

# How Involved is HR in the Core Business Building Blocks?

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There are 3 elements that are essential to the success of every business organization. A business may choose to emphasize one element over the others to differentiate itself from the competition, but all need to be present to some degree in order for a business to survive—and thrive.

While we use these three elements to build and evaluate the business as a whole, I would argue that they also need to be the essential factors in developing and assessing every program and process used by HR.

What are the 3 core factors of business success? It should be no surprise—*Quality, Cost, and Satisfaction*. It is so basic and simple we rarely think about it. A quality product at as low a cost as possible is perceived as value. It needs to be delivered in a manner that satisfies the customer.

Sometimes, businesses build their success on emphasizing one over the others. For example, Walmart will emphasize lower cost. An exclusive clothier or high-end car manufacturer will emphasize quality. For years, Ford's marketing was based upon "*At Ford, quality is job #1*". Some retailers such as Nordstroms have used customer experience to differentiate themselves.

Healthcare providers need to focus on all three. Obviously, we can not sacrifice quality when dealing with wellness—even survival. Customer satisfaction is critical since we are literally in a "caring" industry. Cost is critical to the organization's survival.

## The three elements in a micro application

It is easy to use quality, cost, and satisfaction in a **macro** sense when evaluating the whole organization. However, do we also apply these in a **micro** sense to all that we do?

Is HR using these same 3 factors in developing, administering and evaluating its

own programs? Can we document the quality, cost, and satisfaction benefit of each process? Put another way, does each process deliver the **highest quality at the lowest cost**? (Cost could be in terms of *time* and *effort*.) Does the employee interaction result in the highest satisfaction possible?

## An example you know

A classic example of not considering all three factors would be the automated telephone attendant in use in 99.9% of most healthcare settings. You know, this is when you call your doctor's office and have to go through the steps of identifying your language preference, listening to message on what to do if it is an emergency, determining if you know your party's number, option to choose the phone directory (which you often cannot get out of) and then multiple options from which to choose. Often, there is no option for live assistance!

Use of these systems may satisfy one of the three elements, but clearly doesn't satisfy all three. It may be justified as saving time/money of the staff, but does not increase customer satisfaction. It would be dubious to claim that quality is increased by more accurate direction of calls.

One of the first things I did at any organization I was at was to eliminate the auto attendant for HR calls. Anyone calling HR got live assistance. This technical step back raised customer satisfaction. While we didn't obtain empirical evidence, the staff also came to believe that it improved productivity. No more hiding behind the automated system. The goal was to handle each caller once by making the initial call the only call that was needed.

This is just one example. HR has processes related to benefit enrollment, onboarding, evaluations, interviewing, etc. that don't always address a positive impact on all three factors - quality, cost, and satisfaction.

## A Simple Grid

When considering a new program or when analyzing a current process for improvement, it is helpful to use a simple grid that forces the user to analyze possible positive and negative outcomes of the proposal. We would consider that proposed process in terms of quality, cost and satisfaction. Using a + or -, we

would indicate what possible positive or negative impacts we could foresee.

This forced us to view to proposal in broader terms and helped us identify and eliminate possible pitfalls.

One example of how this was used was in the design of a management “rounding” program. In this hospital, management decided it would be a good communication tool to have a pair of directors walk around the hospital on all shifts once a month. The goal was to be visible, engage the staff in conversation and see if there were any issues or suggestions that needed to be addressed.

The rounding directors might take popcorn, ice cream, holiday candy, etc. to surprise and engage the staff. This is a good idea and most organizations might start something like this to enhance two-way communication. In many of them, it will fall flat or be ineffective even if it lingers for years. Why is that?

When we used the grid to analyze some of what we wanted to include in this program we can see some potential pitfalls:

	<b>Quality</b>	<b>Cost</b>	<b>Satisfaction</b>
Two managers rounding each month	- if not consistent in happening +If handled the same by all managers	+Incidental for treats, managers are exempt	+All areas/shifts included -Areas omitted
Uncover potential problems for resolution	+If resolved -No follow-up		+If employees see action taken
Suggestions	+potential to improve all work areas	Only if implemented	-If no response

Recognition	+ Reinforce desired culture	Minimal	+ With follow up
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## How we altered the program

Because of this forethought, we were able to design a rounding program to insure success. Here is how we modified the original proposal to insure that positive outcomes were achieved and negative ones avoided:

- All managers would use a standard form to insure similar information was obtained. One of the two team members would be responsible for recording the information.
- The results of the rounding would be collated and shared with management the next morning.
- All problems identified by employees had to be assigned to the appropriate individual that could bring resolution.
- Suggestions were assigned to the correct areas for a decision.
- Formal recognition suggestions were assigned to HR to coordinate with appropriate managers.
- Those who were assigned problems or suggestion, had to reply to the originating employee or department by the end of the day to let them know the status of their suggestion/concern.
- A log was maintained until all expressed concerns were resolved.

By anticipating potential pitfalls in all three areas, we had a successful program that went on for years. Employees had the belief that if you told the rounding team of your concern/suggestion, something would get done—and it did!

## Another use

Another way to use **quality, cost, and satisfaction** is to insure that actions taken to impact one do not adversely impact the others. This can be done by using the two not being targeted by your actions as “controls”. Here is an example:

We did a lot of work with team incentives related to improving productivity. We would pay a bonus for achieving productivity targets that were beyond what was

expected of the department. However, we did not want to negatively impact either quality or satisfaction by our actions. So, we would pay a bonus as long as certain level of quality and patient satisfaction were maintained.

So if one of the factors is being changed , the other two must not be impacted negatively. This is true no matter which one is being addressed. You may undertake a quality initiative but would use cost and satisfaction as control mechanisms. (Quality improvements could not cost more than X dollars, and could not result in a decline in patient satisfaction scores.)

None of this is rocket science and you intuitively know it. Too often we look at one of the factors without considering the others. If we want to improve quality, then we think we have to ignore the cost. If we are trying to reduce costs, we think satisfaction must suffer. They are not mutually exclusive.

Take a holistic look at your HR processes-with an outcome viewpoint. Quality, cost, and satisfaction should ALL be something they deliver!