

MAKE SENSE OF HR

JIM FINKELSTEIN, President & CEO, FutureSense, Inc., makes sense of the role of HR in healthcare today, in order to reinvent it for future success.



How should the HR function be reinvented with regards to the healthcare arena? Why?

Let me deal with the why first: Have you asked an HR professional in healthcare how they currently spend their time? It is complying with the latest rule, regulation, or law du jour, preparing for the next Joint Commission visit, fighting employee relations fires, and/or dealing with requests for data and information to assuage the needs of the CEO or the Board. In short, they are forced to be *reactive and transactional at best*. Yet, when you ask them how they want to spend their time, it is *on matters strategic and at the leading edge of best practices in the profession*. It is my opinion after 30 years in this business, that HR in healthcare is in a holding pattern – wanting to be something that it can't find the time, energy, or support to be.

What should the reinvention look like? You have two choices – change the status quo or destroy it as we know it today. Any reinvention of HR in healthcare needs to tackle the key strategic issues facing industry today:

- a. Creating an **environment and culture** that engages, motivates, and retains *all* healthcare professionals to show up and deliver above and beyond. Service excellence is more than just customer service and employee satisfaction metrics.
 - b. Defining and managing a **human capital supply chain** to ensure that there is an adequate depth and breadth of talent to staff the business. This is more than just filling the current pipeline of needs. We need to think and look long-term.
 - c. Examining the **structure and organization** of the way business is conducted (within the limits of the industry "standards") to ensure maximum efficiency and effectiveness. We need to break some of the rules in order to experiment with better human delivery systems.
 - d. Building effective **reward and motivation** programs that "melt the butter" of people working or wanting to work in this industry. Let's get outside the box of traditional compensation and benefits programs to make this happen.
- In short, if "people are our most important asset," then we need to get mindshare and creative strategies in the areas listed above. But, many (not all) HR professionals today don't have the time, the skills, or the support to make this happen.

What should replace the HR function as we know it today? What is a future HR model? What functions will it fulfill?

This is the question that addresses changing or destroying

the function as we know it today. In order to answer this question, you first have to define the essentials of what is necessary and what is not. What businesses do I need to have in order to serve the needs of people that work in this industry? What functions should I manage internally? Where should they be located in our organization? What functions can be handled by outside vendors?

For example, I can build a strong case to use the following model:

- a. Create a new position – the **Chief People Development Officer ("CPDO")** – that reports to the CEO and strategically addresses the issues raised above, which are essential to the long-term survival and success of the healthcare entity. In addition, the CPO, with a broad mandate, would be able to focus on human capital issues such as succession planning, leadership initiatives, and true long-term workforce planning. We have business development, financial development, and research and development functions within healthcare – why not **people development**?
- b. Next, redefine human resource (which implies that our people are a commodity) as **human capital** (which honors the diverse and complex contributions that might be truly made by our most important assets).
- c. Then, either build, in-source, or outsource components of a function called **Human Capital Management ("HCM")**, which handles the transactional and tactical components of the essential businesses that we need to be in to serve people in the industry. The HCM function could report to the COO, CAO, or CPDO. Components could be combined as sub-departments in HCM or outsourced – depending on the business model of the healthcare entity. Here are some examples:
 - a. Compensation, benefits, and payroll administration could be handled by finance.
 - b. Employee relations, including labor relations, risk management, and compliance could be handled by legal.
 - c. Employee communications, including employee research could be handled by marketing.
 - d. Recruiting, onboarding, and basic training could be handled by operations.

We need to reinvent HR in healthcare as we know it today. It is often stuck, constantly referring over the past 20 plus years to its same desired future state – that is, being strategic – and not yet taken seriously as a partner in determining the business direction in healthcare. +



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