

Overview of Recognition as a Retention Practice Featuring the University of Michigan Hospitals and Health Centers



- Staff retention is a painful issue in healthcare
- Recognition links performance to goals
- The Recognition Consortium
- Recognition = Rx for Retention

Staff retention is a painful issue in healthcare.

There is no doubt that the United States healthcare industry is in crisis. The number of healthcare job shortages continues to rise as the baby boomers age and less skilled workers are in the pipeline. U.S. Department of Labor (DOL) statistics predict at least a 30% growth in healthcare related jobs by 2014, and a recent report has identified the following key workforce issues:

- *Pipeline: Recruitment and Retention*
- *Skill Development*
- *Capacity of Education and Training Providers*
- *Sustainability: Infrastructure, Leadership, and Policy*¹

We concentrate on a critical segment of the recruitment and retention challenge - *the connection between retention and recognition.*

The data shows several compelling reasons to concentrate on retention strategies and its impact on the looming healthcare crisis. While much of the analysis centers on the current nursing shortage, other allied health professional are also affected. These include pharmacists, physicians, medical techs as well as clinical and administrative management.² The need to retain the current workforce while recruiting for the future can be achieved, but the continued escalating level of turnover comes at a high cost.

68 % of employees feel disconnected from their work responsibilities.

7 out of 10 managers are completely unaware that their departing employee was seeking another job.

Engaged employees positively impact customer satisfaction and profitability.

94% of turnover is preventable

Figure 1: Career Systems International, Inc.

Improved staff recognition = improved staff satisfaction = improved retention!

By improving your recognition systems, you can directly impact staff satisfaction and retention.

The August 1, 2003, *St. Louis Business Journal* reported annual healthcare employee turnover was at the highest level in a decade – 20.4%, and 12% of the positions go unfilled! In the article, SSM Health Care St. Louis regional Vice President of Human Resources Barbara Delano said, “*We believe our focus is always on retention first and then recruitment. It costs so much more to replace someone than it does to keep an employee.*”

The greatest number of reported healthcare worker shortages is in nursing, so consider these following examples:

¹ Industry Snapshot: High Profile Industry: Health Care. www.doleta.gov/brg/pdf/Health_Care.pdf

² <http://www.healthcarepersonnel.org/Pcrisis.htm>

Calculating the financial investment needed to fill nursing positions based on industry standards:

- *Using the current average turnover rate of 18%, a fully staffed healthcare organization of 1,000 RNs would lose 180 annually.*
- *At an average RN salary of \$55,000 per year, this equates to \$9,990,000 in direct payroll expense.*
- *Using an industry-standard replacement multiplier of 1.5 x salary for each of these 180 RNs, it would cost \$82,500 to replace each person, or \$14,850,000 to replace all 180 nurses. Yes! Nearly \$15 million!*
- *If you could reduce this expected turnover by 36 positions, which is a 20% reduction, you would realize nearly \$3 million (\$2,970,000 to be exact) in replacement cost savings!*

In the November 6, 2007 edition of *Workforce Management*, the title of author Garry Kranz's article says: **Nurses Least Satisfied Health Care Workers**. The article goes on to say that registered nurses are the least satisfied of all hospital employees. According to feedback from more than 193,000 employees in nearly 370 U.S. hospitals compiled into a report by Press Ganey Associates Inc., a South Bend, Indiana-based firm that helps hospitals improve the quality of care, the level of job satisfaction of nurses is tied directly to nurse vacancy rates at hospitals. The report goes on to say hospitals are failing in two key retention-related areas: building a "culture of engagement" with employees and paying adequate attention to promotional opportunities.³

Here are some actual examples:

In Seattle, *The Puget Sound Business Journal* from October 27, 2006, reports the Washington State Hospital Association had 1,900 registered nurse vacancies in 2005. At a median salary of \$65,000 for RNs, this easily adds up to a \$123 million problem for hospitals AND patients! This article goes on to cite the correlation made by healthcare research specialists Press Ganey Associates Inc., between employee satisfaction, patient satisfaction and quality of care as an interactive, reinforcing relationship.

The *Puget Sound Business Journal* outlines four recommended strategies to improve retention:

- **Management development**
- **Recruitment**
- **Orientation**
- **Recognition and reward**

³ Kranz, Garry. *Workforce Management*: http://www.workforce.com/section/quick_takes/51995_3.html. November 6, 2007

Consider the analogy made by author Wendy Leebov in her article, “Less Turnover, Better Patient Care:” “Many healthcare organizations devote substantial resources to employee recruitment. In the short run, it’s a must, but it’s often conducted at the expense of retention – like running water into the sink with the drain open.” Without a retention strategy, Leebov maintains, managers are thrust into a frenzied cycle of *recruitment, hiring, orientation, vacancies, recruitment, hiring, orientation, vacancies, and recruitment*. Leebov recommends the following five-point tactical plan:

1. **Remove barriers to providing top-notch care**
2. **Keep your finger on the employee pulse**
3. **Sculpt the job to the individual**
4. **Hold yourself accountable for retention**
5. **Communicate your regard with appreciation and thanks**

***Increased recognition equals
increased employee satisfaction
which leads to increased retention
AND bottom-line savings!***

Look to staff recognition as a retention tactic!

What if . . . by investing in training and setting up a customized recognition system you really **could** reduce your turnover between 10-20%, wouldn’t it be worth it?

Here’s how!

Strategic Recognition is a proven remedy that earned the University of Michigan Hospitals and Health Centers (UMHHC) a national award.

And a retention rate of 91.9%.

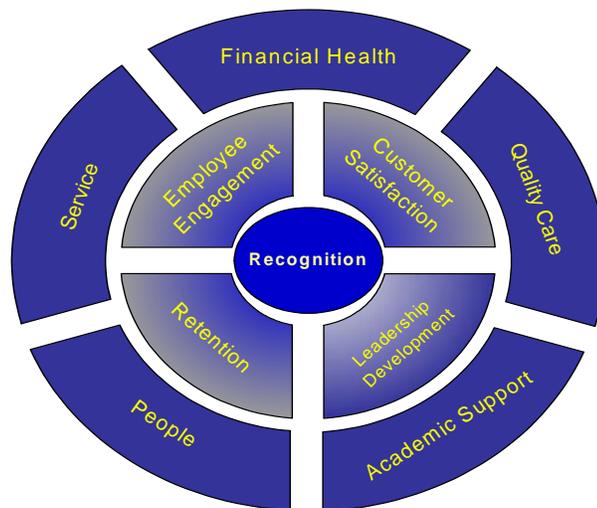
Background

2000 data from employee opinion surveys on key indicators show a significant decline in employee satisfaction. The health system was experiencing major changes due to expansion, cost containment, and regulatory changes. These cost cutting efforts were directly impacting morale and performance. It became obvious staff did not feel supported or valued. As a result, senior leadership requested and successfully carried out a total redesign of their employee recognition efforts. An overall of the total program was undertaken.

Recognition as a strategic business driver

Over the course of five years, several key initiatives were implemented including, data measurement, a new vision and purpose statement was instituted, programs and awards were either developed or revamped, a survey instrument was elevated to track satisfaction and retention efforts, training and education, and opportunities were offered to managers and supervisors, and communication vehicles were updated using the latest technology.

This model shows the interrelationship between strategic recognition efforts and the corporate pillars of financial health, quality care, service, people and academic support. It was used by UMHHC to redesign its corporate recognition efforts and ensure implementation of key recognition strategies throughout the organization.



Recognition programs are always at the core of a culture that values people. Without recognition, employees are disconnected from company goals, attrition is a major concern, and a business environment can be chaotic. With strategic recognition programs, employee responsibility and satisfaction become an integral part of a company's success. This leads to improved customer satisfaction, and in turn, an improved financial position.

Studies have found that employees who feel more satisfied, valued, and appropriately compensated are less likely to become disengaged on the job, leave their employment or create less than desirable working environments. Consistently there is growing evidence that best-in-class companies perform better and experience higher levels of productivity and profitability, because they pay attention to how they retain their talent.

Dr. Jim Harter of the Gallup Organization and Dr. Frank Schmidt of the University of Iowa reported in the *Journal of Applied Psychology* their study of 7,989 teams from different companies. They concluded that selecting right talent, setting clear expectations, praising where praise is due, and defining the team's mission are good levers for engagement.

Recognition links performance to goals

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Retention at UMHHC went from 89.3% to 91.9%

The culture at the University of Michigan Hospitals and Health Centers (UMHHC) is clearly one that values people. Strategic recognition programs, employee responsibility and satisfaction became an integral part of the organization's success, leading to improved customer satisfaction, and in turn, an improved financial position. Retention data from 2002 to 2005 shows an increase from 89.3% to 91.9%. In other words, this equated to the retention of 300 staff members. Productivity and operating margins improved and employee opinion survey scores rose with the alignment of recognition to the institution's core values. Retention efforts coupled with recognition enhanced the organization's bottom line. In 2005, Recognition Professionals International (formerly NAER) awarded the University of Michigan Hospitals and Health Centers (UMHHC) its *Best in Class in Communication Practices*.

THE RECOGNITION CONSORTIUM

Meet the woman who helped make it happen



Denise White is principal consultant with Michael White and Associates, a consulting firm that engages all levels of an organization to meet their highest potential through strategic planning strategies, retention, coaching, team development and personal growth. Denise has over twenty-five years of experience in education, healthcare and private industry. Her most recent position was with The University of Michigan Hospitals and Health Centers as a Project Manager/Senior Human Resources Consultant where she redesigned the corporate recognition strategy for 15,000 employees. She has written *Where Do I Go From Here? And What's in Your Bag?* She co-authored with Dr. Ruby Beale, *"Bitter or Better: The Personal and Professional Challenge of Change."* She has presented seminars on strategic employee recognition, leadership, stress and time management, coaching for success, diversity, career development, self-empowerment and motivation including *What's Stress Got to Do With It?, Time Enough, Stretched to the Limit and Creative! Who Me?* Denise holds a Master's Degree, a Bachelor's Degree from the University of Michigan and an Associate's Degree in Nursing from Charles Stewart Mott Community College. A former member of RPI (formerly known as National Association for Employee Recognition) she served as Executive Vice President and on the Board of Directors. Denise has conducted learning sessions in 2003 and 2004, co-chaired their annual conference and participated in several RPI education courses. She has received additional training from the Center for Creative Leadership, *"Targeted Innovation"*; Nordhaus Research, INC. *"Focus Group Training"*; Development Dimension International, *"Interaction Management"* Instructor Certification. Denise is a recipient of the *Performance through People Award* from Forum for People Performance-Northwestern University in 2005 and *Best Practice Award* from Recognition Professional, Inc. 2005, *Pamela Sabin Recognition Champion Award* from Recognition Professional, Inc. in 2004.

Meet her Recognition Consortium colleagues



Dee Hansford

In 1995, Dee was named manager of Walt Disney World's newly-formed **Cast Recognition** department. As an internal coach/consultant/trainer and facilitator, she led the design and implementation of Walt Disney World's first global recognition program, *Partners in Excellence*. The task involved coaching over 6,000 leaders in recognition/communication skills. Participation in the program increased 76% in one year while cast satisfaction ratings of local day-to-day recognition increased 15%. Shortly after forming Dee Hansford Consulting in 1997, Dee was

hired to help California Public Employees Retirement System (**CalPERS**) create a recognition-based culture to support their strategic business objectives. As a result, CalPERS' employee and customer satisfaction scores rose dramatically, productivity and team work have been enhanced and CalPERS is considered a "destination" employer, receiving the National Association for Employee Recognition's "Best Program Award for 2002".



Rita Maehling is President and Chief Motivation Officer of ACHIEVE Consulting, Inc., a consulting practice that helps individuals and organizations achieve high performance through recognition and other human resource solutions. Founded on 20 years of practical application, Achieve Consulting, Inc., provides balanced and practical recognition tools – some of the keys to engaged employees and a positive work environment. A former human resources manager, at manufacturer Tennant in Minneapolis, MN, Rita is coauthor of a ground-breaking book on employee recognition: *Recognition Redefined: Building Self-Esteem at Work*. One of Rita's many recognition related accomplishments includes serving as the sole learning consultant for Recognition Professionals International's four instructor-led certification courses. She is also a Certified Recognition Professional. Other consulting clients include Northwest Airlines, Cargill, Toro, Boston Scientific, and Archway Marketing Services. Rita is the 2007 President of the 770-member Twin Cities Chapter of the American Society for Training and Development Center. She is also a member of the Society for Human Resources Management (SHRM) and is a Recognition Professionals Advisory Board member.



Barbara Ruddy brings more than 14 years of experience in the field of employee recognition to The Recognition Consortium. As a long time employee with the State of Arizona, Department of Economic Security, an organization of almost 10,000 employees, Barbara was responsible for the design and implementation of an employee recognition system that has served as a model for many other organizations. Barbara has presented conference sessions for Recognition Professionals International (RPI) in San Antonio, Dallas and most recently Savannah. She served as a member of the Recognition Professionals International Executive Board, hosted the 2001 RPI National Conference in Scottsdale, Arizona and remains a member of the RPI Advisory Board. As an active supporter of RPI, Barbara chairs the "Pamela Sabin Recognition Champion Award Program" committee. She is a certified trainer for RPI. In 2004, she founded her own company, STARS, (Staff Training & Recognition Services). Some of Barbara's recognition clients include: Jackson Health System/University of Miami, Riverside Community Hospital, St. Mary's Hospital, (Amsterdam, NY), Maury Regional Hospital, (Columbia, TN), The Metropolitan Water District of Southern California, University of Florida, Crown Equipment Company, (New Bremen, OH).

Recognition = Rx for Retention!

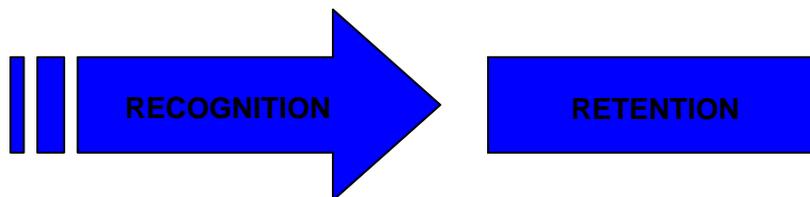
What does the Recognition Consortium offer your organization?

You've got the best in the business when it comes to experience in the field of employee recognition! While each member of our team has her own particular experiences, here are the ones we all share:

- ☑ Former managers and recognition practitioners in multi-million dollar entities within the private or public sector.
- ☑ Responsible for staffing, budgets and organizational performance goals.
- ☑ Led teams that made significant improvements in employee satisfaction, productivity and retention scores.
- ☑ Designed and implemented recognition strategies in highly diverse workforce environments.
- ☑ Active members and/or former Directors of Recognition Professionals International (RPI).

As experienced professionals, The Consortium fully supports RPI's mission, including:

- providing access to best practice standards, education, research and the exchange of ideas
- creating opportunities for our diverse membership to grow professionally
- advocating recognition and engagement strategies as a means to promote organizational excellence



- ☑ According to the Department of Labor, 64% of working Americans leave their jobs because they don't feel appreciated.
- ☑ Gallup research indicates 70% of working Americans say they receive no praise or recognition on the job.
- ☑ According to a recent international roundtable of HR professionals and business leaders from Fortune 500 companies, organizations with formal employee engagement programs will positively distance themselves from the competition – particularly in recruiting, retention and bottom-line financial results.
- ☑ Sears correlated employee tenure and service. In 771 stores showed when turnover was low, the store's customer service measure was high.³
- ☑ A national automobile repair garage chain showed that those facilities in the top third for employee retention were also in the top third in productivity – with sales per employee at 22% higher than those in the bottom third.
- ☑ Also, in a national fast food chain with turnover rates up to 100%, those stores with comparatively low turnover showed profit margins more than 50% higher than stores with high turnover.
- ☑ Watson Wyatt survey-*WorkUSA 2002*. The 3-year total return to shareholders is nearly three times lower at companies with low trust levels compared with companies with high trust levels. Organizations with high employee engagement (high trust) have higher revenue.

³ The Official Employee Recognition Workbook- A New Mandate for Service Award Program, Ed Ford, FMT, Inc., 1999.

Health Career Futures, a national healthcare recruitment and specialist placement company, has formed an exclusive strategic alliance with The Recognition Consortium to address retention- related issues faced by healthcare organizations. Everyday we share with our clients the escalating problem of acute staff shortages which, according to every forecast, is set to become much worse over the next five to ten years. Health Career Futures understands that retention and recognition are inextricably linked. Because of this, we have formally aligned ourselves with The Recognition Consortium to provide a proven solution delivered by some of the most acknowledged and experienced people in the business.



For more information, please go to our website - www.healthcareerfutures.com

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