



Cost and Culture: Solving Healthcare's Workforce Crisis

WHY HEALTHCARE ORGANIZATIONS NEED BOTH SHORT- AND LONG-TERM MEASURES TO TRANSFORM THEIR TALENT STRATEGY

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From escalating wage wars to severe talent shortages, health systems are feeling the effects of the workforce crisis plaguing the industry. [Nursing vacancies](#) alone have risen 30% in some specialties, and turnover costs are trending upward of 150% of a position's annual salary. Leaders know this isn't sustainable, but many have yet to make real progress addressing the long-term threats these challenges pose to their organizations.

Staffing shortages driven by the trauma healthcare workers have faced throughout the pandemic, interest in flexible gig opportunities, and fewer people entering the healthcare profession are creating increasing levels of concern for patient safety and care quality.

The impact extends beyond patient care. Short-term measures are necessary, but without longer-term solutions, organizations risk eroding everything from

patient experience and employee engagement to financial stability, growth platforms and, ultimately, the sustainability of their businesses.

Healthcare's people challenges won't be solved by improving human resources processes alone or a singular focus on any one aspect of operations. To address the root causes of organizations' talent troubles, healthcare leaders must prioritize engaging and retaining the people within their organizations to prevent further strain and reconsider how investing in culture and people is an indispensable piece of the long-term solution.

Cultural change won't happen overnight, but it will be the differentiating factor in which organizations are able to retain — and attract — the talent needed to deliver top-quality care and define the future of healthcare.

While healthcare's workforce challenges aren't new, the industry has reached an inflection point where organizations must find a way to balance pressing priorities with long-term stability. That balance will include a focus on both culture and cost.

Culture: The Foundation of Talent Strategy

Investing in an organization's greatest asset — its people — begins with creating an environment where individuals want to work. Financial rewards will always be an important element to attract and retain talent, but to become an employer of choice, organizations need to focus on solutions that cultivate a people-centered culture where employees connect to their passion, feel valued and are engaged by leaders.

Across all industries, [20% of workers are considering freelance work](#). Leaders need to ask whether their culture promotes flexibility, enables supervisors and teams to work differently, and recognizes and values contributions from across the team. These are components of culture that influence employee perception and impact their decision to stay — or leave. Taking time to understand why people want to work where they work and building a culture that reflects both employee and organizational values will not only improve retention but create an organic [pipeline for future talent](#).

Strategies such as the [Nine Principles](#)[®], rooted in the Malcolm Baldrige National Quality Award, provide a framework to help leaders hardwire the behaviors that build a strong culture to achieve excellence for their teams, patients and the organization.

Prioritizing the Principle of Engagement

In today's environment, employee engagement should be part of every organization's talent strategy. Engagement is essential in [building resilience](#) and fostering connection between an employee, their work, and an organization's mission and values. High levels of engagement strengthen employees' sense of purpose and their passion for their work and investment in their roles, which directly correlates to improved care and experiences for patients.

Providing ample opportunity for growth and feedback, having clearly defined measures of success, recognizing employees for their impact, and prioritizing employee health and well-being all contribute to an engaged workforce and can help prevent burnout. Equipping managers with resources and training to help employees build development and career plans and [prioritizing continuous learning](#) are a few ways leaders can nurture leading talent and promote engagement.

Change Starts With Leadership and Accountability

Driving engagement, reshaping culture and sustaining change begins at the top. To build trust and influence change, leaders must be transparent and behave in a way that reflects the organization's expectations. People should first understand the "why" behind change and how their actions will influence outcomes.

To set everyone up for success, organizations need a mechanism to align actions and behaviors to organizational goals. That same mechanism serves as the foundation for accountability to help make change stick and prevent backsliding into old ways of operating in times of stress.

Creating Efficiencies to Offset Costs

Market dynamics influencing wages and other labor costs are putting added pressure on organizations' financial health. While a stronger focus on retention and sustaining a highly engaged culture benefit the bottom line through cost savings and enhanced organizational performance, organizations will need short-term measures to address increasing costs and finance long-term workforce solutions.

In the short run, organizations must manage costs through continual process improvement and [permanent margin improvement](#). Re-imagining both clinical and operational delivery models will also be essential to achieving long-term financial stability and creating more efficient workflows for employees.

Leveraging automation and technology will continue to be instrumental in reshaping an organization to be nimbler and change-ready as well as a mechanism to reduce administrative burden, evolve employees' skills for the future and create a more stable cost structure.

Virtual sitters and digital health tools, such as remote patient monitoring, are quickly gaining traction as healthcare organizations seek ways to reduce costs, improve patient safety and better enable top-of-license work. Optimizing electronic health record (EHR) platforms will continue to be important to drive clinical efficiency and make data-informed decisions.

Tackling healthcare's workforce crisis won't be simple. But the risk it poses to healthcare organizations and the health of our communities is detrimental if leaders don't take the necessary steps to get ahead of it. Cost optimization and operational efficiency will be necessary, but the long-term solution must include a focus on people.

Those that invest in their employees and take the time to build a culture that puts people at the center will not only have a competitive advantage in securing the best talent but an opportunity to help rekindle the pride and passion that drive healthcare professionals and organizations to do what they do best — provide high-quality care.



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