

Open Positions: Your Opportunity to Impact the Bottom Line

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Years ago, I was sitting in a committee meeting bored out of my mind. It was the Product Standardization Committee and its purpose was to make sure differing departments and nursing units were not introducing different and conflicting forms.

I understand that an organization cannot have different forms dealing with the same procedures and issues, but we had been arguing about this form for over 40 minutes! It suddenly struck me that we spent more time approving forms than we did approving new or replacement positions.

Misguided priorities

A position that would cost the organization \$50 grand or more was approved with very little analysis and we were spending a lot of time getting a piece of paper right! In most cases, if it was a replacement position, it was automatically approved with a VP's signature. (Sound familiar?)

Shortly after this, the organization suffered financial losses that were significant enough that we ended up "right-sizing" at a cost of 150 FTEs. Any HR professional that has been through that experience never wants to go through it again.

In the midst of that trauma (to the organization and the individuals involved) the question came to mind: "if we can afford to get rid of them now, why did we hire them in the first place?"

After that experience, I vowed that I never wanted to go through it again. The way to prevent sending them out the door, was to not bring them in the door unless the work load required it.

If you can let them go, then why did you bring them in?

The way to not bring them in unless they were truly needed was to revise the process for approving new AND replacement positions. No longer would a replacement position be automatically approved because someone had just vacated it or because it was budgeted. Rather, every vacancy would be any opportunity to consider all options and re-justify the position.

We beefed up the Employee Requisition Form so that serious thought and analysis was required. We also changed the whole approval process. Steps were built in that required more thought. The days of getting a position approved as long as the VP of the area signed off on it were over.

Getting bottom line results

Did it work? I was hired at another hospital that was way over-staffed. Within 12 months we had reduced staff by 400 FTEs without a single layoff.

How was this accomplished? By attrition-not filling positions when they came open. This attrition was only accomplished by strict position control and very strong documentation and analysis whenever a position became open.

We viewed every single vacancy as our golden opportunity to painlessly (relatively!) reduce staffing and achieve significant savings. (By the end of the year, the annual savings were in excess of \$12 million). While I focus on this example because the hospital was so overstaffed and the results dramatic, the same result was obtained at other organizations.

If you are serious about reducing labor costs in your organization, you will have to get serious about how you approve positions. Every position that you bring on is a serious commitment for the organization.

An open position should be your golden opportunity to analyze whether a replacement should be approved or an alternative considered. If you are going to be serious, you need to put some teeth in to two things: the position approval form (documentation), and the approval process.

The Requisition Form

Most organizations use some sort of paperwork to “requisition” a new or replacement employee. Generally, this form will focus on whether or not the request is for a new or replacement position, who the position is replacing, FTE status, shift, whether budgeted or not.

That’s it. There is a lot of demographic data provided but where is the justification of need? Where is the demonstrated that any other alternatives to simply filling the position were considered?

Four Questions

Regardless of the format of your position approval process, there are 5 questions that should be addressed—either on the requisition form or verbally:

1. ***Are productivity standards being met?*** If the department is not meeting established standards, then why would you compound the problem by bringing an additional body on board? This is more complex than apparent at first glance.
 - A. Departments may need to show that they are routinely meeting the standards (last 4 pay periods) and that it is not a one pay period achievement.
 - B. .Examine other open positions. The standards may be met because other open positions are not being staffed.
 - C. If this position had been open for a while, determine how the hours were covered. If an RN position has been vacant, but the hours were covered by a CNA, could this become permanent as it will lower the cost of the hours?
 - D. If agency staff were used to cover the hours, the organization will generally realize a savings by bringing the position in-house.
2. ***Could this position be eliminated and the work absorbed by others?***
 - A. In departments with a large number of the same position doing the same thing (RNs, CNAs,) the duties could be absorbed by others.
 - B. Consider skill mix. In looking at our clinics, we discovered that

most of an RN's time was spent doing tasks that could be done by a CNA. Perhaps skill mix could be adjusted.

3. ***Could this position be combined with another position?*** This may not be so applicable in high volume positions, but many of those "one-off" positions in administrative, or support areas could be combined.

- A. Is a separate Employee Health Nurse and Infection Control Nurse needed or could these responsibilities be combined?
- B. Consider your management titles. If you have a director or manager and an assistant director or assistant manager, one of those titles needs to go. To me, this is a no-brainer.

4. ***Could the work of this position be accomplished differently?***

- 1. Consider whether a FT position could be PT or some other status.
- 2. Could it be accomplished by a contingency or PRN staff person?
- 3. Outsourcing should be considered or eliminated.

By HR forcing the issue, the requesting manager is required to consider every possible alternative to refilling the position in its current status. How much easier to make changes in department, title, FTE status, shift, etc. when vacant than when filled by an employee?

Along with beefing up the documentation requirements, you may need to change the process. However, in doing so, you don't want to become punitive or over-controlling or create unneeded bureaucracy.

Change the approval process

Here is a process that worked well for us. After being signed by the appropriate VP, a position requisition was turned into to the HR director. The rule was that the HR director could say yes but could not say no!

This means that if the department was meeting its productivity standards then the position would be approved at this step and posted for filling. (It also meant that I had no suggestions for alternative staffing as outlined above).

However, if the HR director could not say yes then the requisition was forwarded to the Position Approval Committee for consideration. (This committee was only

two people – the CHRO and the COO.)

There were only two reasons a position was forwarded for further review: (1) the area was not meeting productivity standards, or (2) I thought there was another way to accomplish the positions, transfer, status change, etc.)

The requesting manager and his/her VP would meet with us to discuss why it should be approved. It was also a way to force a discussion of possible alternatives that may not have been considered.

These meetings were not confrontational but did result in 100's of positions not being filled as requested. Some were eliminated if standards were not being met. Others were filled in a more cost effective manner.

There is no way to get serious about reducing labor costs unless you address it where it starts. When managers know that like zero based budgeting, each position has to be justified anew, you will start to see changes.

Plus, the C Suite, including your CFO will start to look at you differently!