



**Track:** Joint CAHPS-SOPS Opening Session  
**Session:** Chuck Darby Memorial Lecture  
**Date & Time:** April 20, 2010, 8:00 am  
**Track Number:** Plenary 1

# Highly Engaged Employees Drive Excellent Outcomes

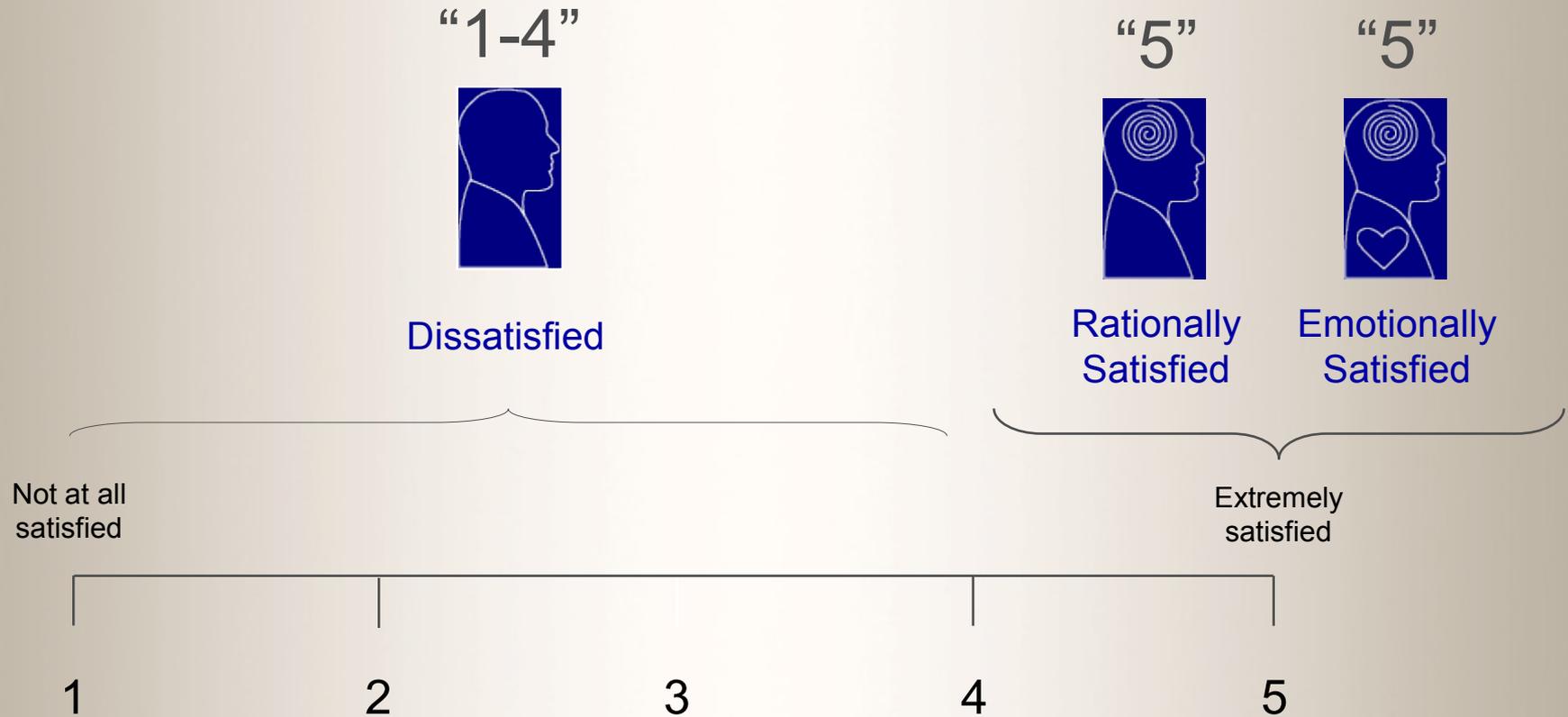
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Gerard van Grinsven

# Healthcare is Undergoing a Seismic Shift

- Environment is becoming increasingly competitive
  - HCAHPS
  - Rising health consumer orientation
    - Expanded choice
    - Expanded information
- Implication: Healthcare systems must undergo fundamental change in ways they serve patients
  - Simply “satisfying” patients will no longer be enough
  - Change in the culture and delivery systems oriented to viewing patients as consumers who are both “patients” (treated) and “customers” (served) is mandatory
    - Adapting healthcare service models to be more customer oriented (i.e., retail, hospitality)
- Measurement only no longer adequate
  - System of change management driving learning to front-line

# Satisfaction Is Not Enough | Three Kinds of “Satisfaction”



Business performance among “rationally satisfied” is no better than among “dissatisfied”. Only “emotional satisfaction” delivers superior results

# Building Stronger Patient/Customer Relationships

## What Is the Solution?

- The Right Measures
  - Systems have been aiming at the wrong target: “satisfied patients defect.”
  - They’ve had an incomplete picture of the patient/customer relationship: “rational + emotional.”
  
- The Right Interventions
  - Wherever, however, and whenever customers are “touched.”

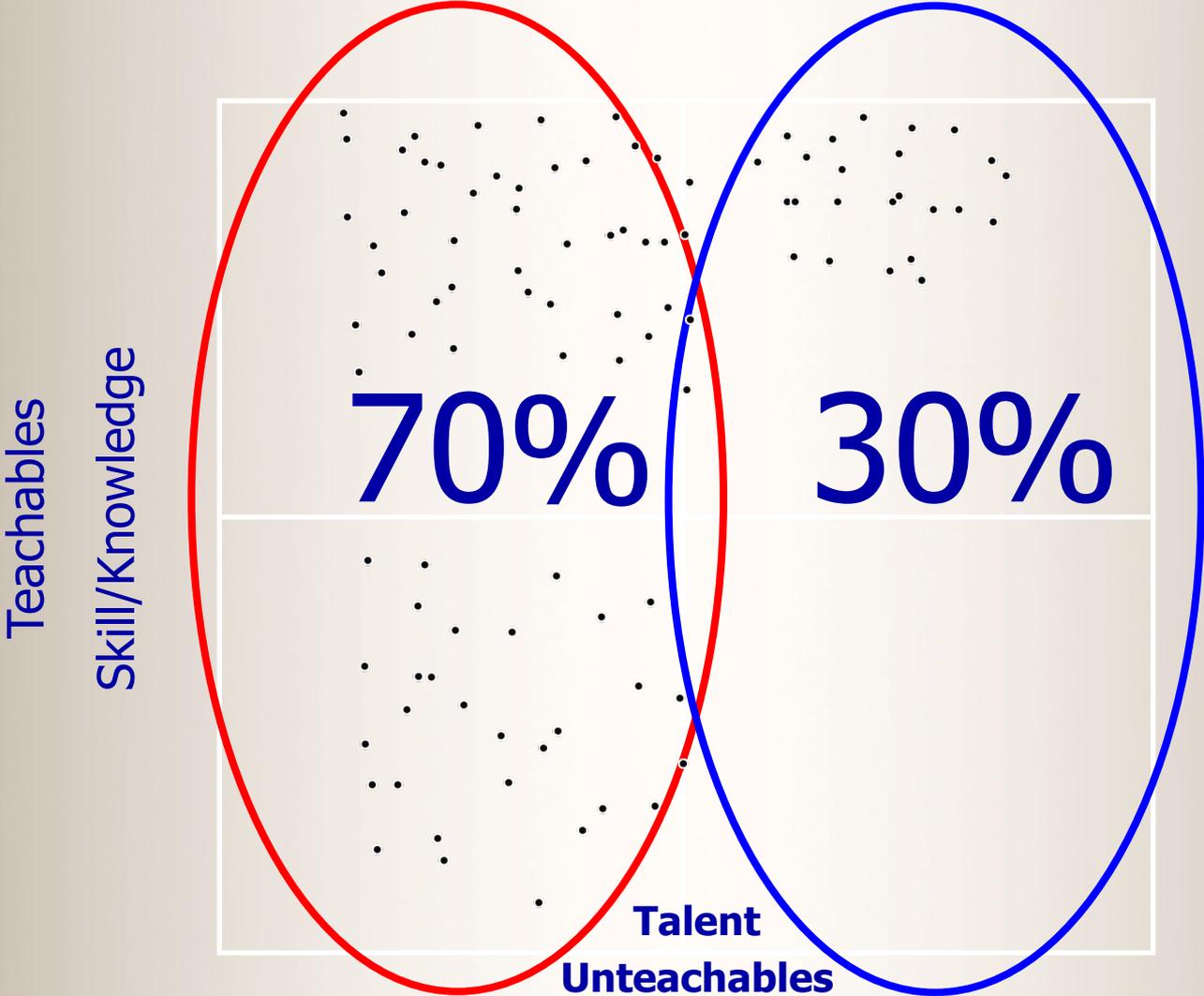
# Best Practice Human Capital Strategies are Shifting to the Top...

CEO's are moving human capital management to the top of the agenda, recognizing that it is an indispensable element of organization success...

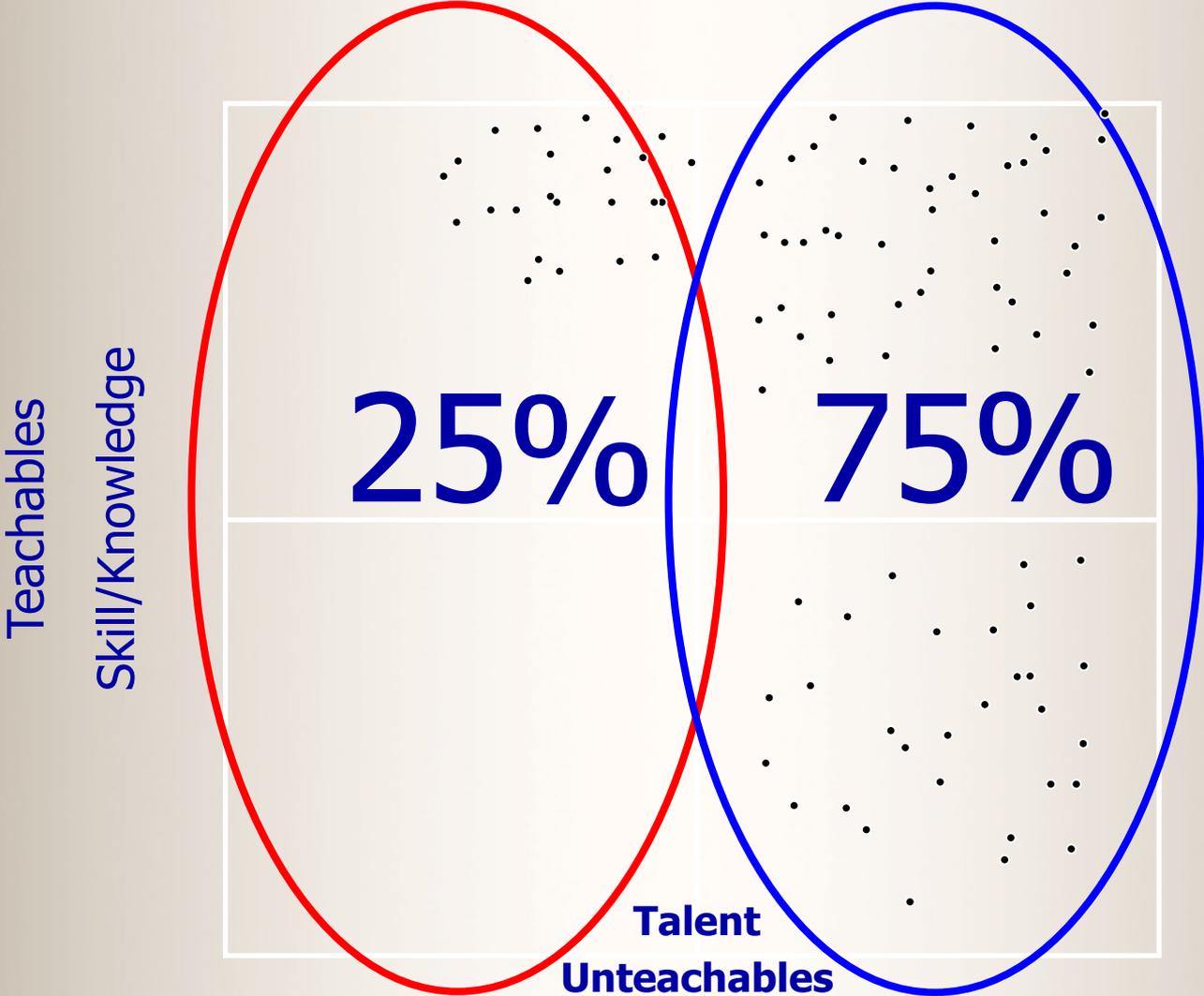
For healthcare to survive and prosper in the wake of the worst workplace shortage in years, focused attention needs to be placed on the attraction, development, and retention of employees.

—*The Road to Recovery*, AON Healthcare Study

# Imagine. ...



# Imagine. ...



# BY DEFAULT — TYPICAL ORGANIZATION



# BY DESIGN — WORLD CLASS/BEST PRACTICE ORGANIZATION



# *“It’s First Who, Then What”*

“Greatness is not a function of circumstance. Greatness, it turns out is largely a matter of conscious choice, and discipline....

*one of the most fundamental disciplines is “getting the right people on the bus and in the right seat---first who, then what”*

*Jim Collins—Good to Great*

# Building a Foundation with Impact Concepts, Tools, and Processes

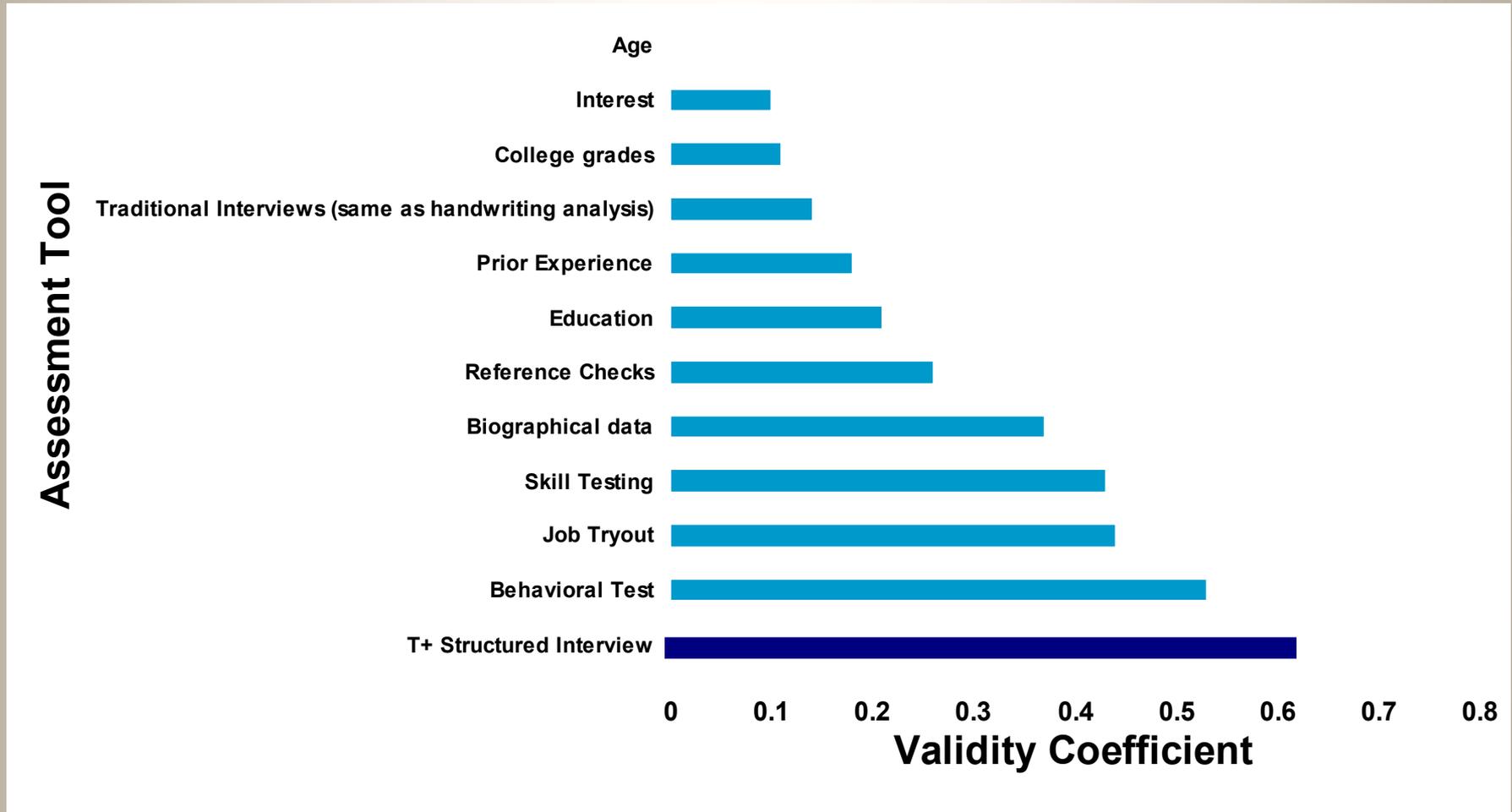
## Talent vs. Competency

- Understand **the foundation of top performance**



# Predictive Validity of Various Assessments

(Hunter and Hunter Model) –compared to Talent+ Interview (not in study)



Source: Hunter & Hunter. Validity and utility of alternative predictors of job performance. Psychological Bulletin, 96: 72-98

$$( T + F ) \times I = G^{SM}$$

$$( \underline{\text{Talent}} + \text{Fit} ) \times \text{Investment} = \text{Growth}^{SM}$$

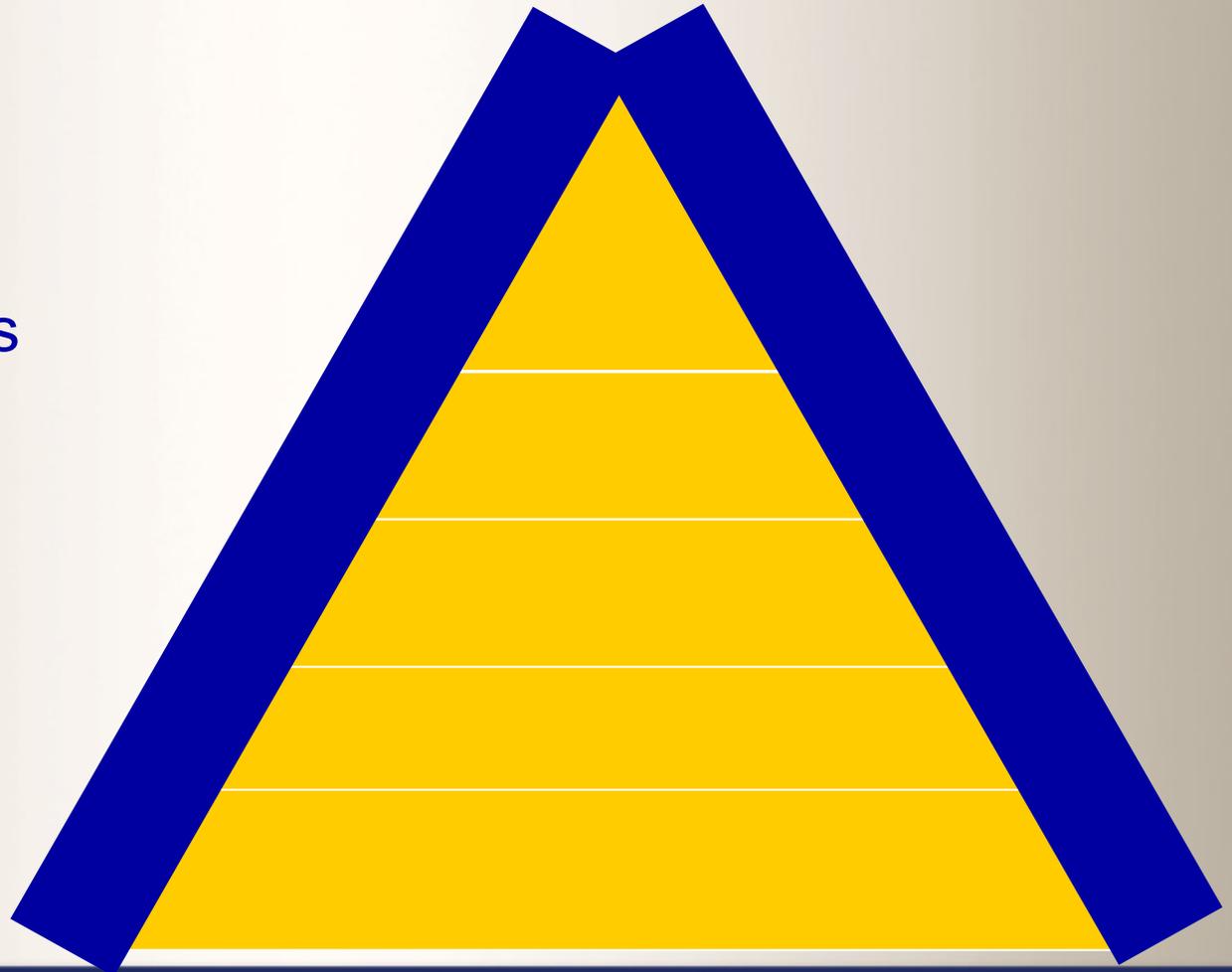
Thought Process

Influence

People Acumen

Work Style

Drives & Values



$$( T + F ) \times I = G^{SM}$$

( Talent + Fit ) x Investment = Growth<sup>SM</sup> & Impact

- ☐ Role/ Position
- ☐ Manager / Team
- ☐ Organization
- ☐ Location
- ☐ Pay / Benefits / Working Conditions
- ☐ Career Needs

$$( T + F ) \times I = G^{SM}$$

( Talent + Fit ) x Investment = Growth<sup>SM</sup> and Impact

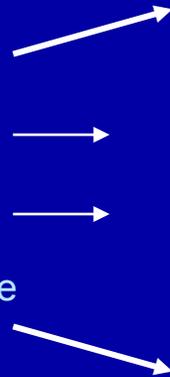
- ☐ Support & Equip – Set up for Success
- ☐ Relationships – Mgr., Team, Customers
- ☐ Communication – Expectations, Feedback, Dialogue, etc.
- ☐ Recognize / Reward - Appreciate
- ☐ Performance Planning – Maximizing Impact
- ☐ Train & Develop – Prepare and Grow
- ☐ Career Pathing – Future Plans

# Integrated Model

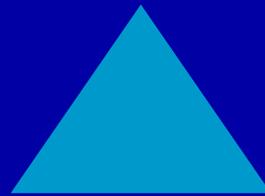
## Patient and Family Engagement



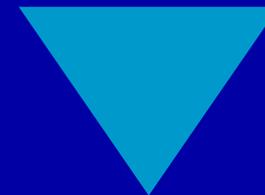
Passion  
Pride  
Integrity  
Confidence



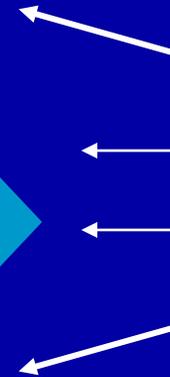
## Mystique



Emotional  
Engagement



## Functional



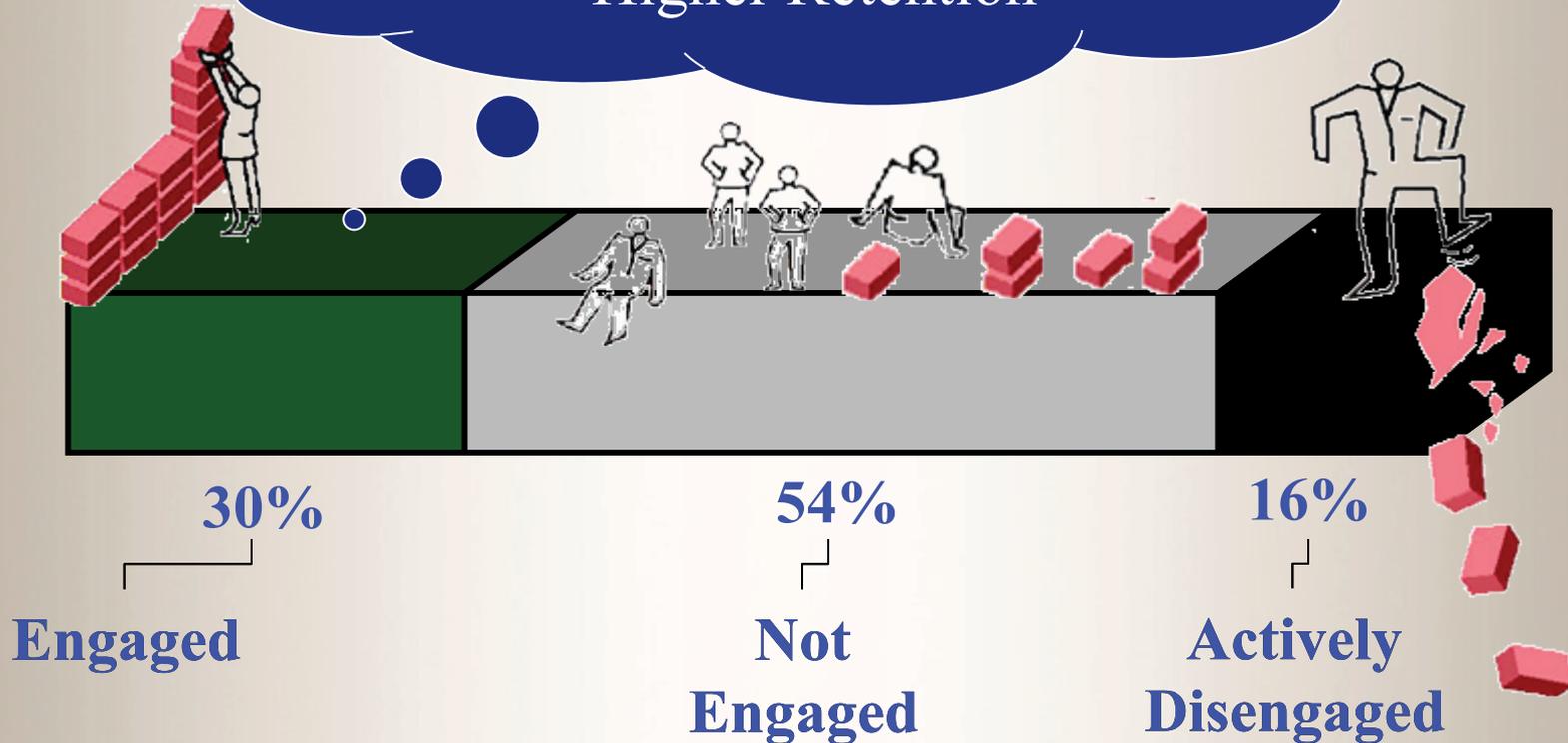
## Employee Engagement



How Can We Grow  
Do I Belong  
What I Bring  
What I Get

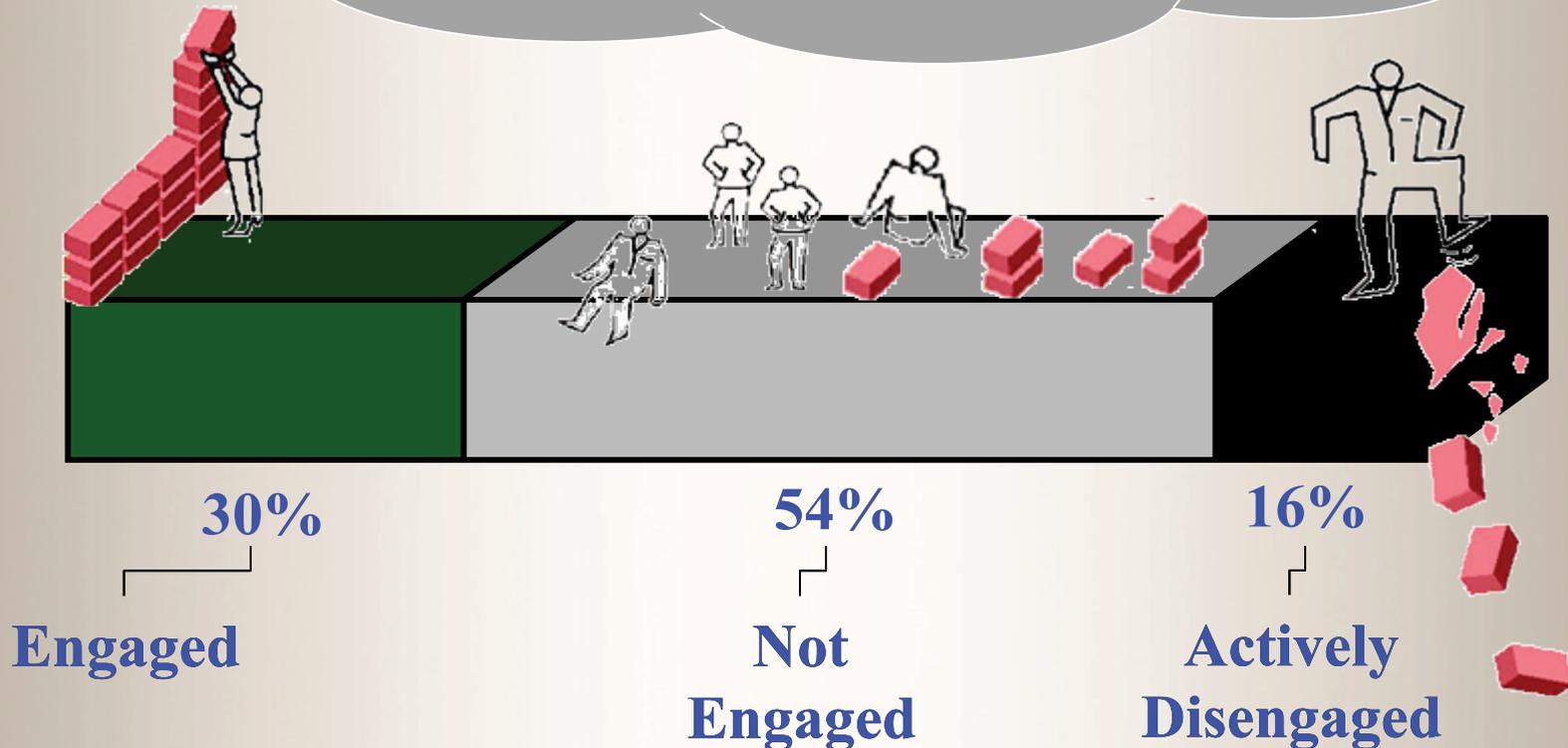
# Three Employees (US)

Loyal, Psychologically  
Committed, More Productive,  
Higher Retention



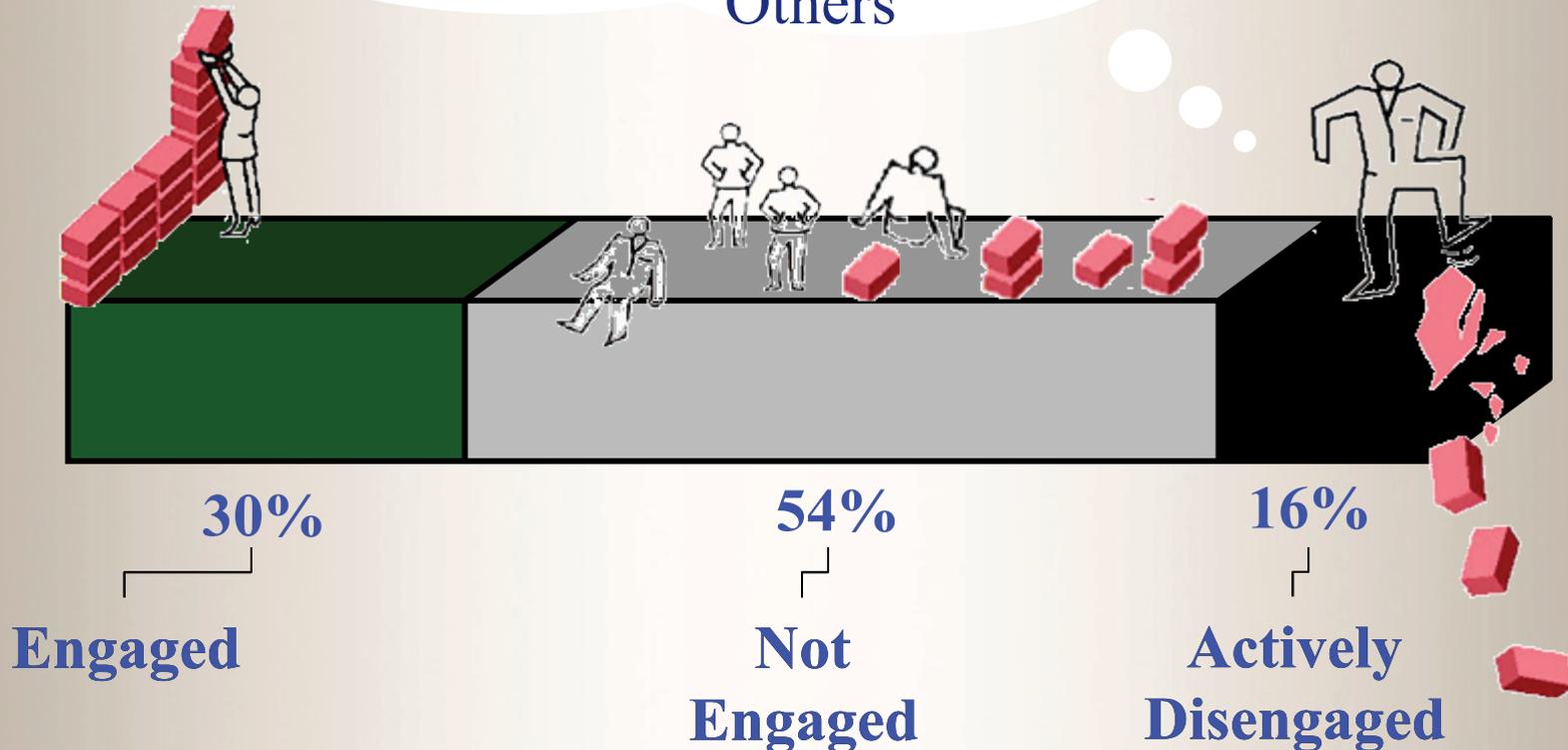
# Three Employees (US)

Productive but Not Psychologically Connected, More Missed Days, More Likely to Leave



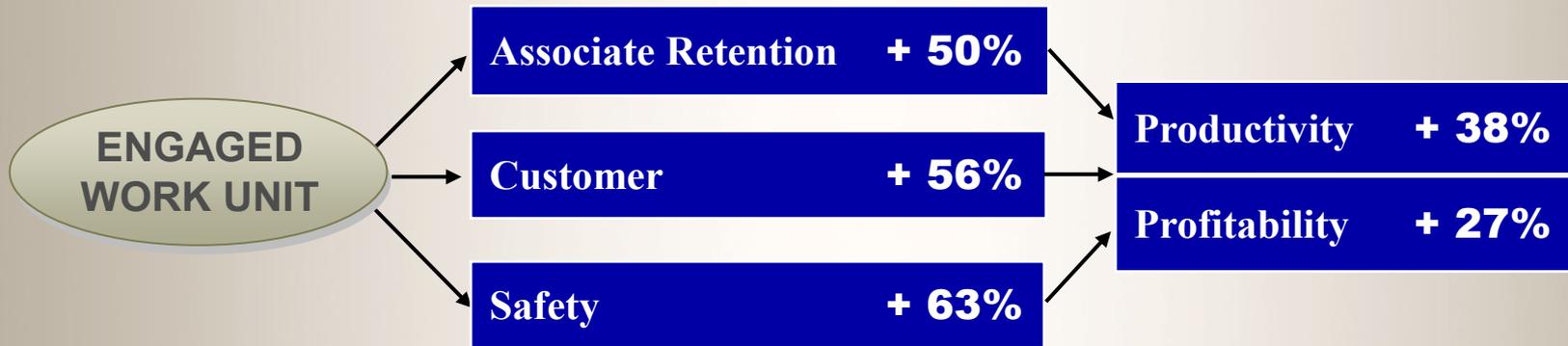
# Three Employees (US)

Physically Present but Psychologically Disruptive, Unhappy and Insist on Sharing Their Unhappiness with Others



# Meta-Analysis 2003 — Conclusions

Engaged work units have higher success rates  
(improvement in probability of success: above-average performance)



**+94%**

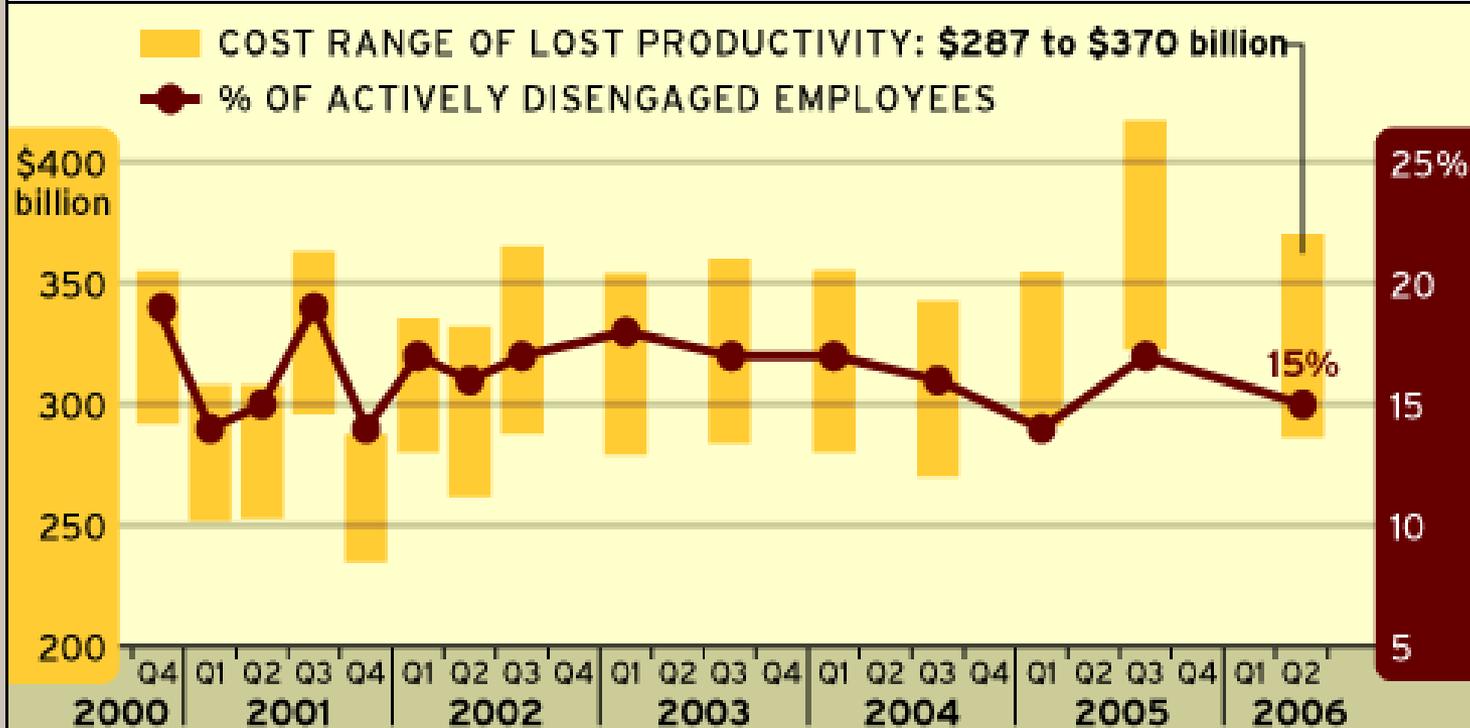
**Composite Performance**  
(composite of direct outcomes)

**+78%**

**Overall Performance**  
(composite of all five outcomes)

## THE COST OF DISENGAGEMENT

GMJ's 2006 Q2 survey found that, of all U.S. workers 18 or older, about 20.6 million — or roughly 15% — are actively disengaged. Gallup estimates that the lower productivity of actively disengaged workers costs the U.S. economy about \$328 billion.



Note: Data reported quarterly through Q3 2002, then every other quarter thereafter.

Source: Gallup Organization

Graphic by Tommy McCall

# **Why is Employee Engagement Important?**

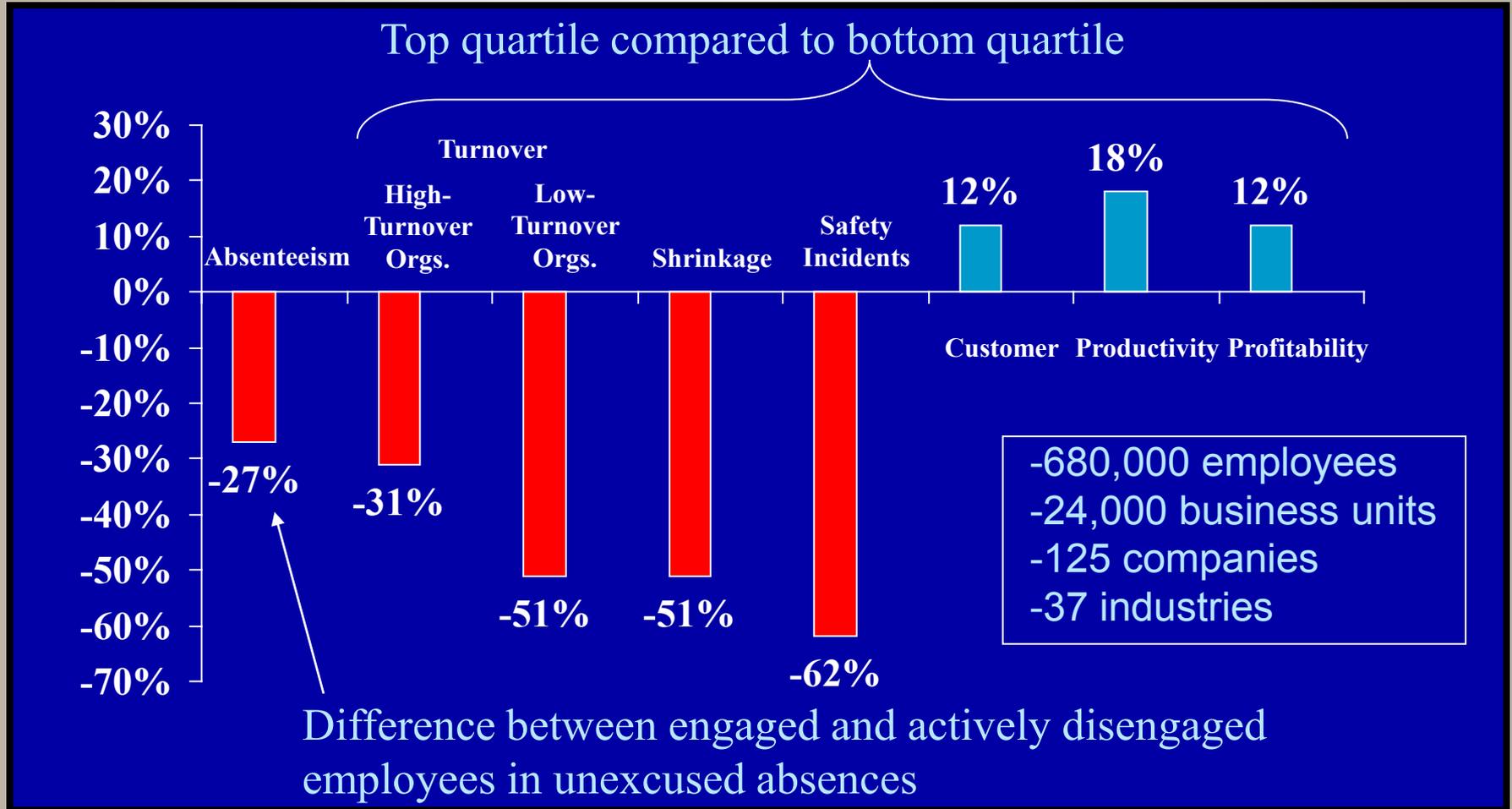
# The Value of Engagement is Real

After researching 132 Fortune 500 Companies that utilized Gallup's Employee Engagement process we came up with the following business outcomes

		<b>Annualized Net Gain</b>
<b>Turnover</b>	<b>:</b>	<b>- 26%</b>
<b>Customer Satisfaction</b>	<b>:</b>	<b>+ 12 percentage points</b>
<b>Safety Expenditure</b>	<b>:</b>	<b>- 48%</b>
<b>Productivity per Employee</b>	<b>:</b>	<b>+11%</b>
<b>Innovation (ideas and dollar value)</b>	<b>:</b>	<b>2.6x &amp; 3x</b>
<b>Engaged Workgroup Profitability</b>	<b>:</b>	<b>+15%</b>

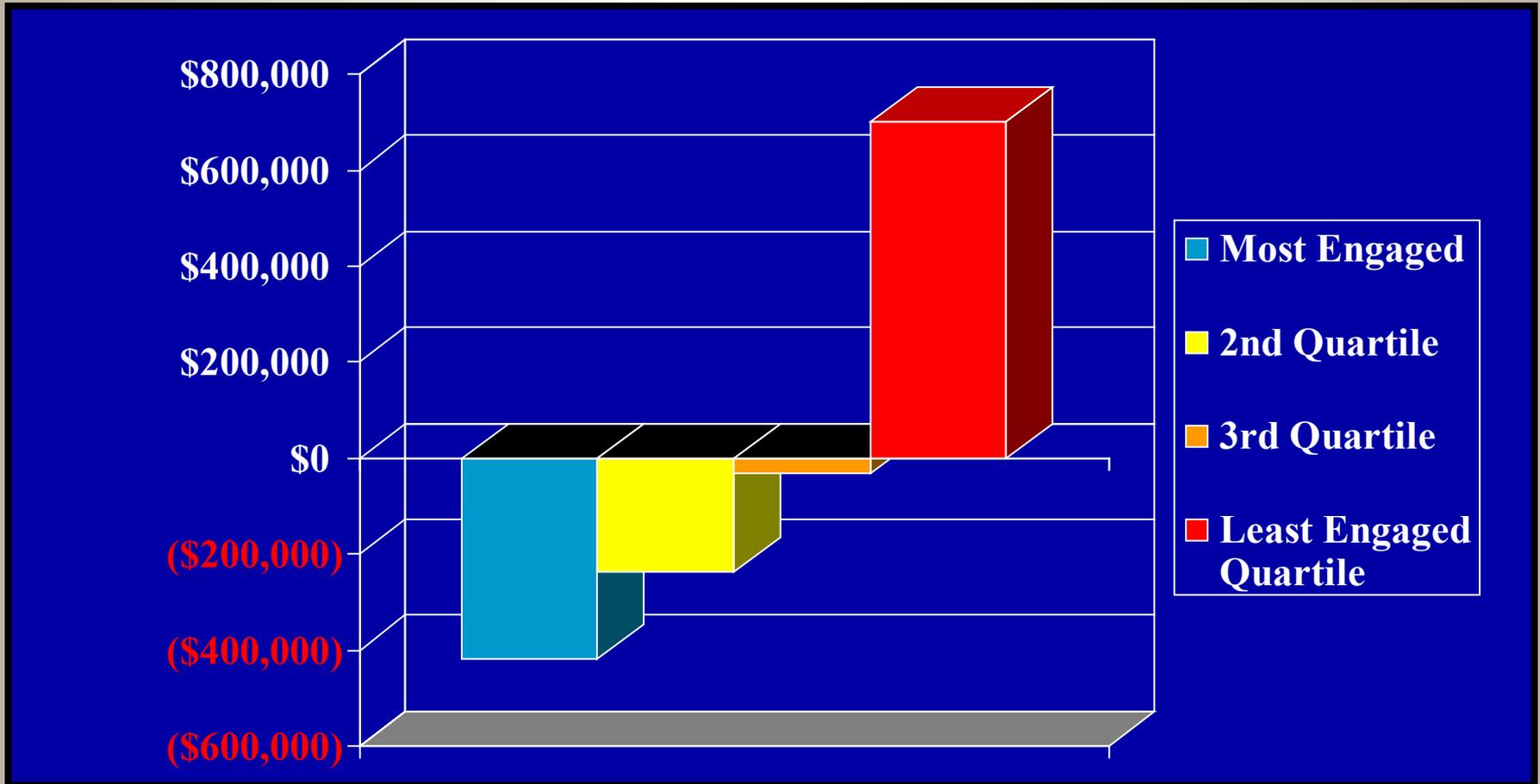
# Employee Engagement Outcomes

Companies in the most engaged quartile have significantly better performance than those in the least engaged quartile

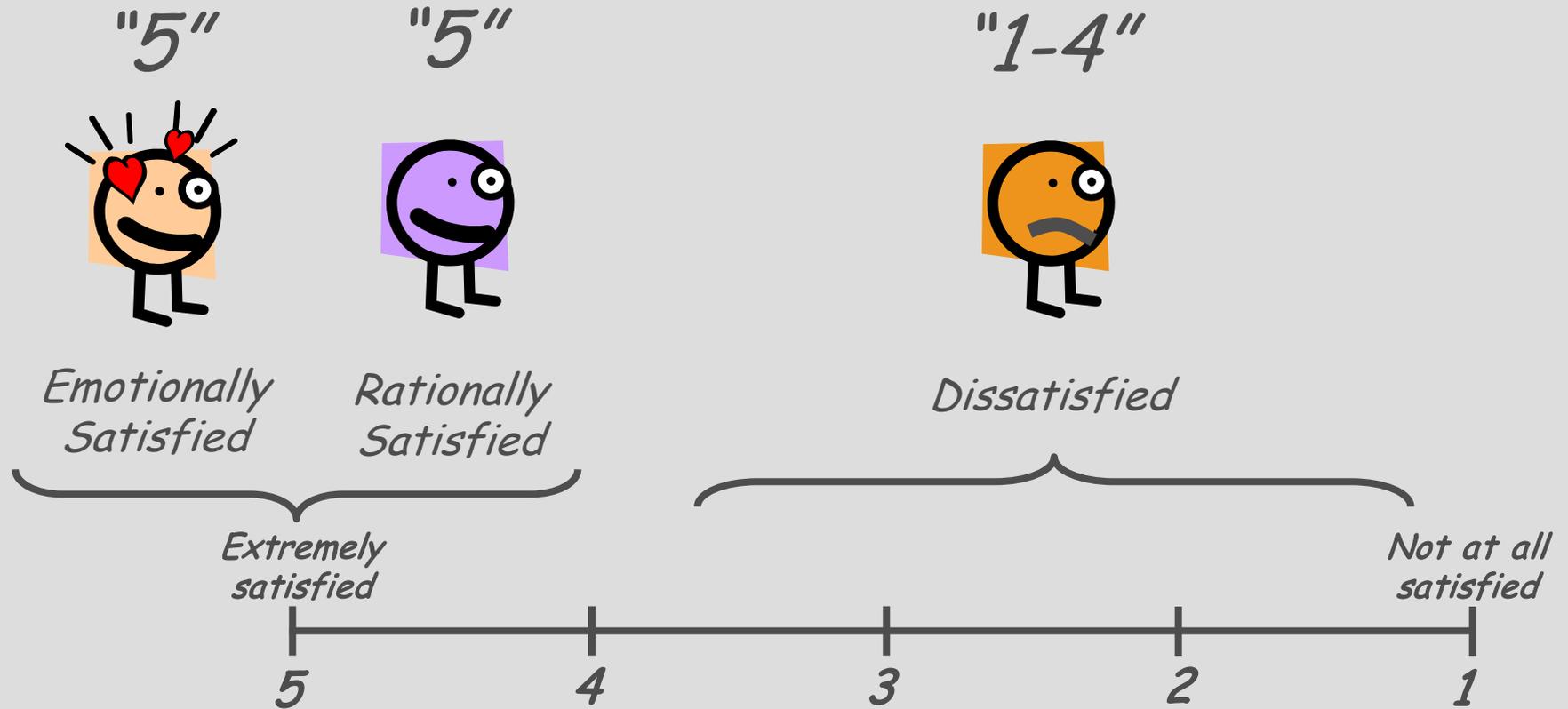


# Employee Engagement Correlates with Malpractice Payments

Hospitals in the most engaged quartile pay \$1,120,000 less in annual malpractice claims than hospitals in the least engaged quartile.



# Satisfaction Is Not Enough: Three Kinds of "Satisfaction"

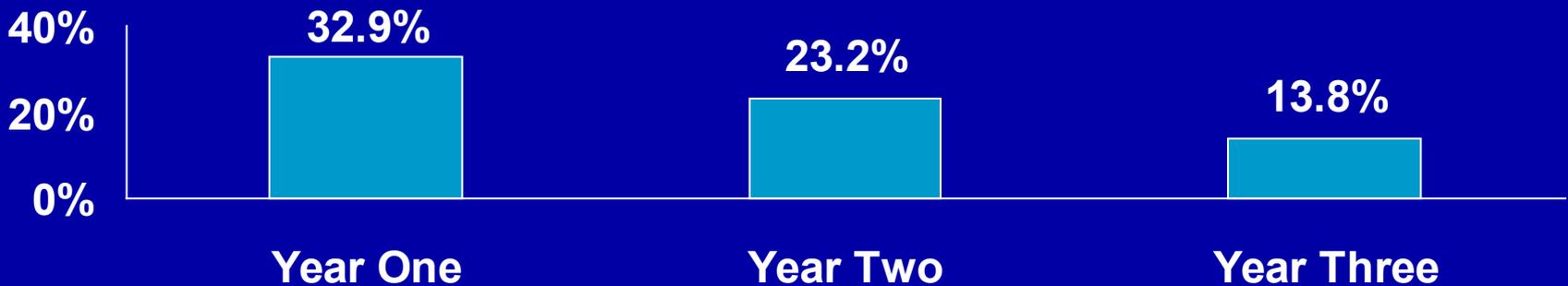


# Employee Engagement is Directly Related to Nurse Turnover

## Results — Workplace Engagement



## Results — Nurse Turnover



\*360 Bed Facility

# Understanding Customer Engagement

Customers are not strictly rational – healthy, engaged customer relationships have a significant emotional dimension which must be measured and managed.

*“When it comes to customers,  
feelings are facts.”*

*-Simon Cooper  
President & COO,  
Ritz-Carlton Hotel Company LLC.*

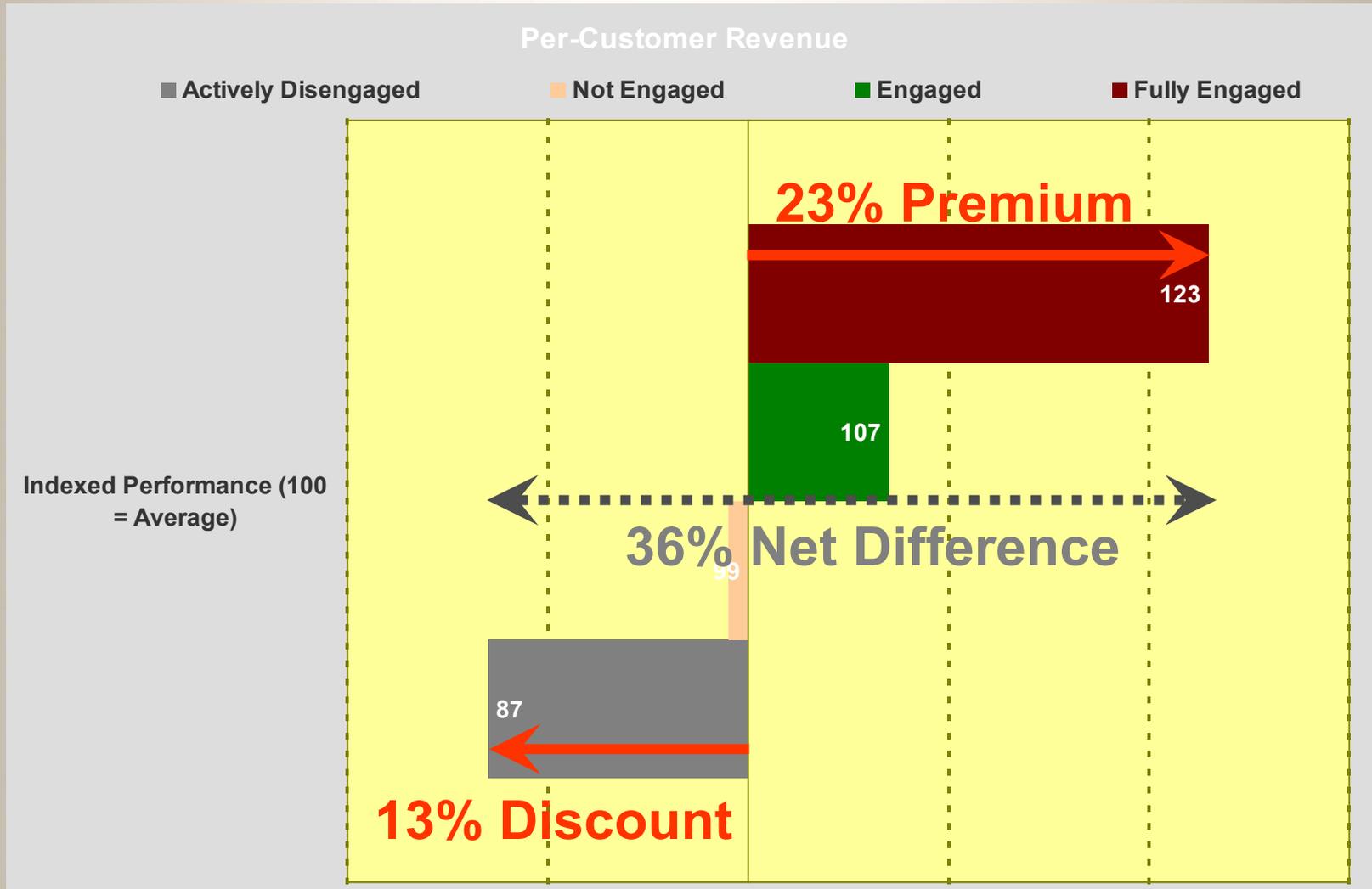
Simply satisfying customers on a rational basis is not enough to drive financial performance.

# Customer Engagement

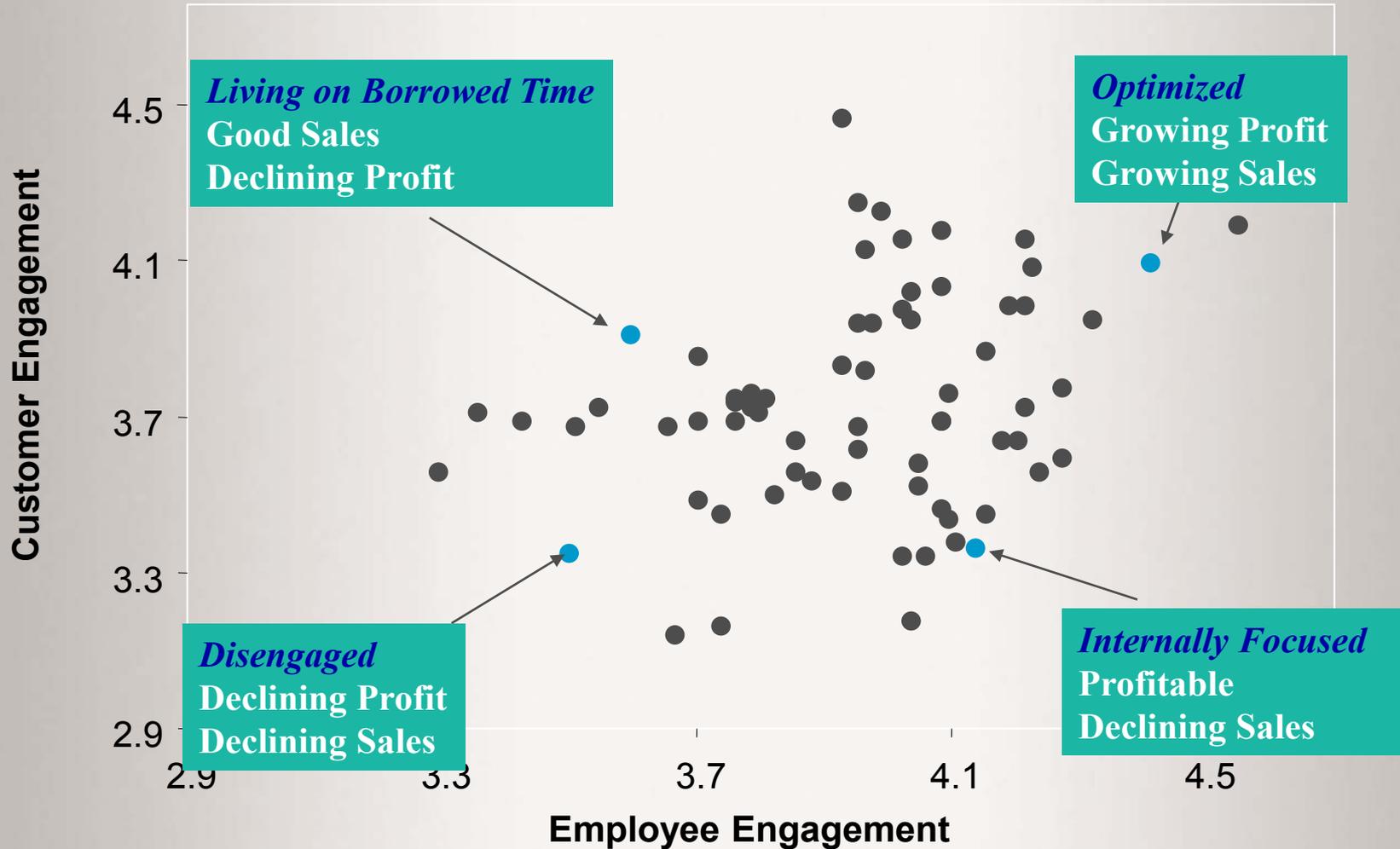
## What is Customer Engagement?

- Customer Engagement describes the health of the relationship between a customer and a brand...the rational and the emotional.
- Great brands and great customer relationships are underpinned by emotion.
- Has a stronger relationship than satisfaction to performance outcomes
  - Physicians (i.e., referrals, share of procedures, retention)
  - Patients (i.e., return, use of other facilities such as Wellness Center & Spa)

# Customer Engagement Drives Financial Performance



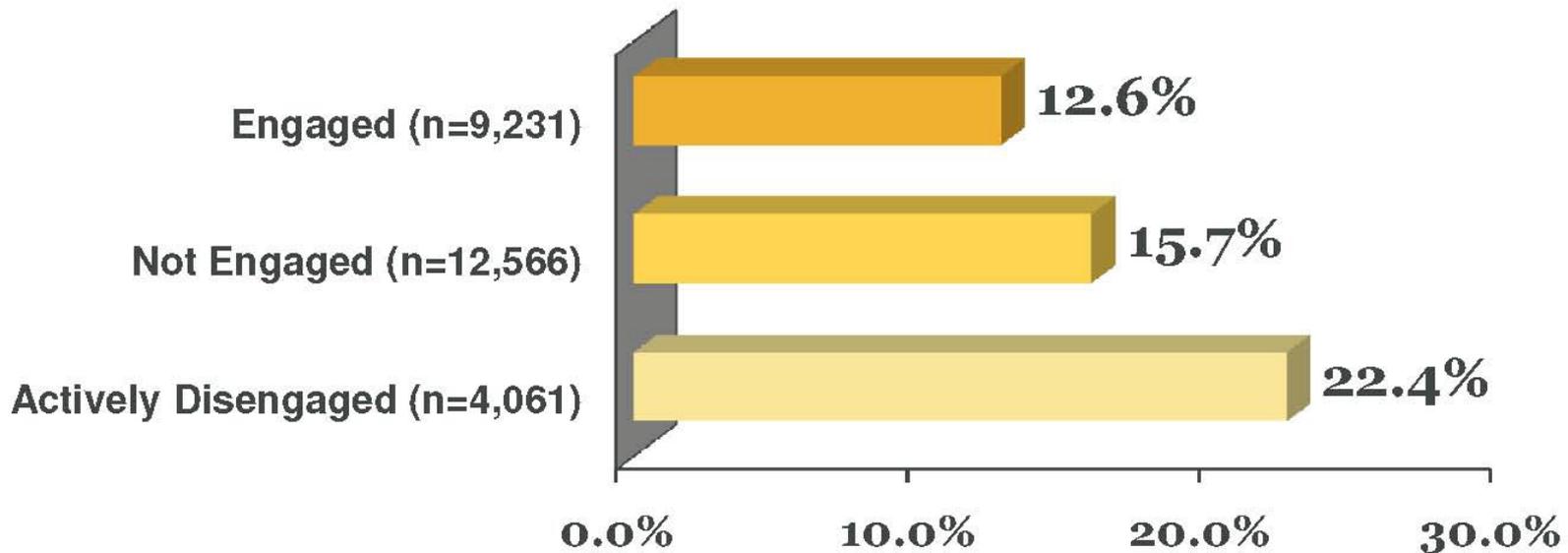
# Managing HumanSigma



# Employee Disengagement Annually Costs ABC Overall \$19.6 Million in Turnover Replacement Costs

Actively Disengaged employees cost ABC overall 398 incremental terms in the last year, while Not Engaged employees cost ABC another 389 incremental terms. At \$25k per replacement, that's \$19,675,000 in replacement costs over the course of the year. (Results limited to only those employees with 2007 Q<sup>12</sup> data and are not projected to the broader population.)

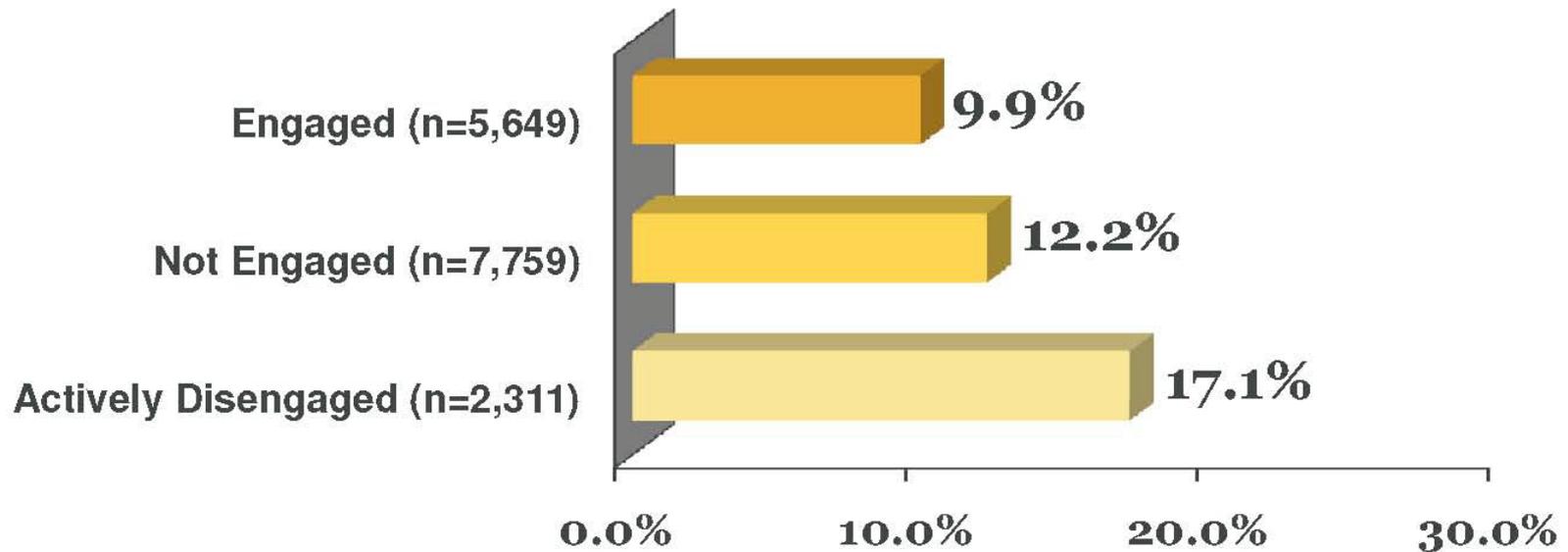
## 12-Month Termination Rate (Voluntary and Involuntary) since May 2007:



# Employee Disengagement Costs the Acute Service Division \$8.5 Million in Turnover Replacement Costs

Actively Disengaged employees cost ABC Acute 164 incremental terms in the last year, while Not Engaged employees cost Acute another 175 incremental terms. At \$25k per replacement, that's \$8,475,000 in replacement costs over the course of the year. (Results limited to only those employees with 2007 Q<sup>12</sup> data and are not projected to broader population.)

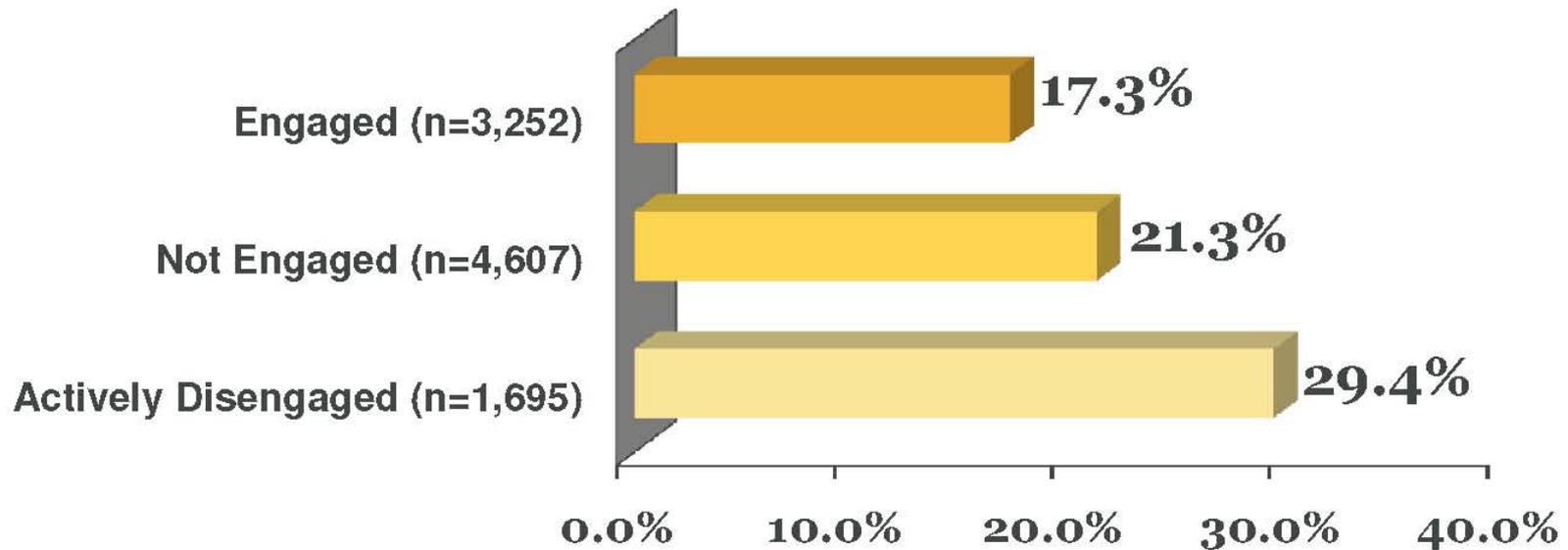
## 12-Month Termination Rate (Voluntary and Involuntary) since May 2007:



# Employee Disengagement Costs the Behavioral Service Division \$9.8 Million in Turnover Replacement Costs

Actively Disengaged employees cost Behavioral 206 incremental terms in the last year, while Not Engaged employees cost Behavioral another 185 incremental terms. At \$25k per replacement, that's \$9,775,000 in replacement costs over the course of the year. (Results limited to only those employees with 2007 Q<sup>12</sup> data and are not projected to broader population.)

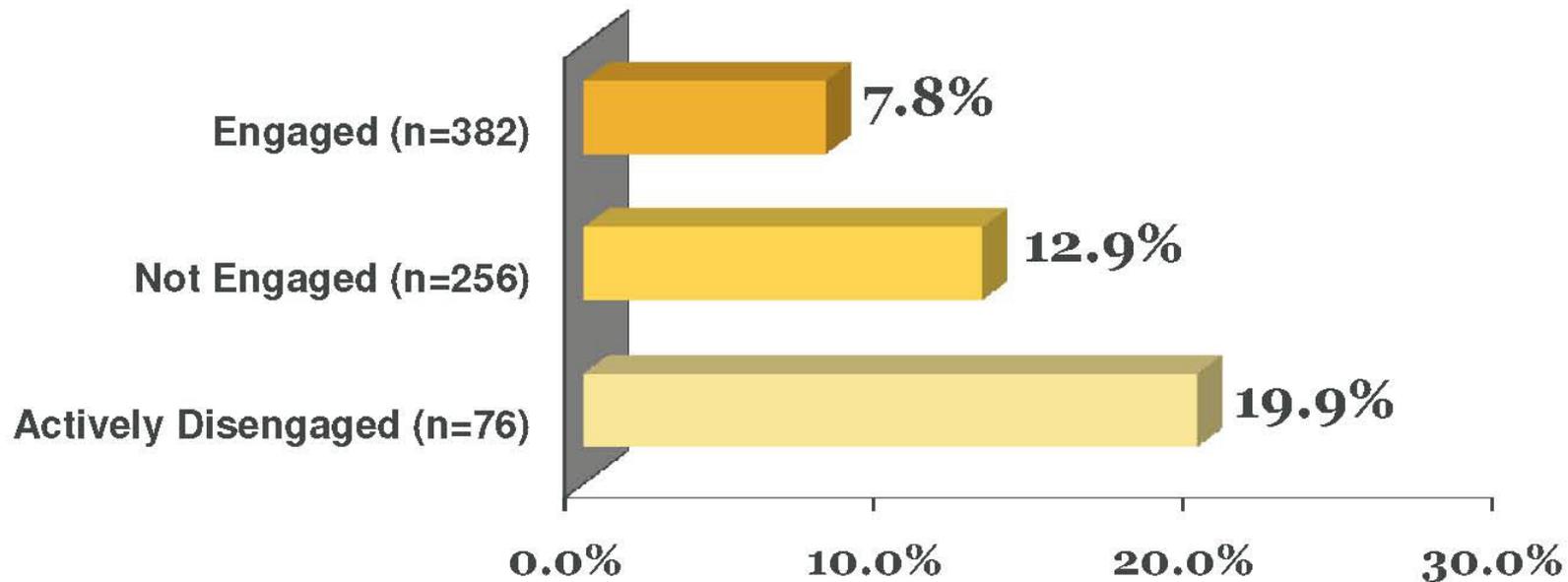
## 12-Month Termination Rate (Voluntary and Involuntary) since May 2007:



# Employee Disengagement Costs Corporate \$550k in Turnover Replacement Costs

Actively Disengaged Corporate employees led to 9 incremental terms in the last year, while Not Engaged employees cost Corporate another 13 incremental terms. At \$25k per replacement, that's \$550,000 in replacement costs over the course of the year. (Results limited to only those employees with 2007 Q<sup>12</sup> data and are not projected to broader population.)

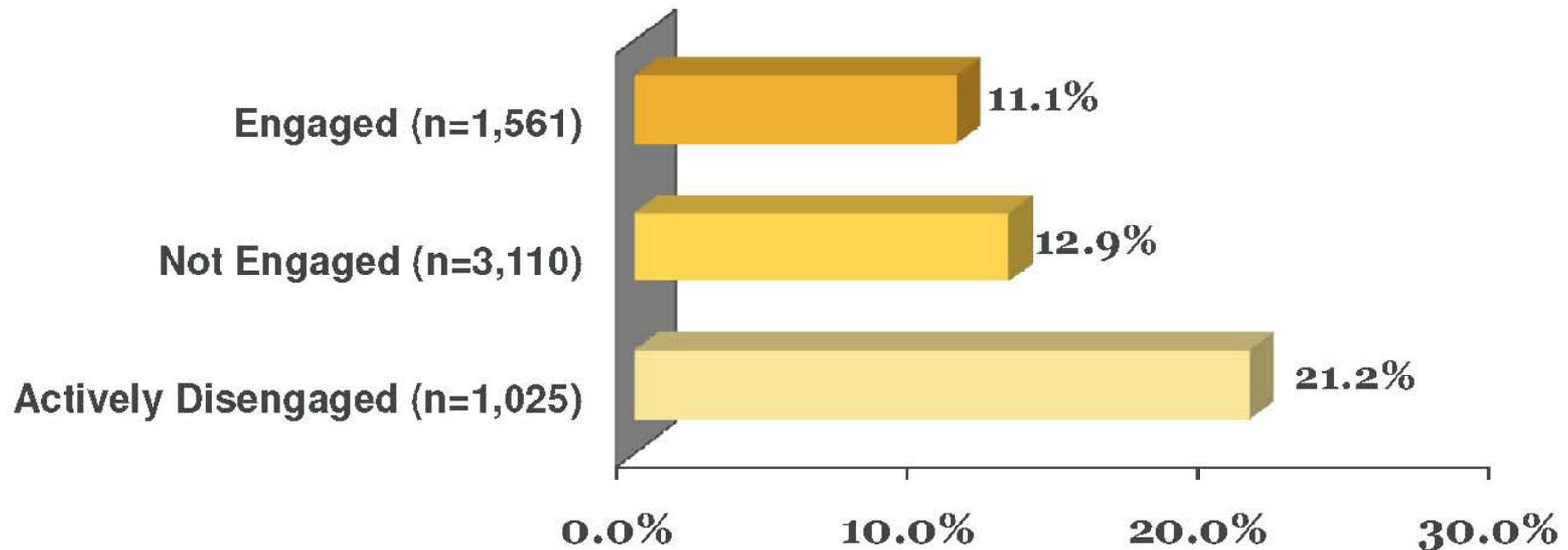
## 12-Month Termination Rate (Voluntary and Involuntary) since May 2007:



# RN Disengagement Created 160 Extra Nurse Terminations in the Last Year

Actively Disengaged RNs led to 104 incremental terms in the last year, while Not Engaged RNs cost ABC another 56 incremental terms. (Results limited to only those employees with 2007 Q<sup>12</sup> data and are not projected to broader population.)

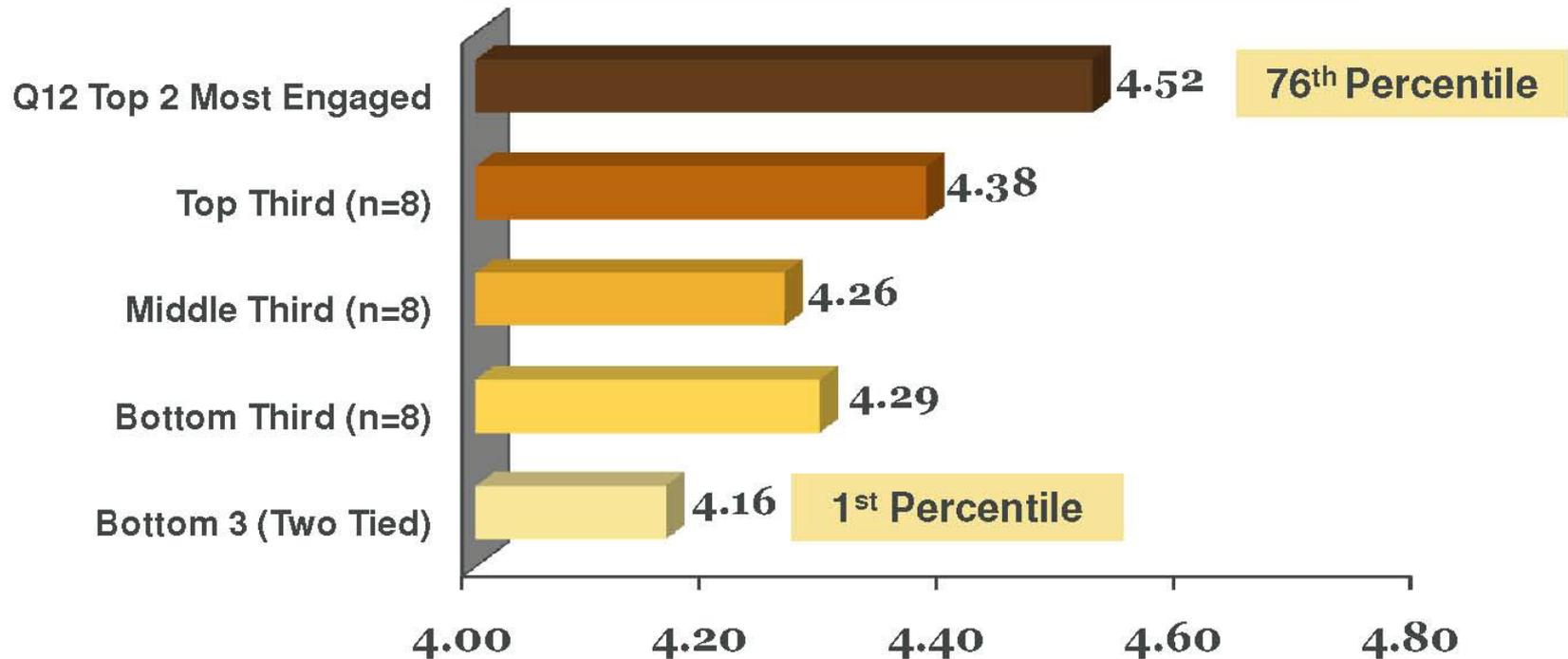
## 12-Month Termination Rate (Voluntary and Involuntary) since May 2007:



# Acute Employee Engagement as Predictor of Patient Loyalty Outcomes

Strong Employee Engagement significantly improves the probability of yielding highly loyal patient outcomes, while poor Employee Engagement significantly lowers the probability.

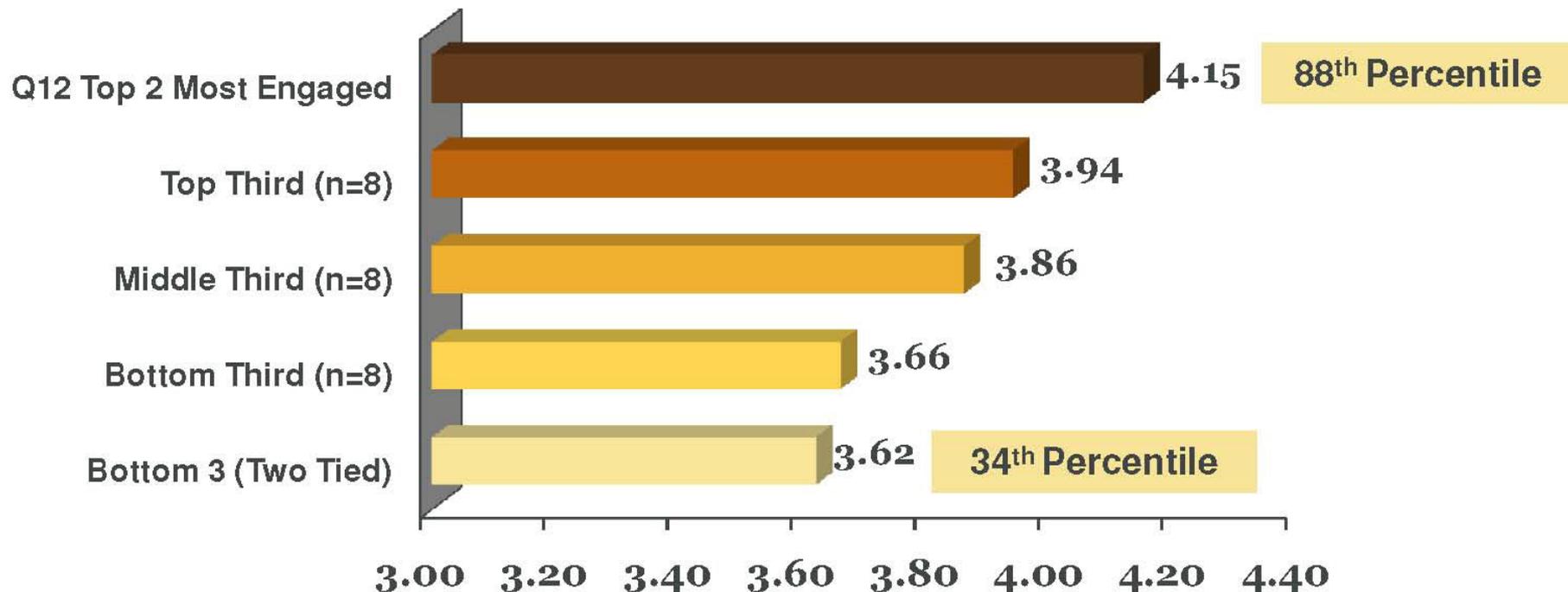
## Average Inpatient Loyalty Mean for Q108:



# Acute Employee Engagement as Predictor of Physician Engagement Outcomes\*

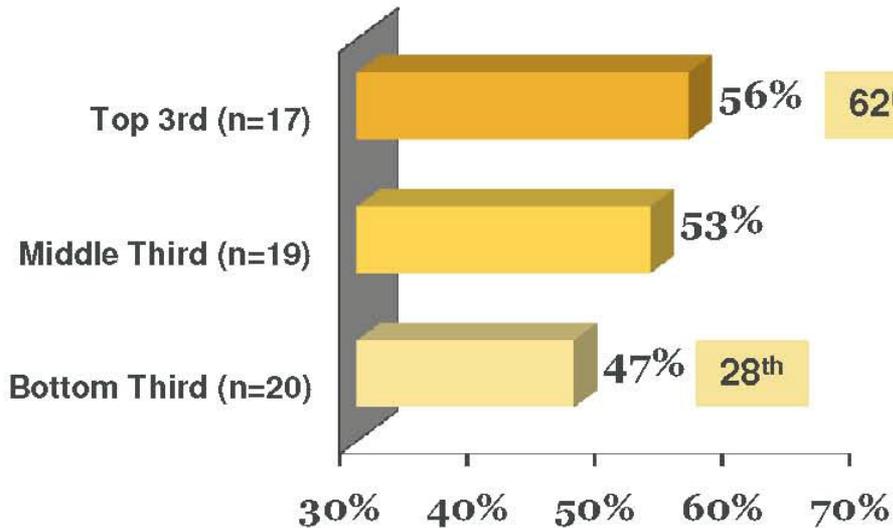
Employee Engagement inside of Acute Hospitals is closely linked to Physician Engagement outcomes.

## Average 2008 CE<sup>11</sup> Engagement Score:

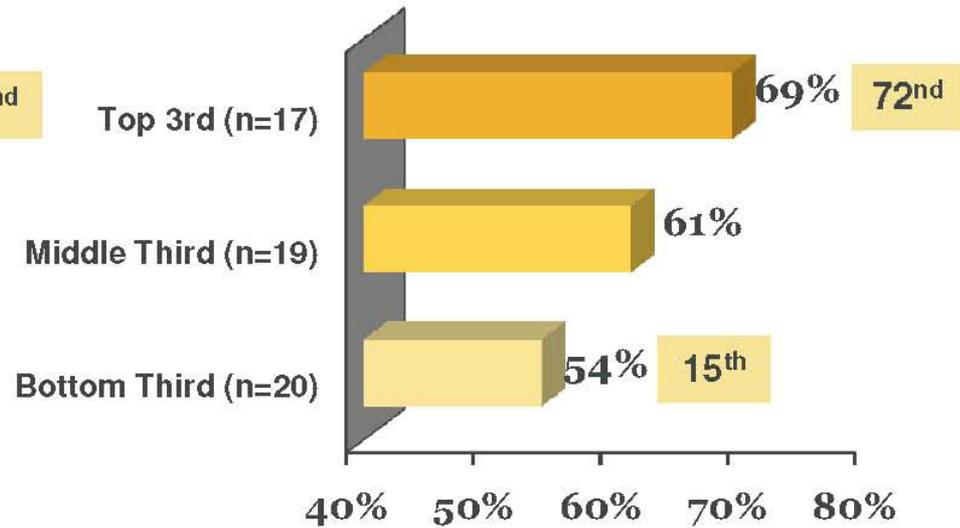


# Behavioral Employee Engagement as Predictor of Patient Overall Satisfaction and Advocacy (Q208)

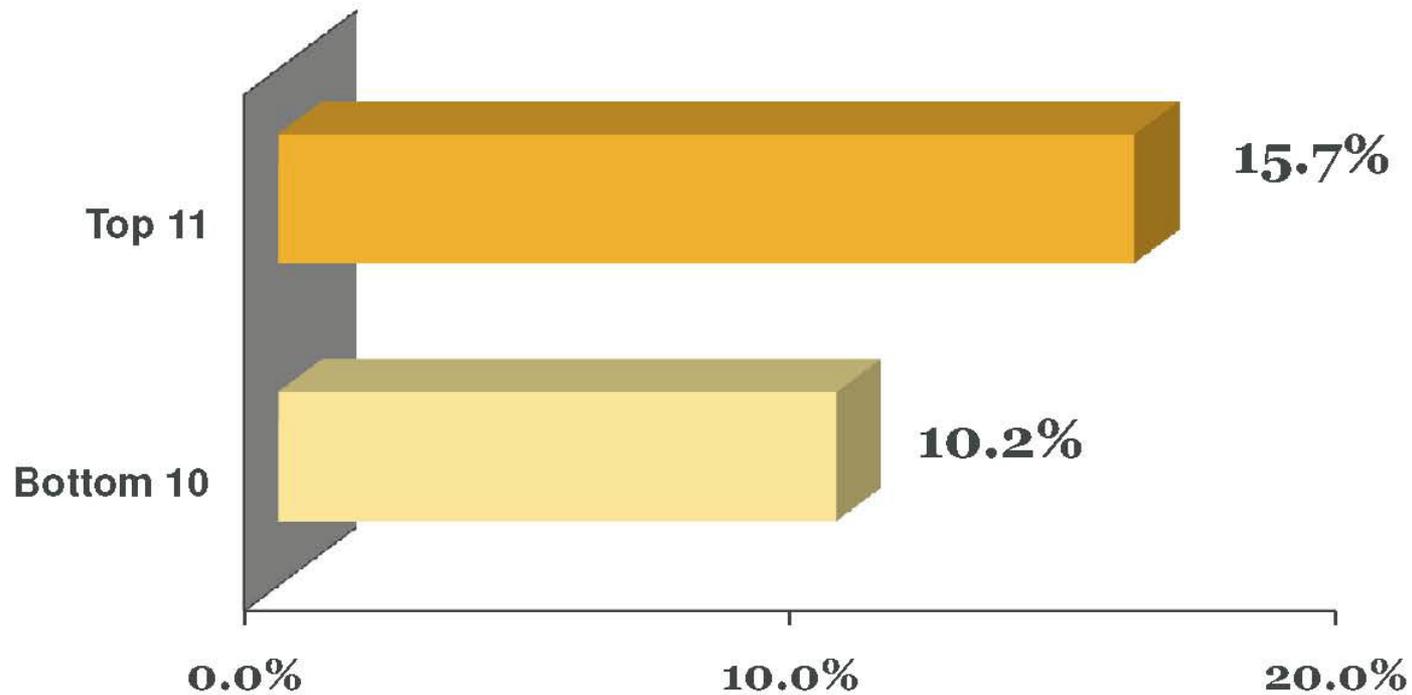
**Q208 Overall Satisfaction Average Top Box Percentage (%5) and Percentile Rank**



**Q208 Likelihood to Recommend Average Top Box Percentage (%5) and Percentile Rank**

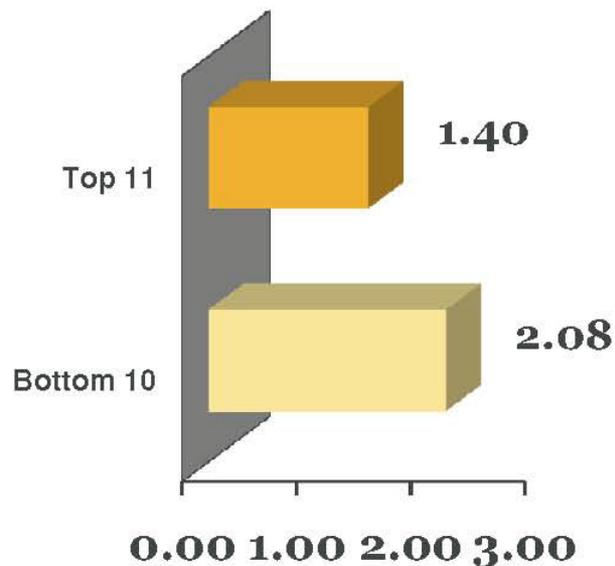


# Physician Engagement Predicts Operating Margins (Average Monthly)

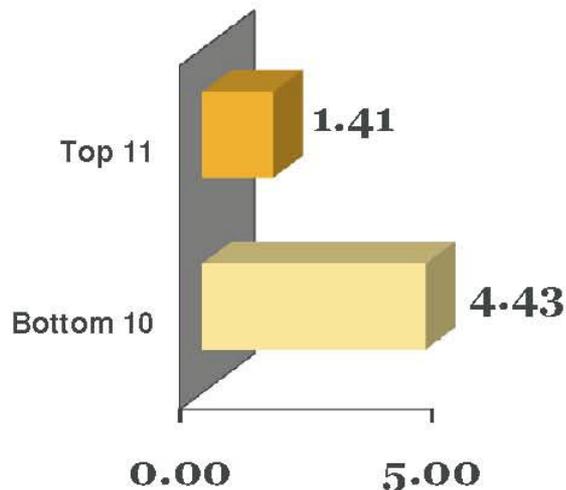


# Physician Engagement Predicts BSI, VAP, and Med Errors (Average Monthly)

**Average BSI Rate:**



**Average VAP Rate:**



**Med Error Rate:**

