive to retain an employee than to hire a new one. The costs of recruiting, interviewing and hiring, orientation and training, as well as lost productivity are significant.

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## Building the Business Case for Retention *(cont.)*

First and foremost in examining employee retention is the cost in cold, hard dollars. Industry standards typically calculate the costs of turnover at 25 percent to 50 percent of a given position's annual salary (an estimate that might be low, in some cases). With average-to-high employee turnover – not uncommon in a healthcare organization – costs can easily range well into the millions each year. By cutting turnover in half, healthcare systems can save millions of dollars and avoid significant risk and liability to its reputation.

Costs linked with replacing an employee include sourcing, screening, verifying credentials, contacting references, interviewing, hiring and training. These are, of course, only the direct costs of turnover; indirect costs include loss of productivity, increased demands on other associates, decreased morale due to higher demands, and in some cases even safety and quality concerns due to an overstrained workforce. At minimum, overextended employees might communicate unspoken negativity to patients and others by their lack of willingness to go the extra mile for customers, the team and the organization.

For a real-life example of even more significant changes, between 2000 and 2004, Ohio-based Catholic Healthcare Partners, which employs more than 8,000 nurses, estimates the organization avoided nearly \$10 million in registered nurse turnover costs by building their retention tripod and reducing turnover from a conservative industry low-average of 12 percent to a much improved rate of 9 percent.

Other hazards of a lack of retention include the loss of valuable knowledge and investment in an employee, sometimes with important information being taken to a competitor. Also, experienced employees can take initiative, and usually work more quickly and with fewer errors than new employees.

In addition, high levels of employee turnover increase the risk of organizing by unions. Employees who are satisfied with their working conditions, feel they have managers who will champion their cause, and believe their employer will look out for their best interests are less likely to seek outside representation.

Based on a low-average estimate of annual turnover (about 12 percent of staff) and a low-average estimate of turnover cost (29 percent of salary), organizations can face the following turnover-related expenses:

Percent of Salary	Average Salary	Per-Person Cost	# of workers at facility 12% turnover rate	50 6	100 12	200 24	400 48	600 72
0.29	\$25,000	\$7,250		\$43,500	\$87,000	\$174,000	\$348,000	\$522,000
0.29	\$30,000	\$8,700		\$52,200	\$104,400	\$208,800	\$417,600	\$626,400
0.29	\$35,000	\$10,150		\$60,900	\$121,800	\$243,600	\$487,200	\$730,800
0.29	\$40,000	\$11,600		\$69,600	\$139,200	\$278,400	\$556,800	\$835,200
0.29	\$50,000	\$14,500		\$87,000	\$174,000	\$348,000	\$696,000	\$1,044,000

Source: *Newmeasures*

To estimate how retention impacts your particular organization, visit [www.newmeasures.com](http://www.newmeasures.com) and submit a request for the Newmeasures Retention Calculator.

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*...successful healthcare organizations must commit to a holistic system for building retention...*

### **Building Leadership**

Just as the photographer needs a tripod – rather than a single pole – to support the camera, successful healthcare organizations must commit to a holistic system for building retention, rather than taking a piecemeal approach. Here's where the three "legs" of the tripod come in. The first is building leadership to create an organizational culture of retention. Primary in this effort is the leadership of executives who can articulate the case for retention – both verbally and through the organizational structure they establish.

Here are some tried-and-true examples of how organizations can build leadership to support retention.

>At Humility of Mary Health Partners, Human Resources took the lead in its organization by replacing the Annual Report of Competency presented to its Board of Directors with an Annual Workforce Plan. The plan provided the business case for a sound workforce strategy and then laid out a roadmap built around the core recommendations provided by the American Hospital Association's In Our Hands Report. This report helped the organization see that human capital management was as important to invest in as other forms of capital provided for in the capital budget.

>CEOs of healthcare organizations that understand the importance of workforce also know how important it is to keep workforce issues in the forefront with the Governance Board. Some healthcare boards have structured themselves to establish a Human Resources Committee that looks at workforce metrics beyond benefits expense and FTEs. Some healthcare organizations have taken the step of making every manager a chief retention officer. All manager job descriptions are revised to include staff retention as a key

responsibility, and then that category is included on managers' performance appraisal as an indicator of performance. Also, these organizations build systems to track and report progress monthly.

>Build senior leadership education and understanding of diversity as key ingredients in your workplace. Develop strategies to build awareness and celebrate the diversity (similarities and differences) among staff across your organization and how those collective differences come together to support the organization's healthcare mission. Bring in motivational speakers and build education and awareness around issues of generational differences, getting along, ridding your department of "hassle factors," and the like.

>Develop systems of recognition that recognize managers who demonstrate excellent leadership and who achieve good retention results. Make it easy for staff to recognize other staff for the good work they do – recognition toolboxes, gift cards, etc.

>Develop an organizational on-boarding for all new hires that quickly engages new hires and keeps them engaged along the way – at 90 days, 120 days, six months and twelve months.

>Create an environment that promotes self-governance among staff, where the leader becomes the coach and allows the staff to participate in key decisions and problem solving.

Each of these strategies has been proven effective for healthcare organizations. The results are cumulative – the more of these kinds of strategies an organization adopts, the greater the effects.

## Enhancing Organizational Culture

The second leg is enhancing organizational culture. This doesn't mean bringing in ping-pong tables and basketball courts in a 1990s-style attempt to make work fun – although fun has its place.

Nowadays, these efforts are about going deeper to make the organizational culture meaningful for employees, customers and management alike. The process creates an organization whose identity everyone understands, so that current employees can grasp their role and their career path within the organization, and prospective employees can be selected based upon their fit with the culture. Employees are thereby encouraged to remain with the organization, making the entire system more stable and productive for employees and their customers alike.

Sometimes, determining what will make an organizational culture effective should begin with examining what aspects of a culture are not presently working. First, consider the reasons employees leave an organization. Several years ago, Suzanne Dibble, author of “Keeping Your Valuable Employees: Retention Strategies for Your Organization's Most Important Resources” (John Wiley & Sons), surveyed 457 employees in various fields to find why employees leave, start or stay at a company.

Respondents said they leave a company because of lack of career opportunity, lack of opportunity to advance, feeling that they are in dead-end jobs, inadequate pay or receiving a better offer elsewhere. In contrast, organizations attract employees with benefits, a reputation as a good employer, flexible hours, pleasant co-workers and salary. Finally, employees said they stay with an organization because of financial assistance for educational purposes, benefits, loyalty (to supervisor or co-workers, not to the company itself), inability to match or increase pay elsewhere or fear of losing seniority at a new employer.

This last category points to a discrepancy between some managers' perceptions and employee perceptions about job satisfaction. The survey showed employees' reasons for staying with an employer do revolve around money, to some extent – however, not purely around salary, but around financial incentives that encourage employees' personal growth and development.

For example, Norton Healthcare in Kentucky has added benefits, such as adoption assistance, housing assistance, child care, education savings plans and computer purchase assistance; increased employee recognition programs and handed over control of those programs to individual departments; added “concierge” services to help ease employees' busy lives; implemented programs offering voluntary benefits or pay in lieu of benefits; and formalized flexible scheduling programs. All of these benefits reach to the heart of employees' needs, and show employees that the organization is heeding their calls for help in becoming productive, successful associates.

Other healthcare organizations have taken steps like developing an organization Retention Committee, which includes one or two staff members from each department or area of the organization. These individuals become the ambassadors to new hires and the liaisons to human resources staff and managers. Committee members advocate and plan for changes in their own department that will support retention. This builds the culture of retention at the most basic level (unit or department).

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### **Enhancing Organizational Culture** *(cont.)*

Some healthcare organizations have begun to host retention fairs. These types of fairs target existing employees and are designed to allow them to re-discover the organization and become re-engaged and re-committed all over again. A retention fair works for existing employees much as recruitment fairs attract job candidates. These retention fairs include booths on benefits, compensation, and employee activities and feature all the great things the organization does to keep good employees. It is even more effective when staff from each department plan and host their department booth at the fair that addresses all the wonderful things they do in their department to retain good staff. This gets buy-in to the culture of retention at all levels of the organization.

### **Establishing Metrics**

The third leg of the tripod is establishing metrics, based on the adage that what gets measured gets managed. Appropriate metrics extend beyond simply determining who is leaving and when, looking into the depths of why employees leave. Even further, organizations must establish the right metrics to track retention.

Employee satisfaction surveys should be a driver of any healthcare organization's retention strategies. But taking these surveys, of course, is easier said than done.

A primary area where metrics must be established is in attitudes and management styles of front-line managers. These staff members are key to retention of RNs, because they establish nurses' working environments.

Before metrics can be established, buy-in must be obtained. Some organizations are unaccustomed to any type of measurement; others use a haphazard assortment of survey tools selected by each department or region. For consistent metrics, select one tool and apply it across the board. Then, make a preliminary survey of all employees – or one survey of employees and one of managers – to establish baseline metrics. You can't know where you're going until you know where you are.

The survey needn't be painful to be successful. Short surveys, when they are proven and well designed, can be very effective, with employees having extra willingness to be surveyed when the survey instrument itself is brief and simple.

Catholic Healthcare Partners, the organization that went from 12 percent to 9 percent turnover, began surveying employees every six months using a short (21-item) tool that took only five minutes to fill out. Using a short survey resulted in a participation rate of over 70 percent. Because CHP surveys 35,000 employees in 50 healthcare facilities, it was essential to draw valid data time after time.

When organizations act on data, things change. CHP saw from their employee survey that employees wanted more recognition, more information about changes affecting their work, and opportunities for coaching and career development. Each hospital worked to respond in a personal and individual way to the needs that employees expressed on the survey. As a result, job satisfaction increased, as measured every six months on subsequent surveys.

### **Establishing Metrics** *(cont.)*

A critical learning at CHP revolved around the role of frontline managers in helping retain great talent. CHP conducted exit interviews with RNs leaving their system and found that 25 percent of those leaving voluntarily would have stayed if they had had a different manager. Suddenly, the frontline manager became the key driver of retention. The organization developed a manager survey that was given to every employee to rate his or her manager. The tool (also short – 14 items) provided managers with a snapshot of their strengths and weaknesses. Using this information, CHP was able to train managers to improve their skills and subsequently to retain employees as their relationships with their supervisors improved dramatically.

It was the combination of both an employee satisfaction survey and a frontline manager survey that provided a powerful engine to point CHP in the direction of tracking progress and making the right interventions resulting in a decline in turnover rate. The 3 percent decline in turnover translated into a cost avoidance of close to \$10 million.

### **Key Learnings**

The results of remodeling organizational culture to support retention can be dramatic. Again, with the example of Catholic Healthcare Partners, that health system saw the following results after building its stable tripod of retention:

- >Associate satisfaction increased by 24 percent.
- >Retention improved to top-quartile performance.
- >About 1,100 fewer annual hires.
- >Vacancies decreased to 3.7 percent.

Metrics, when combined with retention leadership and retention culture, allow organizations to use data to identify specific areas in need of improvement. As the “tripod” shows, employee retention is not the responsibility of the HR department alone. It takes a strong, comprehensive structure to support an organization’s vision – but building that structure can have rewards beyond measure.

*Metrics... allow organizations to use data to identify specific areas in need of improvement.*

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**2,500 words**  
**ASHHRA Whitepaper Submission**

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