

Productivity Management is the Focus of the Future

written by HR Banana

July 2, 2019

In September of 2018 the World Economic Forum and its partner, Eurasian Institute of Competitiveness and Strategy Partners issued the Future of Jobs 2018 report. This report received widespread media coverage on the major news and financial/business networks. It has been sliced and diced by many economic and business forecasters.

Automation to impact jobs

In a nutshell, the report predicts that by 2022, 75 million jobs will be “displaced” due to machines and automation. However, this move to automation will also result in the creation of 133 million new jobs during the same period for a net gain of 58 million jobs.

One of the most succinct reviews of this information was done by The Strategist Media. The part of their summary that applies to HR includes:

- 64% of companies responding listed labor costs as THE main concern for the coming years
- As a result of the adaptation of new technologies labor productivity for the period 2015-2022 will grow by 30% on average.
- In the overwhelming majority of cases, automation (robots) can take on only part of the operations that a particular employee performs. Less than a quarter of jobs can be automated by 70% or more.
- Workers will have to actively increase their qualifications and retrain. The task for the companies is not only to introduce new technologies, but also help employees in the adaptation of these technologies.

source: www.thestrategistmedia.com.

Healthcare not exempt

Healthcare is not exempt from this prediction of the future. A nurse recently told me that very soon we will consider it barbaric to have to physically invade a body to repair it.

Another friend is heavily into research regarding AI in healthcare. According to him, we are very close to a full body scan that will get close to a total diagnosis of everything related to the individual. Nanotechnology will increase in delivering not only diagnosis, but expanded treatment options.

Pharmaceutical treatment options have exploded. Recently, a large hospital with about 1 billion in annual revenues told me that Pharmacy (inpatient and outpatient) accounted for 20% of their revenue!

Why productivity improvement is critical for healthcare

Healthcare delivery organizations are people intensive. A hospital is doing very good if it can provide its services with 3 employees for every patient. Most hospitals require 4 or more.

If productivity is THE issue for all industries, how much more focus should it be receiving in healthcare? If new technologies are arriving in our facilities, how are we helping workers to adapt? What retraining and skill building are we providing?

Productivity will also provide the competitive edge to savvy organizations. Improving productivity lowers costs. Lower labor costs give healthcare organizations healthier margins than their competitors. Two benefits of this: (1) Stronger financial performance gives them more options and flexibility in reacting to market changes, and (2) gives them a competitive edge when contracting with private or government insurers.

With the cost pressure on healthcare, the low cost provider who can also maintain high quality will ALWAYS win out!

How involved is HR in the whole productivity issue? Do we have

compensation/benefit programs, recruitment strategies, recognition practices, policies, etc. that move the organization toward higher productivity? How does HR use its expertise to directly and measurably drive down labor costs? Or, are we sitting on the sidelines watching others do what we should be expert at doing?

As you know, I am a strong proponent of high performance organizations as defined by the simple words, “better, cheaper, faster”.

Since labor is the biggest cost to healthcare organizations, productivity management is the single biggest thing that can positively impact the costs. Learning how to positively reduce labor costs in a manner that does not impact the quality of care or the satisfaction of the caregiver will be a hallmark of a highly performing organization. Those professionals who master these skills will be highly marketable.

I strongly believe that any productivity management system belongs in HR for a variety of reasons. In fact, I have an entire post devoted to Why Productivity Management Belongs in HR.