

From Transactional to Transformational: Key Lessons Learned Along the Way

By Debra F. Williams

Whether it's a human resources professional association's national conference, or a global talent consulting firm's latest research, or a talent management thought leader's whitepaper or a roundtable discussion with HR practitioners and leaders, much of today's focus is on "transformational HR." What CEOs expect and need from HR to align with business strategy and to drive business results.

And while there are myriad frameworks, toolkits, models and predictive analytics focused on the what, that's only half of the equation. There seems to be relatively less focus on the equally critical other half, the how. How to turn theory into practice. How to tailor best practices that worked for others into practices that work best for your health system's strategies. How to add value to the stakeholders who matter the most – patients. Essential to the how is transforming how we think about and engage in the work we do so that we develop the key behaviors required for success as HR continues to evolve. It's the experience and expertise that's often learned through trial and error – your own and that of others – that provides the business acumen, savvy and authenticity required to be a credible strategic advisor, catalyst for change and driver of meaningful business results. Farmers Insurance's current tagline, "we know a thing or two because we've seen a thing or two" sums it up perfectly.

From my own experiences and those shared by the many HR practitioners and leaders I've been privileged to lead, coach and mentor, I offer a few "things or two" that we've learned along the way from transactional to transformational:



One Size Fits One

Research and thought leadership notwithstanding, there is only one definition of strategic HR that matters – the one crafted by your CEO and Board. That definition can range from an expectation of execution excellence on decisions made by others without HR's input, to being invited to "the table" with the express purpose of weighing in on HR issues only, to being viewed as a business person that happens to have significant expertise in HR, and whose insight and perspective are valued on a wide-range of business issues, not just HR. And while HR can certainly influence and evolve the talent agenda, our mission, along with that of the other business functions, is to align with and support the overall health system strategy, to the ultimate benefit of the patients served.

Throughout my career as an HR practitioner, leader, CHRO and consultant, I have worked with health systems all along the continuum, from the CEO who shared his view that

"HR's not strategic; it's transactional with strategic intent" and who saw little value in including the CHRO on the system executive team to the CEO who considered HR the most critical component of the organizational strategy, and viewed me as one of his key strategists, thought leaders and advisors on a varied array of business issues and opportunities, and many points between the two. Not right or wrong, or good or bad, just very different points of view that worked for each health system's strategies, culture and goals.

Those varied experiences taught me the value of alignment and agility, how to fluidly translate the "what" of HR into business solutions that resonated with the CEO and other key executives, and the importance of ensuring that whatever else I was working on, my priorities matched those of the CEO.

What's equally important as understanding how your CEO and Board define "strategic HR" is understanding which model best aligns with your

unique experience, expertise and preferred work style. Fit and alignment are key.

Respecting and Leveraging Separate Realities

Finance is your partner. So are Nursing, IT, Physicians and Operations.

And we're their partner too. Each of us brings a unique expertise and perspective that, when expertly leveraged and aligned, is what differentiates an exceptional patient experience from merely a good one.

The best teams have shared values and diverse expertise, thinking and communication styles. HR is often well-positioned to create collaborative opportunities for Finance, IT, Nursing and Physicians to partner on people strategies designed to create the best outcomes and experiences for patients. If you don't already, consider including staff, leaders and executives on cross-functional HR strategy design and delivery teams. Talent acquisition, engagement and retention, leader and organizational learning, workforce planning and total rewards strategies are significantly improved with broadened insight and perspective. HR can also take a collaborative leadership role in organizational restructuring, new facility launches, mergers and acquisitions and care model redesigns.

Create a multi-disciplinary team to identify, analyze and utilize the predictive people analytics that would be most beneficial to improving patient and business outcomes. Also consider exploring ways to participate on teams sponsored by others outside of HR to both share and expand your knowledge, and forming one-on-one partnerships with your peers to do the same.

Respecting and leveraging separate realities is also a foundational element of diversity and inclusion. Our employees don't all look alike, worship alike, love alike, live alike, think alike or espouse the same beliefs, and neither do our patients. Our employees

and patients reflect the full spectrum of diversity in all of its forms, and effectively hardwiring diversity and inclusion into the DNA of a health system's culture to create true respect for all people can be a key differentiator. Research supports the connections between well designed, integrated and executed diversity and inclusion strategies and higher employee engagement, better patient outcomes and improved equity of care.

That said, what got us here won't get us there. A recent study published in the Harvard Business Review found that traditional approaches to diversity and inclusion were largely ineffective in today's work environment, and identified new strategies that are much more effective in moving the needle.

Transformational HR practitioners and leaders are uniquely qualified to serve as strategists and advisors to CEOs and Boards on this mission-critical strategy.

Many Shades of Gray

Far too often HR strives for consistency at all costs, though rarely are the facts and circumstances of any two situations identical. Fair isn't equal and equal isn't fair. Few issues are black and white, and there often are more than 50 gradations of gray. This sometimes rigid adherence to policy in lieu of exercising analysis, critical thinking and judgement to arrive at the best decision causes some to consider HR "The Policy Police", running counter to our goal of being viewed as transformative leaders and partners focused on creating an exceptional patient experience.

And then there's the question of who owns the decision. How often have you heard some variation of "HR made me do it" or "I was following HR's policy"? And in those instances, was it really HR's decision to make, or was it the leader's? If a key aspect of a leader's role is to serve as teacher,

coach and mentor to those she or he leads, then part of that role is making decisions affecting her or his team members. With that view, then HR's role is to serve as advisors, consultants and coaches to leaders to support them in making sound decisions on those issues affecting their team members, and allowing them to own their decisions. Unless what's proposed is illegal, unethical or has impact beyond that leader's scope of authority, the decision is theirs, not ours.

Patients First

Patients entrust their lives and well-being to health systems and providers, and in turn health systems and providers commit to delivering an exceptional experience to every patient, every time. That experience is largely dependent upon having the right people, in the right roles, doing the right work at the right times with everyone providing discretionary effort. HR is the chief architect of that patient experience blueprint and, accordingly, it's important for us to remember that business outcomes matter to the patient, not HR outcomes. Knowing there is higher than desired turnover or being able to predict turnover in critical roles is a great first step; being proactive in identifying issues, opportunities and solutions that improve the patient experience and business outcomes is key.

TowerCare* is a health system that for many years enjoyed very low turnover and had relatively little difficulty recruiting talent, in part because of their location and in part because of their reputation.

Accordingly, over a 10 year period, they made the decision to opt for lower salary increases, reallocating funds to offset rising employee healthcare costs. Though the market competitiveness of salaries continued to erode, turnover and vacancy rates remained low, so there was little

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support for more than modest salary adjustments. All of the HR analytics – turnover and vacancy rates, benefit costs, salary costs – were directionally correct. But HR leadership recognized that any change in business direction, the talent market or the competitive landscape could quickly alter their ability to attract and retain experienced staff because their ranges were far below the market. And a major change was coming – TowerCare was scheduled to open a new flagship facility within the year, requiring recruitment of more than 3000 new employees, the majority registered nurses and allied health professionals.

Partnering with Nursing, Finance and other operational leadership, and employing an evidence-based approach, HR was successful in building a compelling business case in support of investment in both a strategy to regain market parity and an initiative focused on accelerating the development of early-career direct healthcare providers by connecting the dots between projected talent shortages and a decline in the patient experience and an increase in staffing expense resulting from increased use of overtime, other premium pay and agency staffing. As a result, TowerCare was successful in recruiting and retaining the desired mix of seasoned and early career talent, allowing them to continue to deliver an exceptional patient experience in a cost-effective manner.

**System name changed*

R-E-S-P-E-C-T

A recent Korn Ferry Institute article entitled “Why CHROs really are CEOs” quoted an expert who shared his view that “Often HR pros are perceived as only able to deal with the softer side of business because they are diplomatic, typically positive in outlook and gracious”. If true, as

counterintuitive as it may seem, being considered a credible advisor may require a greater willingness to ask the tough questions, make the hard decisions and engage in sometimes difficult discussions.

Very early in my career when I was promoted to my first leadership role, the CNO (who was one of my mentors) shared something that she’d learned that I still find valuable many years later. She told me that, as a leader, I would often be faced with the decision of whether it was more important to be liked or respected, and that I should opt for the latter. As advisors and leaders, our role is to exercise our best judgement to make the best – and often toughest – decisions, knowing that our decisions are not always universally embraced or applauded.

Avoid “Cobbler’s Children Syndrome”

Like the proverbial shoemaker’s children who go without shoes, HR is often so focused on the learning and development needs of the rest of the organization that we neglect our own. Formal, experiential and self-directed learning, along with coaching and mentoring to broaden and deepen our knowledge and expertise in HR, Finance, Operations and other key areas serves to strengthen our positioning as credible business partners and advisors.

To Thine Own Self Be True

Your organization likely has a value statement. Do you? Have you identified your core values and put them to use in your daily practice? I often ask this question of coaching clients and audience members, and it’s interesting how few people have. Just as we partner with our employers to craft value statements and infuse them

into organizational culture we, too, should identify our core values and incorporate them into our daily practice.

If you’re lucky, your values will align well with those of your organization, leaders and peers. But sometimes they don’t. And sometimes it’s situational. Often when sorting through thorny issues that affect employees, patients and the organization’s brand, having your core values defined will provide guidance when in uncharted waters and clarity when faced with scenarios where it’s beneficial to call a pause to think through the potential outcomes of a decision. We each can think of recent media reports of business decisions that would have benefited from greater consideration of the impact of those decisions on customers, employees or citizens.

And while sometimes uncomfortable to do, part of our role as transformational leaders is to call for the pause and to facilitate dialogue on the benefits, consequences and alternatives to decisions that may have undesirable consequences. Risky? Perhaps. But, in the end the benefits to patients, employees, your health system’s brand and your brand almost always outweigh any risk.

I’d love to hear your lessons learned along the way. Email me at debra.williams@right.com or connect with me on LinkedIn.

Debra F. Williams, Executive Vice President with Right Management, Great Lakes Region and President of Detroit SHRM is a catalyst who influences transformation. A trusted advisor consultant and coach to boards and top management, she partners with organizations to create, align and execute transformative strategies that achieve sustainable results.