

St. Joseph Healthcare Finds Success in Alignment

St. Joseph Healthcare, Lexington, Kentucky

A clock can be seen as one of the most demanding and aligned 'organizations'. Every *second* is a deadline—and it takes the precise alignment of hundreds of components to accomplish its goal of accuracy. If even the slightest misalignment exists, the clock will fail at its sole task: keeping accurate time. So what does this have to do with healthcare? Hospitals have hundreds (and even thousands) of individual players that are all driven by the same goal: delivering the highest quality healthcare. And, like a clock, alignment is the key to success.

HealthStream Research is proud to be a partner with St. Joseph Healthcare in improving the way healthcare is delivered in America. St. Joseph Healthcare in Lexington, Kentucky achieved their success by aligning their entire organization to its mission, values, and objectives. In 2001, St. Joseph knew they had to make some changes; they were experiencing high turnover and low employee morale. They chose HealthStream Research to conduct an Employee Insights Survey to determine the satisfaction and engagement levels of their staff and find the best path for organizational change. "We knew that we had to focus on the department level as well as the hospital level. We needed to bring everybody together for this to work," said Rick Tolson, Vice President of Human Resources at St. Joseph.

In 2001, they were experiencing a turnover rate of 32.5%, but after implementing organizational changes the numbers for 2004 are down to 19.8%. "We calculate that our reduced turnover brings us \$3,680,000 in savings each year," said Rick Tolson. From 2001 to 2003, they doubled their operating margin from 1.5% to 3.0%. In March 2002, they had a participation rate of only 38% in the Employee Insights Survey. Within 2 years, that figure skyrocketed to 77%.

So, *how* did they achieve such amazing successes?

First came the insights gained from the Employee Insights Survey. "It was very powerful to see department-specific data on the key drivers of satisfaction and dissatisfaction. This gave us a roadmap for organizational change," said Rick Tolson. "The most amazing insight we gained from the Employee Insights Survey was that an organization can make significant changes in a *very* short period of time. When everybody is focused, anything is possible."

HealthStream Research

HealthStream Research is a national leader in the measurement of physician, employee, patient, and community satisfaction for healthcare organizations. We currently work with more than 1,100 facilities nationwide, including many of the nation's largest for-profit and not-for-profit health systems and specialty healthcare companies.

To begin their quality initiative, they started with getting everyone from the top down involved. “Changes can’t just come down from on high—our people needed to own the process,” said Rick Tolson. The Employee Insights Survey helped them through three important steps: discovering what needed to be improved, building a strategy for improvement, and getting everyone on board and part of the process.

The first step was accomplished through discovery and research. HealthStream Research showed them what the employees felt needed to be celebrated in their hospital and what needed improvement. “This process alone helped a great deal in getting the staff on board. We really hyped their involvement. We asked questions and gave immediate feedback, and this ensured that everybody in our hospital was truly part of the process.

St. Joseph’s Strategy for Change

Armed with the insights gained from the Employee Insights Survey, St. Joseph formulated the following strategies:

- Our Associates will experience a culture consistent with being the work environment of choice, in order to meet the needs and expectations of our patients and others we serve.
- Provide Associate and volunteer relations systems, processes, and leadership that create a positive culture.
- Retain and recruit quality Associates and volunteers.
- Develop total compensation systems and processes that support the St. Joseph strategies.
- Enhance and develop leadership and practice skills across the organization.
- Create an environment that supports empowerment and expanded decision making.

A powerful component of the strategy for change was the alignment of incentives to performance. St. Joseph believes that incentive compensation is appropriate for leaders. Among the primary purposes of the incentive plan was to:

- Align Hospital strategies, metrics, and performance measures with compensation.
- Focus the attention of leaders on critical aspects of hospital and department performance.
- Reward sustained outstanding performance.
- Attract and retain the most capable management talent.
- Make 30% of all management bonuses based on achieving retention targets.

“The Employee Insights Survey helped us tie our improvement strategies directly to incentives,” said Mr. Tolson. Saving over three and a half million dollars each year through reduced turnover is proof that organizations *can* change quickly if everyone is focused and aligned.

Retention and recruitment strategies have been among the most critical components of St. Joseph’s strategies. They improved their recruitment strategies by:

- Creating a new and improved Associate orientation program with a patient-centered approach.
- Revising their Employment website.
- Improving the open-enrollment packet by adding much more detail.
- Implementing a tangible suggestion awards program.

- Developing a key contributor bonus plan.

Success Story: St. Joseph Healthcare

- Rolling out a detailed employee training and education plan, with focuses on harassment, employment process, behavioral interviewing, performance improvement/corrective action, compensation/benefits, introduction to retention and recruitment strategies, ADA-Reasonable accommodation, and positive associate relations.

St. Joseph made some well-received changes that succeeded in reducing turnover and increasing quality recruitment. They developed a Working Parent child care program that offered employees 'sick child care', shuttle services, after school programs, emergency back-up childcare, alternative payment strategies for childcare center fees, a Parent's Night Out program, and transportation assistance.

To maintain their success and growth, St. Joseph has made communication paramount. "We have Town Hall Meetings every six months, Neighborhood Meetings every six months, and Manager Meetings quarterly. Also, we have a 'Lunch with the President' every six weeks," said Mr. Tolson.

So what was the key to their success? "Definitely, getting everybody involved. We focused on improved communication, recognition, and associate involvement. We all truly *own* the success at St. Joseph," said Rick Tolson. With millions saved in reduced turnover, operating margins doubled, and staff participation *more* than doubled, St. Joseph is a perfect example of how an investment in quality pays for itself.