

CHROs: How to Add Value through Strategic Leadership

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Now that 2019 is underway and health systems are executing on their strategic plans for this year, HR leaders like you continue to focus on the challenges impacting the successful deployment of your workforce initiatives. You are likely thinking about what tactics will best support your health system for the future.

Successful health systems rely increasingly on healthcare CHROs to drive transformational change and produce improved financial outcomes. However, many HR departments are still focused on transactional and operational tactics. Performance pressure on the healthcare industry demands improved efficiencies, streamlined processes and elimination of administrative waste. This is causing many CHROs to reevaluate how HR delivers its traditional services and strategies, particularly involving compensation, leadership development, performance management, recruitment and employee health plan costs.

HR has a unique opportunity to help mitigate risk and drive overall organizational and financial performance.

At University of Wisconsin Health (UW Health), CHRO Wayne Frangesch was a key executive in leading a comprehensive operations improvement project that included reducing labor costs by \$80 million, without layoffs, in addition to reevaluating traditional HR program strategies. "It was a unique opportunity to take on a key leadership role for our organization," says Mr. Frangesch. "HR has not traditionally been in a position to drive organizational financial results on this level." Mr. Frangesch and the UW Health HR department successfully achieved their operational and financial goals, primarily through leveraging their HR business partners as part of the position review process. The key to success was Mr. Frangesch and

HR's ability to bridge the traditional gap with operations to collaboratively redesign processes, which drove the bulk of labor cost reductions.

Similar to what UW Health faced, increasing labor costs, low unemployment rates and the continued shift to outpatient delivery are creating significant challenges for health systems across the country. HR has a unique opportunity to help mitigate those risks and drive overall organizational and financial performance.

Is your Human Resources function in a position to address these and other market-related challenges in 2019? Here are a couple ways you can prepare to join the conversation with leadership at your organization:

1. Understand your organization's financial health, and how HR can impact the overall labor cost (typically 40-60% of most organizations' expenses) through areas such as hiring and position review processes.
2. Conduct a market and workforce demographic and trend analysis to identify key recruitment and retention opportunities and challenges, such as volume and quality of applicants, alignment of your training programs and compensation and benefits to your specific workforce's demographics.
3. Assess the administration of retirement, health and welfare plans, and leave policies. Technology, including cloud-based platforms, outsourcing and co-sourcing arrangements can support the routine administration of these programs, but also integrate with payroll and timekeeping.

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