Pearl Meyer

ARTICLE | DEC 2022 | CHIEF EXECUTIVE MAGAZINE

Retention Strategies in Healthcare

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Editor's Note: This article appeared in the December 2022 issue of Chief Executive magazine.

Few industries have been hit harder by the Great Resignation than healthcare—and little wonder. Nurses, doctors, physician's assistants, therapists, and health workers at all levels were burning out from long hours and intense responsibilities before a global pandemic turned their already-stressful jobs into the equivalent of combat duty. The added pressure only served to accelerate the rising turnover rates that many healthcare organizations have been struggling with for some time, agreed executives participating in a recent roundtable discussion co-sponsored by Chief Executive magazine and Pearl Meyer.

"As tired as everybody is of talking about COVID, the impact it's had is real," said Jonathan Weinbach, CEO of New York Proton Center. "It created more work for everybody at a time when we probably had somewhere between five percent and 10 percent of the healthcare workforce disappear, moving on to other professions because the job was just too stressful. So you've got more work and fewer people to do it. And then, being short-staffed during super-busy periods just builds on that because even if you do all the right things for employees, sometimes they say, 'I just need a different environment for my own mental sanity.'"

Alexander Yaffe, a managing director at Pearl Meyer, agreed that employers are battling a burnout-driven exodus. "The last two and a half years have been incredibly volatile, particularly for healthcare organizations," he said. "We've seen extreme pressure around retention of talent at all levels of the organization."

Several roundtable participants expressed concern about launching programs offering services that they don't feel confident they will have the staff to provide. "There are opportunities that align with our strategic plans, and we want to push forward and improve access to care," said Kyle Mead, president of Heartland Center for Behavioral Change. "But... I've found myself fearful of being granted an award because I don't know how I would actually carry out what we said we would do. That's a very odd feeling."

Others worried about implementing programs with state and federal funding only to hit a wall when the money dries up down the road. For example, the pandemic brought an influx of funding to the area of mental health, noted Susan Lewis, CEO of Mental Health America, who says the attention has both benefited and disrupted her sector. "I've got a strange challenge in that every time I get my budget done, I get a call saying, 'We need to get this done. Here's half a million dollars, go and stand it up,'" she explains. "First, there's no one to stand it up. Second, much of this money is one-time stuff that could go away very easily after the November election. So I'm trying to take it all in, stand it up, and also make sure we're tucking it away. In Kansas, you make hay while the sun is shining, but you don't feed it all to the horses right away because it will rain. So I have to explain that to staffers who say things like, 'Hey, you have $77,000, why can't I get a huge increase in my salary?'"

Fighting Flights

What can be done to alleviate the pressure cooker and help healthcare organizations attract, motivate, and hang on to employees? Several participants reported boosting pay in an attempt to stem departures. At the same time, many are coming to the uncomfortable realization that while compensation viewed as unfair or inadequate may very well spur an employee to leave, a bump in pay alone won't necessarily succeed in getting them to stay.

Karen Carpenter Palumbo, CEO of Vanderheyden, recently alerted her board's finance committee of the need to raise minimum pay rates to attract workers. "They said, 'Is that going to fix [turnover]?'" she recounted. "I said, 'Absolutely not. It's just that I need to be able to at least get them in the door, and then they can ghost us.' Because we've got to have people to compete or we lose revenue because we have to close down a program."

The effect of bumping up pay for new hires then often ripples through an organization. At Carpenter Palumbo's $40 million organization, longtime employees were angered by newcomers receiving the same pay they had to work up to over many years. "They're saying, 'It took me eight years to get to $25 an hour and now the new guy coming in is getting that,'" she explained.

Paradoxically, the very instrument that some organizations turn to in order to bring new employees into the fold can demoralize current employees and prompt them to depart. Even those who stay may become "quiet quitters," sticking around only to come in late, leave early, do the bare minimum while on the job, or simply stop showing up on a regular basis. In fact, the problem has become so pervasive that some healthcare organizations resorted to handing out gift cards to reward their employees simply for showing up to work.

"Anyone who has ever run a compensation plan knows that how much you make per hour really only decreases your likelihood of quitting, it doesn't increase your likelihood of doing the job well," agreed Rachel Sossoman, CEO of Mercy Urgent Care. "So if we just ratchet up dollars and cents in the hopes of that translating into motivation, that is never going to happen. So this is a cultural reckoning that none of us asked for but we have all been called to at this time. I don't think we can overstate the critical importance of empathy, of understanding, of meeting our people where they are, of listening to them and then collectively solving problems. Because that will carry greater value than putting another $1 per hour into their paycheck, which I promise you they will have forgotten about in a month."

Incentives in the form of annual bonuses are equally problematic, added Nidh Goel, CEO of Rent a Daughter Senior Care, who said they simply don't resonate with many of today's employees. "End-of-the-year bonuses don't work because millennials want instant gratification," she noted. "So we need to think about different approaches."

"The fact of the matter is that compensation is still the number one issue for employees when you ask about what matters, but other things—such as recognition and acknowledgment—are also important," added Yaffe, who pointed to burnout and workforce resiliency as critical areas that healthcare organizations need to address creatively. "When you hand out $10 and $15 gift cards to employees for showing up to work, the value is more than the $10 or $15, it's what the card represents. You're taking the time to hand them out and say, 'I appreciate you.'"

More and more organizations are recognizing that moving the needle on retention will require identifying innovative solutions. Heartland Center for Behavioral Change is working toward that goal, said Mead, who reported actively seeking ideas that will resonate with its employees. "One of the things we're talking about is creating a scholarship for our staff to be able to attend school," he explained. "We wouldn't be able to pay full tuition with our margins, but maybe we could create an opportunity to help with the cost of books or pay down some student debt. Those things also have a back-end benefit to us. We support our staff, whatever they want their career paths to be, and, in the long run, that benefits us as an agency building an internal workforce."

Seeking Solutions

At Cedar House Life Change Center, CEO Jamie Lamb has found a culture of promoting from within helpful in building a long-tenured workforce. "Fortunately for me, most of my middle and upper management folks have been with us for a very long time, and that's one of the things that keeps us going," he said.

Providing employees with development opportunities and a picture of their future career trajectory within the company helps boost engagement. "In terms of executives and high-potential talent, particularly at the mid-level, it's imperative that they realize you want them to remain a part of your organization and recognize that they are the future of your organization," said Yaffe. "They will respond positively to the organization investing in them as individuals. That type of career pathing ends up building loyalty to the organization and creating sticking power."

Demonstrating support for employees as they strive to meet personal goals or address work-life balance concerns can also be a powerful tool in building loyalty and boosting retention. For example, organizations that offer flexible hours enable employees to avoid rush hour traffic and reduce their commute time, eliminating a daily pain point in their lives. Mental Health America makes a point of providing flexibility and encouraging a healthy work-life balance. "If you've got to put your kid on a bus or your local traffic pattern makes an 8 a.m. commute problematic, we offer flexibility to start at 8:30 and end at 5:30," said Lewis, who adds that she polices her staff to maintain a healthy work-life balance. "We're not doing emergency clinical services here, so I tell people, 'Go home, whatever it is will wait.'"

Leadership by example fosters the kind of culture that helps keep people motivated and connected, added Elise Walton, a principal at Pearl Meyer, who urged executives to ask themselves how effectively they model leadership credibility to employees in four areas: "Are you confident—do you know what you're doing? Are you candid, do you tell the truth? Are you reliable—are you consistent? And are you caring—do you demonstrate compassion for your employees?"

Opening Dialogues

Greater transparency is another potential starting point, Goel suggested. “Our top leaders do not talk with employees; everything happens in board meetings behind closed doors,” she said. “And people are just quitting because each staff member is talking within their own groups, nurses to nurses, physician’s assistants to physician’s assistants. That’s creating these silos, this chasm between the team members who should be working together.”

Mercy Urgent Care has embraced robust communication in an attempt to address what the organization has dubbed the “Covid coaster.” “We’ve been intentional about communicating at every level of the organization,” said Sossomon. “When my front desk staff department has a meeting, guess who’s going to that meeting as well? Yours truly, so that every single level of this organization has the opportunity to buy into this vision together. We also ask ourselves and our staff, what does our community need that we aren’t currently providing? Because we had to get people singing from the same choir book and singing the same song. And we’re seeing increased engagement again.”

For Yaffe, three elements come to the fore: “One is compensation, one is career, and the third is culture. Compensation is a satisfier, not a motivator, but it’s important. You do those three things correctly, you’re ahead of the game.”

While challenging, several leaders pointed out that the evolving landscape also represents an opportunity. “Change is a good thing, and I think that what we’re experiencing, confronting, can be very positive,” said John Mahinis, CEO of Community Counseling Center. “Personally, I’ve had to resort to the most practical of tools in order to reach and retain the people I need to serve our clients, and that all boils down to the way I think, and therefore I believe we’re all going through some cognitive restructuring during this particular change. So, in a way it’s very exciting, challenging, to say the least, but exciting. And I’m actually enjoying it because it’s one of the most interesting challenges that has confronted me in my professional career.”

Ultimately, the organizations that tackle that employee engagement and retention challenge head-on will succeed at keeping top talent, noted Yaffe. “If you stay focused on the people who are delivering care, engage with them around what they think they need and find solutions as best you can to address them, you will have a much higher likelihood of getting where you need to go together.”

About the Authors

Alexander is a managing director at Pearl Meyer. The former president and CEO of Yaffe & Company, he is a second-generation expert in executive compensation and has two decades’ experience in the field. As the leader of Yaffe & Company, he oversaw its geographic expansion from 10 to 37 states, development of complimentary service lines, and worked with clients whose net revenues ranged from $10M to greater than $1B, allowing for a varied perspective in similarities and differences based on geography, size, and organizational design.

Elise Walton is a principal at Pearl Meyer. She specializes in advising on corporate governance, strategic organization design, change management, and executive leadership. Her recent work includes projects on board assessment, governance and organization design, CEO evaluation and succession planning, and executive leadership development, in both the public and not-for-profit sectors.

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