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Disruption

Sustainable workforce strategies in healthcare for the next decade

**David Mitchell, Partner
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April 2, 2022**

welcome to brighter

Today's Discussion Guide

MACRO view

    Healthcare workforce projections

RETENTION is the best recruitment strategy

    Compensation
    Engagement
    Mental health & burnout

RE-IMAGINE the work

    Flexibility
    Work design – Clinical and non-clinical roles

RESKILLING AND RESHAPING the workforce

    Connecting talent to current work

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Healthcare workforce projections

In healthcare, it's a rapidly evolving new workforce world

Stanford HEALTH CARE — **Employees in 30 states and 3 countries...20 months ago, 100% in NorCal**

Banner Health — **PCTs cross-trained as phlebotomists**

KAISER PERMANENTE — **Target to reduce ED visits by 70%, triage via telemedicine; ED PAs working from Veracruz**

PROVIDENCE Health & Services — **Shifting significant portions of the back-office workforce (IS, rev cycle) to India (not outsource, but full Providence employees)**

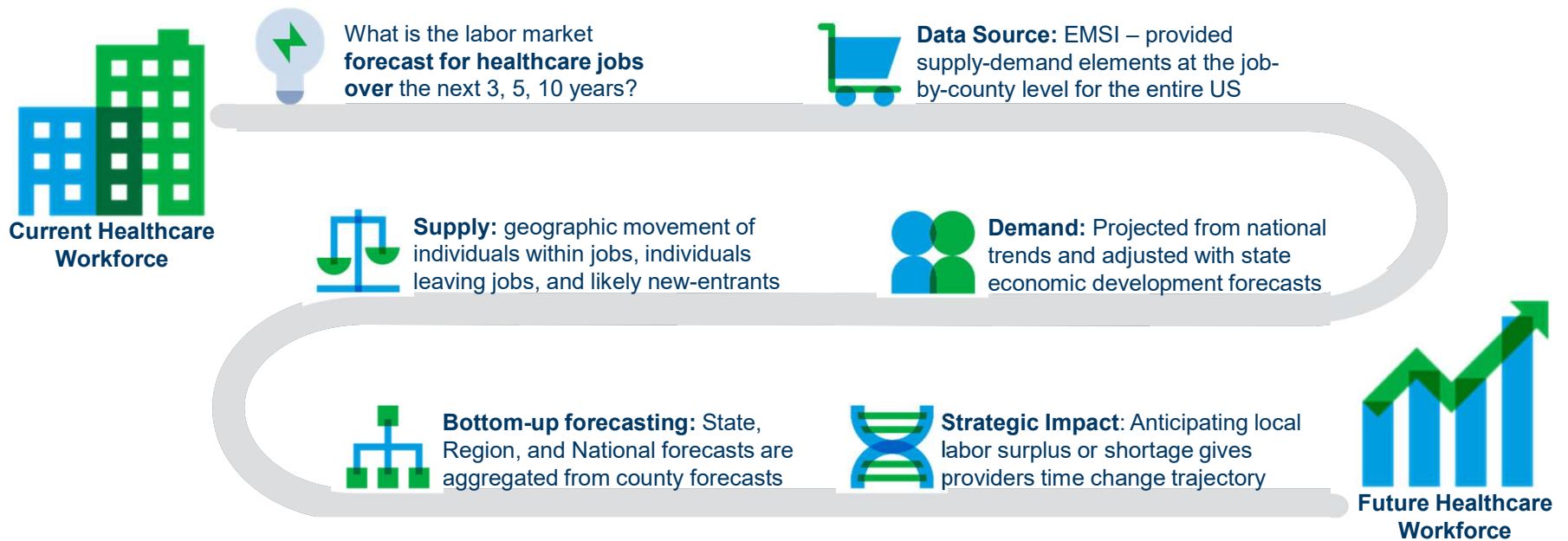**Cedars Sinai** — **Significantly reducing number of nursing roles that require MSN, also creating new allied health university, hiring in 48 states**

BOZEMAN HEALTH — **Minimum wage to $17/hour, purchase hotel to house low-wage workers**

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Healthcare Workforce Projection - Method

Current Healthcare Workforce

What is the labor market **forecast for healthcare jobs over** the next 3, 5, 10 years?

Data Source: EMSI – provided supply-demand elements at the job-by-county level for the entire US

Supply: geographic movement of individuals within jobs, individuals leaving jobs, and likely new-entrants

Demand: Projected from national trends and adjusted with state economic development forecasts

Bottom-up forecasting: State, Region, and National forecasts are aggregated from county forecasts

Strategic Impact: Anticipating local labor surplus or shortage gives providers time change trajectory

Future Healthcare Workforce

The war for talent in healthcare

A record-breaking labor market
Job Openings

10M

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |

Bureau of Labor Statistics (BLS), July 2021

Quit Rate

2.7%

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |

Bureau of Labor Statistics (BLS), July 2021

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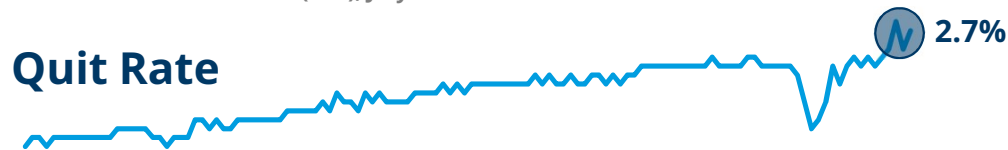
Supply constraints are projected to remain for years ahead, beyond the impact of COVID

37,800 to 124,000
Estimated physician shortage by 2034[1]

510,000
Estimated shortage of registered nurses (RNs) by 2030[2]

9.7 million
Expected shortage of low wage healthcare workers by 2030[3]

[1]American Association of Medical Colleges (AAMC), 2021
[2] Cleveland Clinic Lerner College of Medicine, 2021
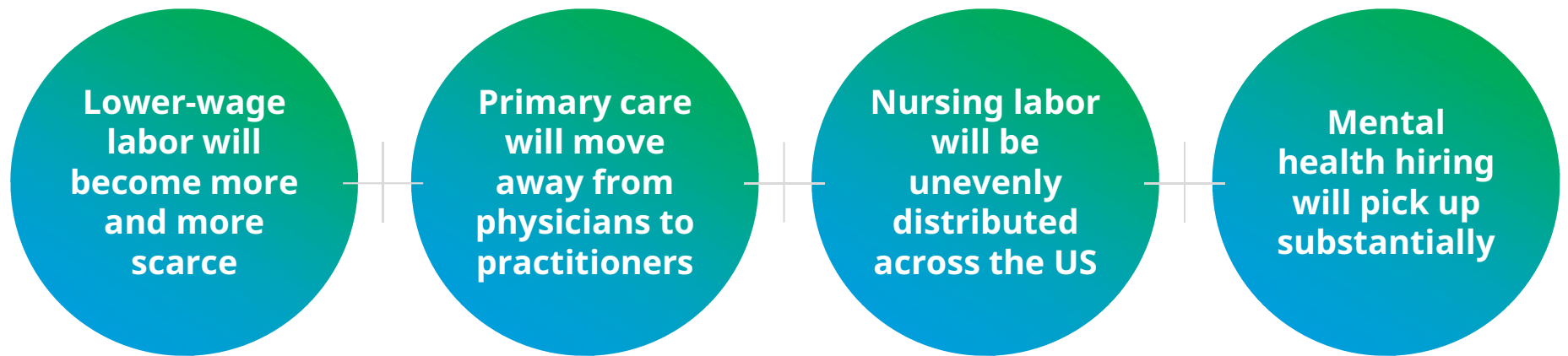[3] Mercer, 2021

What can we expect going forward

Frontline workers, low wage, minority and lower level employees are more likely to be looking to leave – at rates significantly higher than historical norms
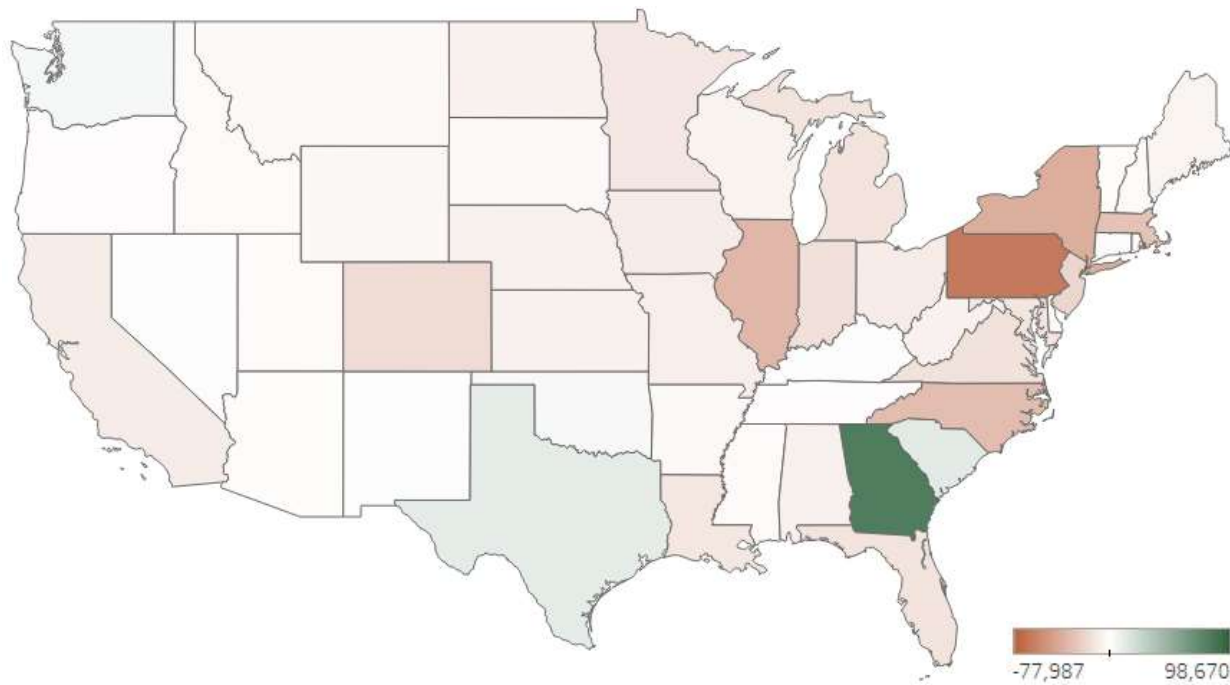
"At the present time, I am seriously considering leaving the company" (% of employees agree)

Industry
- Healthcare: 34% (Overall)
- Food / Retail / Hospitality: 37%
- High Tech: 22%
- Professional Services: 21%

Ethnicity
- Black / AA: 35%
- Asian: 40%
- White: 26%

Income
- Low Wage <$60k: 37%
- High Wage >$60k: 23%

Job Level
- Hourly / NE: 37%
- Entry-level prof: 42%
- Supervisor: 31%
- Manager: 24%
- Exec / Leadership: 15%

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Healthcare Workforce Projection – Primary Findings

Lower-wage labor will become more and more scarce

Primary care will move away from physicians to practitioners

Nursing labor will be unevenly distributed across the US

Mental health hiring will pick up substantially

Geographic Strategies for Nursing

More populous states will feel the effects of the nursing labor shortage acutely

-77,987   98,670

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California, Idaho, Nevada, Oregon & Washington
Retirement risk in next 4 years

Registered Nurses
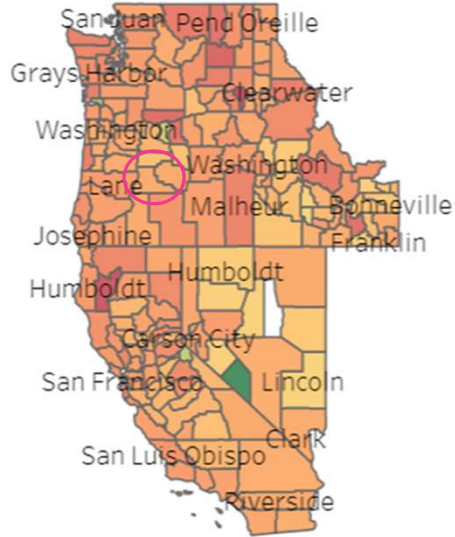
Retirement ... 0.0% ▬▬▬▬ 25.5%
Workers who...

CNAs, Home Health Aides & LPNs

Retirement ... 5.7% ▬▬▬▬ 47.5%
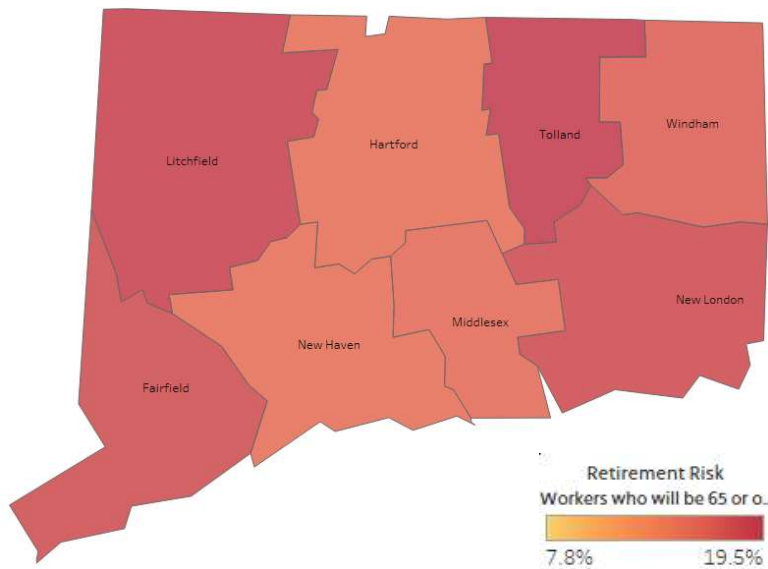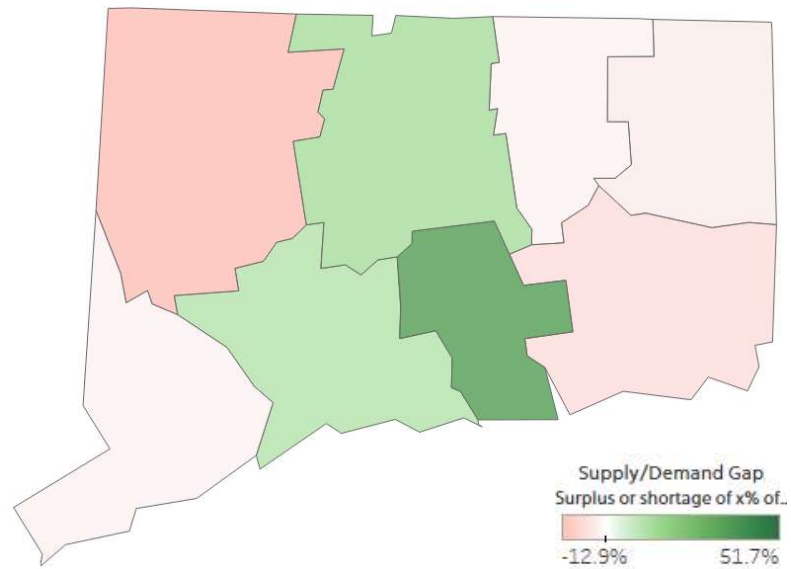Workers who...

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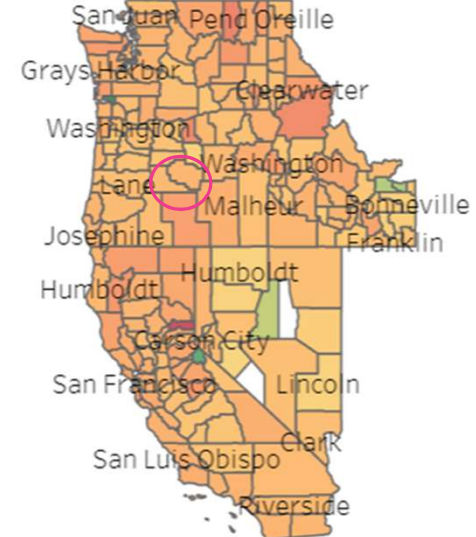
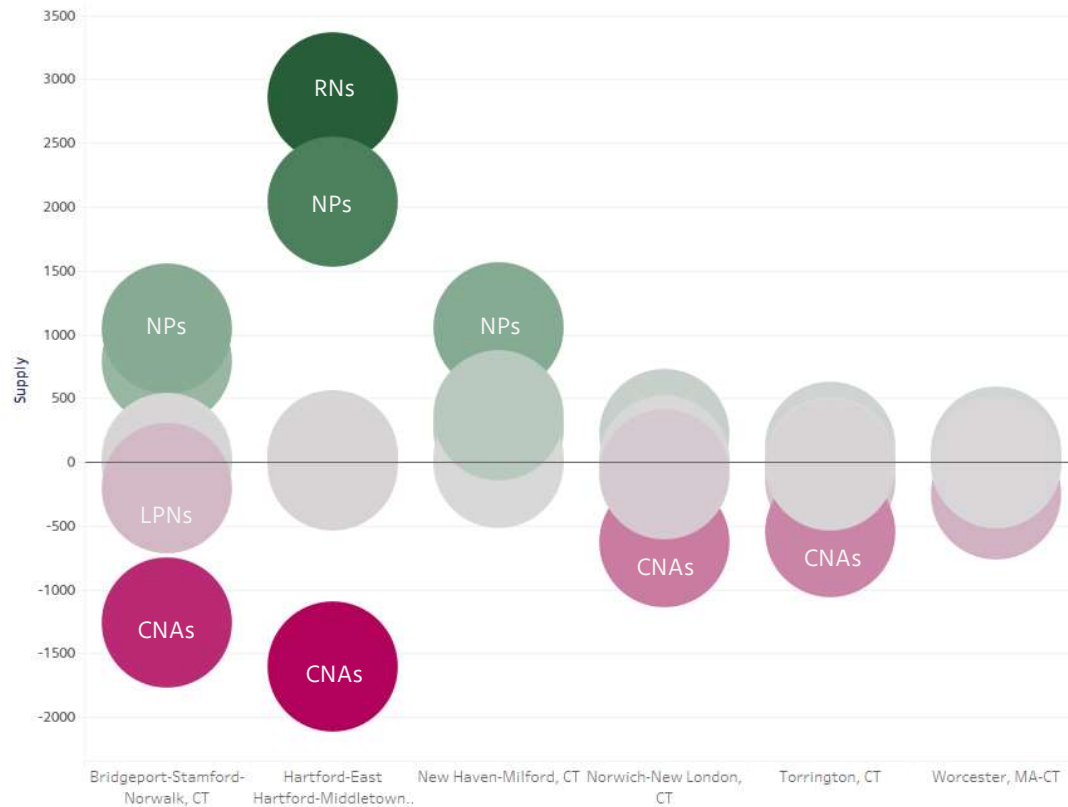# Connecticut – Nursing retirement risk and labor gap

18%-20% of the nursing workforce in New London, Tolland, Litchfield, and Fairfield counties will be 65yrs or older by 2026

Retirement risk is related to projected nursing labor shortages in New London, Tolland, Litchfield, and Fairfield counties.

Litchfield
Hartford
Tolland
Windham
New London
Middlesex
New Haven
Fairfield

Retirement Risk
Workers who will be 65 or o...
7.8%   19.5%

Supply/Demand Gap
Surplus or shortage of x% of...
-12.9%   51.7%

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Connecticut – Nursing occupation-specific pain points

Generally, Nurse Practitioners and RNs will be available in most metro areas in Connecticut

CNAs and LPNs, on the other hand, will be in short supply in most Connecticut metro areas

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Hospital leaders are challenged to 'bend-the-curve' on labor supply and demand

Labor shortages aren't going away – healthcare employers will need to balance short-term enhancements with longer-term transformations

Fast Actions ————————————————————————————→ **Long-Term Solutions**

Address **supply** through the value proposition

Financial Fixes
- Pay premiums
- Increasing internal minimum wages
- Referral bonuses
- Retention awards
- Hiring bonuses
- Incentive pay

Benefits and Experiences
- Flexible working
- New / enhanced benefits or perks
- Paid time off
- Total rewards communication and employer branding

Address **supply** through sourcing

Rethinking Talent Strategies
- Strategic workforce planning
- Talent acquisition and sourcing strategies
- Identifying skill adjacencies and career pathways

Address **demand** through new work models
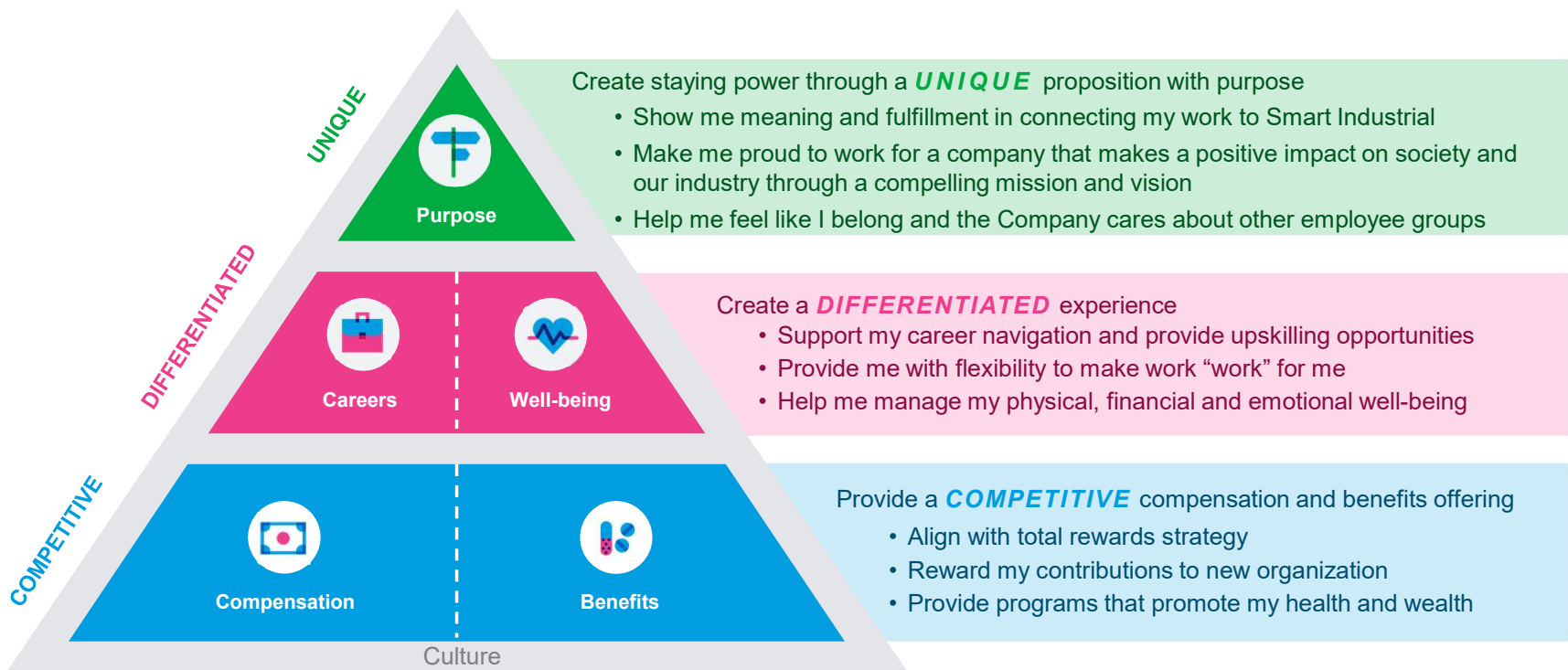
Workforce Transformation
- Work design to optimize the use of talent
- Alternative sourcing models – automation, gig, etc.
- Talent marketplaces

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Retention is the best recruitment strategy

Increasing wages is often not the only, or best, answer

For many healthcare workers, compensation is a hygiene factor; focusing on careers, well-being and purpose often has higher impact

UNIQUE

DIFFERENTIATED

COMPETITIVE

Purpose

Careers

Well-being

Compensation

Benefits

Culture

Create staying power through a *UNIQUE* proposition with purpose
- Show me meaning and fulfillment in connecting my work to Smart Industrial
- Make me proud to work for a company that makes a positive impact on society and our industry through a compelling mission and vision
- Help me feel like I belong and the Company cares about other employee groups

Create a *DIFFERENTIATED* experience
- Support my career navigation and provide upskilling opportunities
- Provide me with flexibility to make work "work" for me
- Help me manage my physical, financial and emotional well-being

Provide a *COMPETITIVE* compensation and benefits offering
- Align with total rewards strategy
- Reward my contributions to new organization
- Provide programs that promote my health and wealth

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What is the peer reviewed literature telling us about nursing jobs and the effectiveness of compensation?

1. **"Interventions for supporting nurse retention in rural and remote areas: an umbrella review," Human Resources for Health, 11 September 2013.** "Evidence of their [financial incentives] effectiveness to support nurse retention in remote and rural areas remains limited as of today ... Financial incentives are not very effective for long-term retention."

2. **"Closing the RN Engagement Gap; Which Drivers of Engagement Matter?," Rivera, Reynaldo R. DNP, RN; Fitzpatrick, Joyce J. PhD, RN, FAAN; Boyle, Suzanne M. DNSc, RN Study in JONA: The Journal of Nursing Administration: June 2011 - Volume 41 - Issue 6 - p 265-272. This reports on a study of 510 RNs are a large US AMC, studying what drives nurses to stay at their jobs.** The study found that the greatest difference between engaged and unengaged nurses was the "manager action index" (basically, the quality of one's people manager) and that the smaller engagement factor was salary and benefits. **In other words, salary and benefits were a hygiene factor (need to be a fair, competitive wage), but not a major driver of long-term nursing engagement.**

What is the peer reviewed literature telling us about nursing jobs and the effectiveness of compensation?

3. **"Nurse Engagement: What are the Contributing Factors for Success?", The Journal of Issues in Nursing Vol. 21 No. 1, Manuscript 2. Looked at Press Gainey data found that pay was the 5th most important engagement factor for nurses, with the top 4 being related to #1 Factor: This organization provides high-quality care and service; #2 Factor: This organization treats employees with respect; #3 Factor: I like the work I do; #4 Factor: The environment at this organization makes employees in my work unit want to go above and beyond what's expected of them; and #5 Factor: My pay is fair compared to other healthcare employers in this area.**

What is the peer reviewed literature telling us about nursing jobs and the effectiveness of compensation?

4. "Increasing Retention of New Graduate Nurses; A Systematic Review of Interventions by Healthcare Organizations, The Journal of Nursing Administration: June 2008 - Volume 38 - Issue 6 - p 287-296 and "The retention of the older nursing workforce: A literature review exploring factors that influence the retention and turnover of older nurses," Contemporary Nurse, September 2014. The article on retention strategies for new nurses looks at 16 studies and finds that having excellent preceptor programs were most effective, more so than pay-based approaches. The article about retention of older nurses found what most moves the needle for this population is, "the need to respect and recognize the achievements of older staff, specific managerial characteristics which influence staff retention, the importance of empowerment and autonomy, the valuing of expertise, the provision of challenges, creating a sense of community within an organization, the importance of education and peer development, the impact of work demands and environment, the influence of flexible working and shift options and the issue of adequate financial reimbursement." Pay was the last, least important factor.

What delivers employees' respect?

Employees prefer to work for an organization that is known for

50%
Responsible rewards

49%
Physical, psychological and financial well-being

37%
Sense of purpose

36%
Concern for the environment and social equity

**79%** of Gen Y say the most valuable financial well-being benefit is long-term financial planning

What do employees value?

|	
Long-term financial planning	**78%**
Flexible options for saving and investments	**76%**
Enhanced retirement contributions from the employer	**76%**
Mid-life check-up for health, wealth, and career	**71%**
Flexible contract and/or reduced hours at retirement age	**70%**
Financial wellness advice and assessments	**68%**
Financial education targeted to different groups	**65%**

Companies need to think more broadly on how to deliver responsible rewards. However, only...

23%
Provide financial education for employees
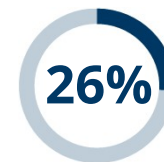
26%
Offer discounted rates on external activities
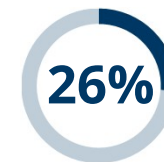
26%
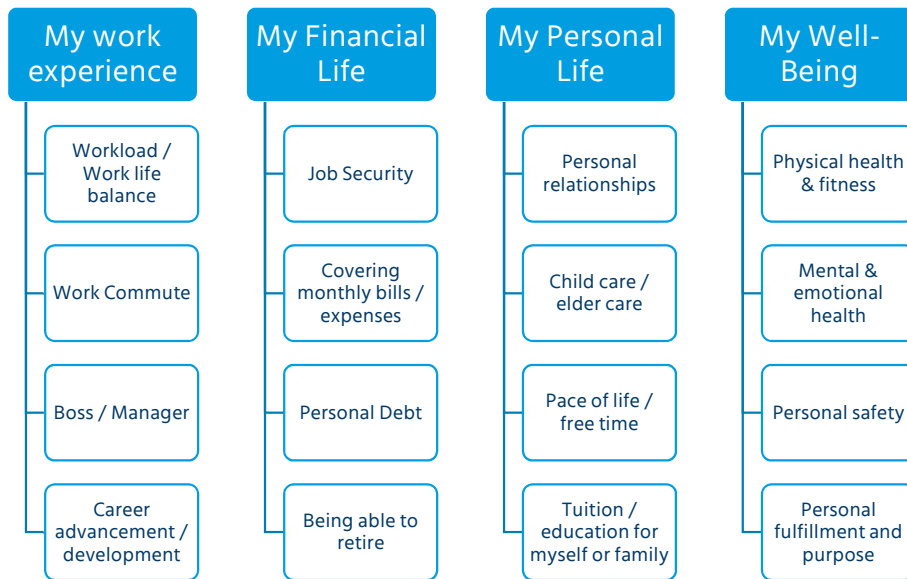Subsidize health insurance policies

12%
Have analytics to identify the underlying causes of pay inequity

Understanding the unmet needs of your workforce

Use simple trade-off questions indicating their biggest and smallest concerns, gain insights into understanding employees' unmet needs.

16 attributes addressing everyday experiences
at work and in life

My work experience	My Financial Life	My Personal Life	My Well-Being
Workload / Work life balance	Job Security	Personal relationships	Physical health & fitness
Work Commute	Covering monthly bills / expenses	Child care / elder care	Mental & emotional health
Boss / Manager	Personal Debt	Pace of life / free time	Personal safety
Career advancement / development	Being able to retire	Tuition / education for myself or family	Personal fulfillment and purpose

Below is a list of concerns that may worry you daily and potentially keep you up at night.

Considering only the list below, which is the Biggest Worry and which is your Smallest Worry?

	Biggest Concern	Smallest Concern
Being able to Retire		
Personal Debt		
Pace of life / free time		
Physical health & fitness		
Child care / elder care		

What's keeping your workforce up at night?

Results from a conjoint study on employees' top concerns

Physical Health, Work-Life Balance and Mental Health tops the list of concerns amongst all workers
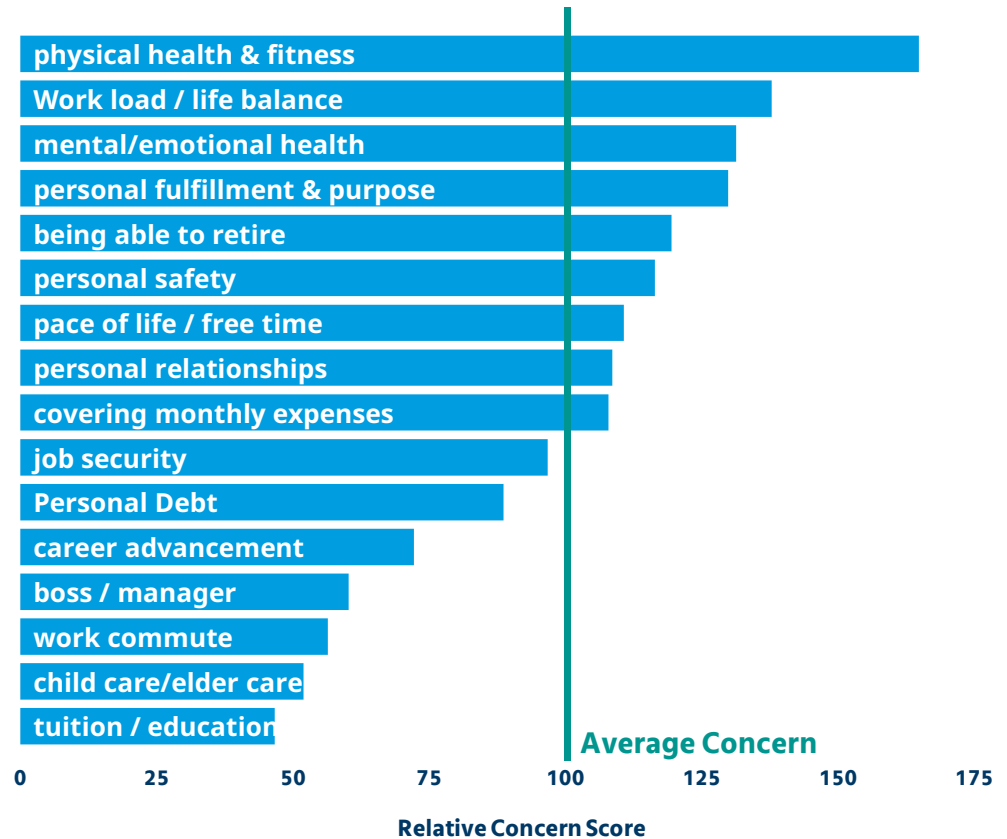
Concerns over Delta have pushed **physical health** to the top of the chart

Balance is a key concern, and employees say burnout is a key reason for them to consider leaving (behind only pay and benefits)
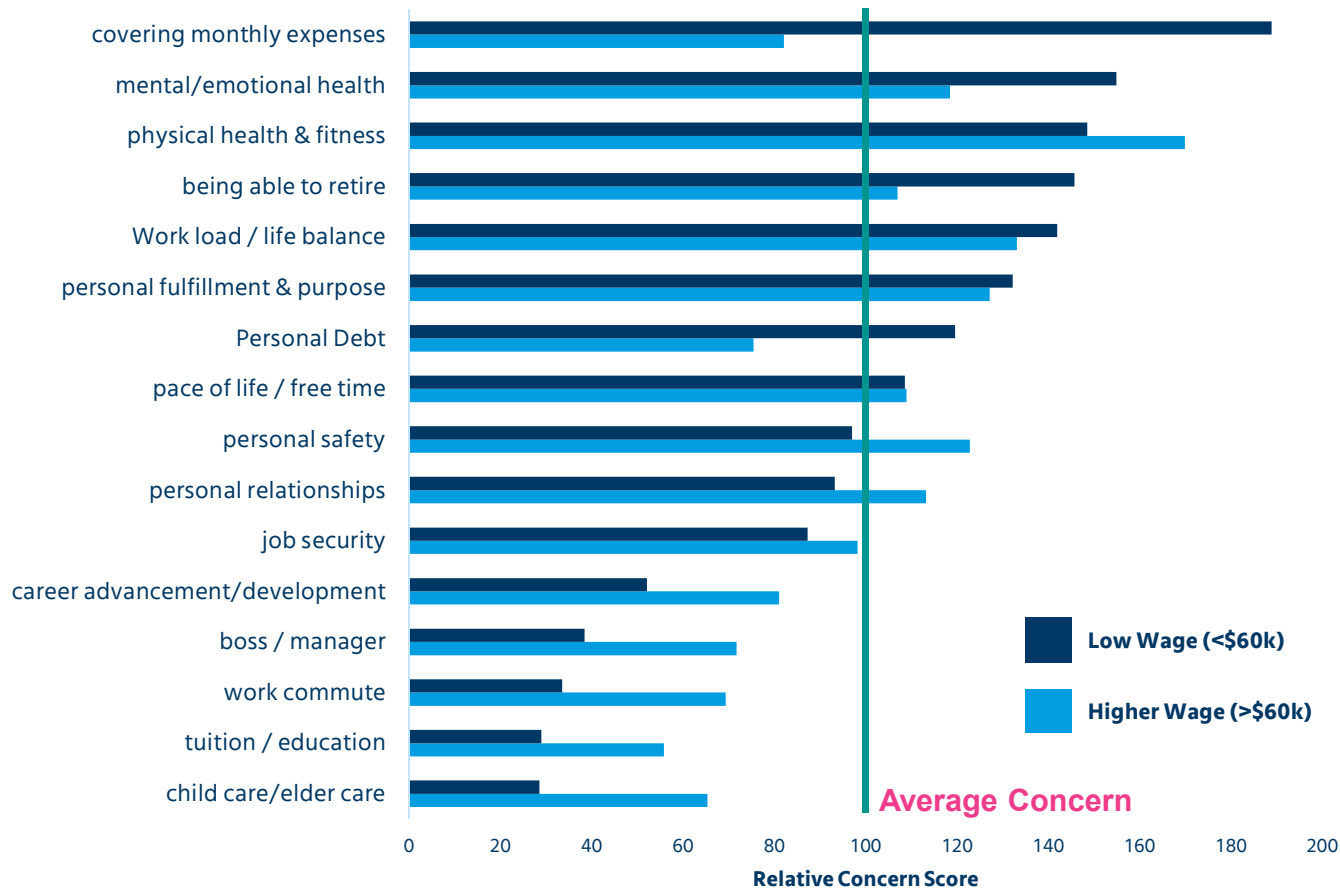
Mental health is a top concern amongst all demographics, but is most pronounced amongst younger workers (<34) where it claims the #1 spot; women, low wage workers and African Americans (where it ranks #2)

physical health & fitness
Work load / life balance
mental/emotional health
personal fulfillment & purpose
being able to retire
personal safety
pace of life / free time
personal relationships
covering monthly expenses
job security
Personal Debt
career advancement
boss / manager
work commute
child care/elder care
tuition / education

Average Concern

0   25   50   75   100   125   150   175

Relative Concern Score

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A tale of two workforces

Results from a conjoint study on employees' top concerns

Concern	Score

Categories (top to bottom):
- covering monthly expenses
- mental/emotional health
- physical health & fitness
- being able to retire
- Work load / life balance
- personal fulfillment & purpose
- Personal Debt
- pace of life / free time
- personal safety
- personal relationships
- job security
- career advancement/development
- boss / manager
- work commute
- tuition / education
- child care/elder care

Legend:
- **Low Wage (<$60k)**
- **Higher Wage (>$60k)**

Average Concern

X-axis: Relative Concern Score (0, 20, 40, 60, 80, 100, 120, 140, 160, 180, 200)

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Low wage workers are more worried about making ends meet, physical and mental health, and financial wellness (retirement and debt)

Higher wage workers are most worried about their health, work / life balance and personal fulfilment and purpose

Mental health & burnout a top concern

1 in 4 US workers say they are "highly or extremely stressed" – more than any other country.

Concern	
#1: physical health & fitness	
#2: work load / life balance	
#3: mental/emotional health	
#4: personal fulfillment & purpose	
#5: being able to retire	

Mental health ranked #3 in the list of employee concerns, overall

Mental health ranked of higher concern in some demographics:

#1	#2	#2	#2
Younger workers (<35)	Women	Low-wage workers	Black and African American workers

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Behind pay and benefits, burn out was the #2 reason employees said they would consider leaving their employers

49%

of employees say reducing the cost of mental health treatment would be highly or extremely valuable

31%

of employees would highly value virtual mental health advice via chat, powered by AI

Caring for the Caregiver during COVID-19
Organizational considerations

There is no "one size fits all" approach to supporting the emotional needs of a healthcare organization's employees

Shift work and time constraints
- Not a lot of self-care gaps/flexibility in the day
- Work is physically exhausting
- Staffing challenges/Furloughs

Loss of autonomy
- Lack of job control; limited say on what goes on in work environment- historical challenges are exacerbated by lack of medical research on COVID-19

Safety
- PPE Shortages, bringing risks home to family members
- Workplace assaults by patients
- Harassment and bullying – horizontal bullying

Diversity in the workforce
- Language & culture differences
- Highly variable staff pay grades-leading to varying levels of financial well-being exacerbated by COVID-19 staffing decisions

Electronic health records
- Challenges with IT systems and/or lack of training for new systems (e.g., tele-video)
- Can be accessed from home (does work ever stop?)

Employees that are energized want 4 things from their workplace

Empathetic

"Support me with caring for myself and what matters in my life"

7x more likely to work for an organization that they describe as very empathetic to individuals needs in decision making

3.4x more likely to trust that their organization is doing the right think for society at large

Enriching

"Help me have an impact and fulfill my personal or professional purpose"

3.4x more likely to say that their work contributes to a worthwhile mission

3.2x more likely to say my company gives me the opportunity to grow personally and professionally

Embracing

"Help me feel like I belong and can bring my whole self to work"

4x more likely to say they have effective programs to develop diverse leaders

3x as likely to say their environment has a climate of trust

Efficient

"Make it simple and easy to find what I need, when I need it"

3x more likely to have digital tools to support training and development

1.6x more likely to say HR processes work pretty well and there is a good balance between digital and human interactions

Retention discussion topics

- **The whole person agenda – understanding people and their realities inside and outside of work**
- **Increased duty of care for employee well-being including exhaustion, grief and change fatigue**
- **Supporting managers to make health and well-being a priority**
- **Redesigning experiences that will have the most lasting impact e.g. new hires, manager training**
- **Sustainability and DE&I**

Re-imagine the work

In clinical and patient facing roles, leading healthcare systems are creating capacity through work (re)design

PROVIDENCE
Health & Services

The **workforce is not going to be there**. We need to **really be thinking differently about how we're going to design a new workforce** for success. How are we going to **automate** so that we can make sure all of our **caregivers are practicing at the top of their license**, and open up **new access to sources of talent** that we haven't had before? No one system is going to be able to solve that problem alone."

Greg Till, Chief People Officer

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Hospital leaders are challenged to 'bend-the-curve' on labor supply and demand

Labor shortages aren't going away – healthcare employers will need to balance short-term enhancements with longer-term transformations

Fast Actions ⟵   ⟶ **Long-Term Solutions**

Address **supply** through the value proposition

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- Pay premiums
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Benefits and Experiences
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Re-thinking where, when, how, and who does the work is a critical component to long-term sustainability

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Permanent flexibility

How do we move from pandemic to permanence?

92% of companies plan to expand flexibility in 2022

Only **15%** of all companies consider themselves industry leaders in flexible working pre pandemic. So how did they fare?

76% "we have processes in place to keep a trusting culture intact as we move to a blended working model"

Healhcare			
	Manufacturing		Internet services
	Hospitality	Fin. Services	Insurance
		Energy	Consumer Goods

60%   70%   80%   90%
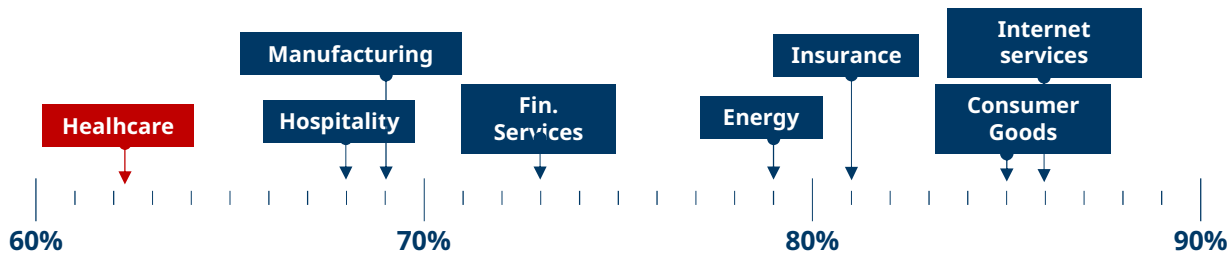
Adaptive working through five lenses

When	Where	What	How	Who
• Hours and timing • Discretion to change	• Location & ability to vary • Infrastructure	• Vary job content • Ability to share or exchange	• Vary intensity • Scale up or down	• Distributed beyond traditional workforce • Automated

So what helps drive permanent flexibility?

Training for managers in enabling flexible working	**46%**
Visible instances of career progression for flexible workers	**46%**
More trust between the organization and its employees	**42%**
Ability to measure and reward contribution	**41%**
Better technology to enable flexible working	**39%**
Training for individuals to make flex work	**36%**
Job redesign to enable flexible working	**28%**
Executive-led mandate	**13%**

Flexible work in patient-facing and other flexible roles

Inclusive flexibility ensures that all jobs can flex when needed – the key is identifying in which dimension.

where
location & infrastructure

David, PA
"I handle ED triage cases via our hospital's telemedicine platform from my home. Patient outcomes have been excellent."

when
hours and scheduling

Cathy, MSN
"I have one or two flex days per month, when I can choose my hours and location in order to catch up on my team's time cards and plan rosters for the month ahead."

how
scaling, technology

Stacy, Integrated Care
"My location and busyness changes week to week – Sometimes at physician offices, other times from my home, with some variation in my hours."

what
job content and sharing

Yusef, project manager
"I'm trained to work across our functions, wherever project management skills are needed, like new site commissioning and IT system implementation.

## who
alt. workforce, automation

Dr. Isaacs, radiology
"I'm semi-retired and work on demand, from my home, as a teleradiologist."

Many healthcare providers are embracing flexibility in the WHERE dimension of work

Office Driven Culture ← **Flexibility Model** → **Remote First Culture**

Predominantly Office-Based	Distributed Model	Hybrid Model	Remote-First or Fully Remote
Stony Brook Medicine, Lucile Packard Children's Hospital Stanford	Ann & Robert H. Lurie Children's Hospital of Chicago, THE UNIVERSITY OF CHICAGO UChicago Medicine	HARRIS HEALTH SYSTEM	KAISER PERMANENTE, Stanford HEALTH CARE STANFORD MEDICINE

Banner Health

[Remote work] has allowed us to select from the best-of-the-best talent pool and allows team members to live just about anywhere. It is about focusing on outcomes and exceeding customer expectations, versus managing time in an office. This requires clear expectations and strong leadership, with a recognition of work-life blend when delivering across time zones, but it can be done successfully.

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32
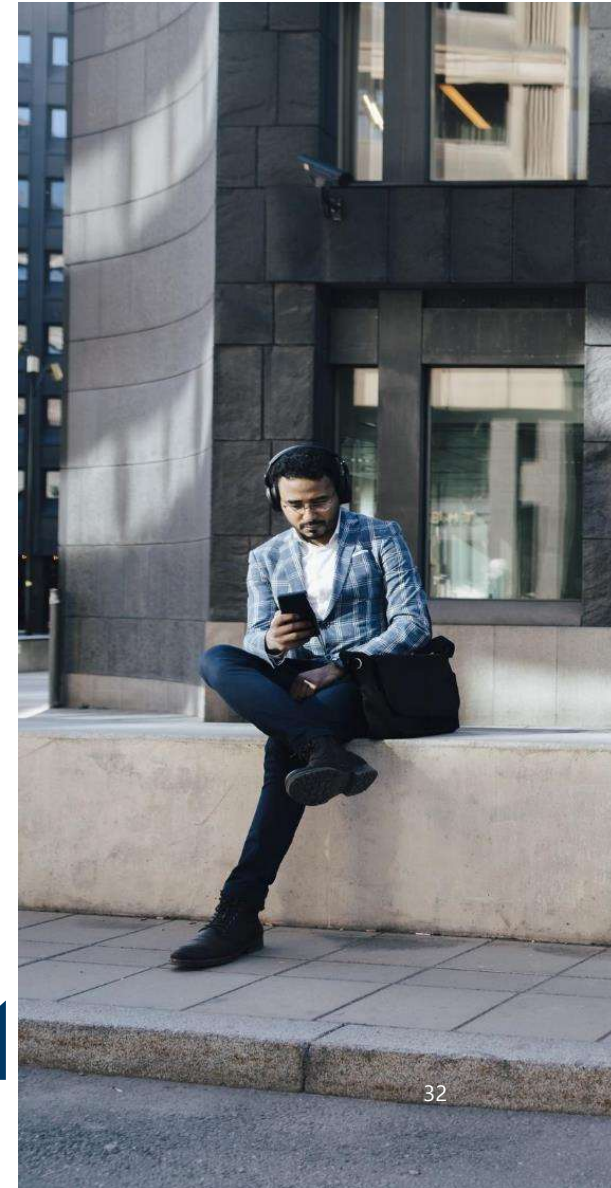
Case study: Intermountain Healthcare

Promotes itself as having a virtual hospital

Flexible working options from July 2021 permanently introduced:

- A remote work model - employees working remotely receive a one-time $500 stipend to purchase home office equipment
- Flexwork (hybrid working model)

Requirements to be considered for flexible working:

- Able to maintain performance standards
- Adhere to a strict work schedule
- Able to work productively on their own with little or no supervision
- Self-motivated and flexible
- Not susceptible to overwork
- Knowledgeable about their job and role
- Do not require a high need of social interaction
- Dependable and trustworthy
- Organized and have good communication skill

Intermountain Healthcare
Healing for life®

About 70% of Intermountain caregivers employed in remote work eligible positions have chosen to adopt a hybrid model

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Source: Intermountain Healthcare, Remote Work at Intermountain website.

The positive impacts of remote working due to COVID-19 include:

- Benefits of caregivers working during the pandemic
- Increased caregiver engagement
- Reduced 14.4 tons of CO_2 emissions
- Over 36 million commute miles saved
- Over 30% reduction in mileage reimbursement
- Business travel reduced by 95%
- 6,387% increase in Microsoft Teams usage

Case study: Spectrum Health

By 2022:
- **41% of its revenue cycle staff will be onsite full time**, down from 50% in 2019
- **Staff working from home full time are expected to increase from 29% to 38%**

A key to success was establishing a work-from-home committee that:
- Revised Spectrum Health's telecommunications policy to ensure patient-facing staff in the contact center would be in a quiet, private environment to support interactions with patients.
- Created an inventory of productivity standards that all revenue cycle staff would be required to meet to qualify for working from home.

Spectrum Health

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Source: HMFA, How Spectrum Health built an effective work-from-home policy, July 17, 2020

[Add] a few other factors with that, including an increase in consumerism and digital transformation, sprinkle on some acceleration in advanced technology and having more well-established ways and proven methods in tracking productivity and quality, and you are primed for a very effective work-from-home model.

Amy Assenmacher, SVP Revenue cycle

Case study: University of Washington Medicine

Hybrid and remote working are consistent with institutional goals including:
Maintaining an organizational culture that supports employee flexibility and mobility.
Promoting a positive work/life balance
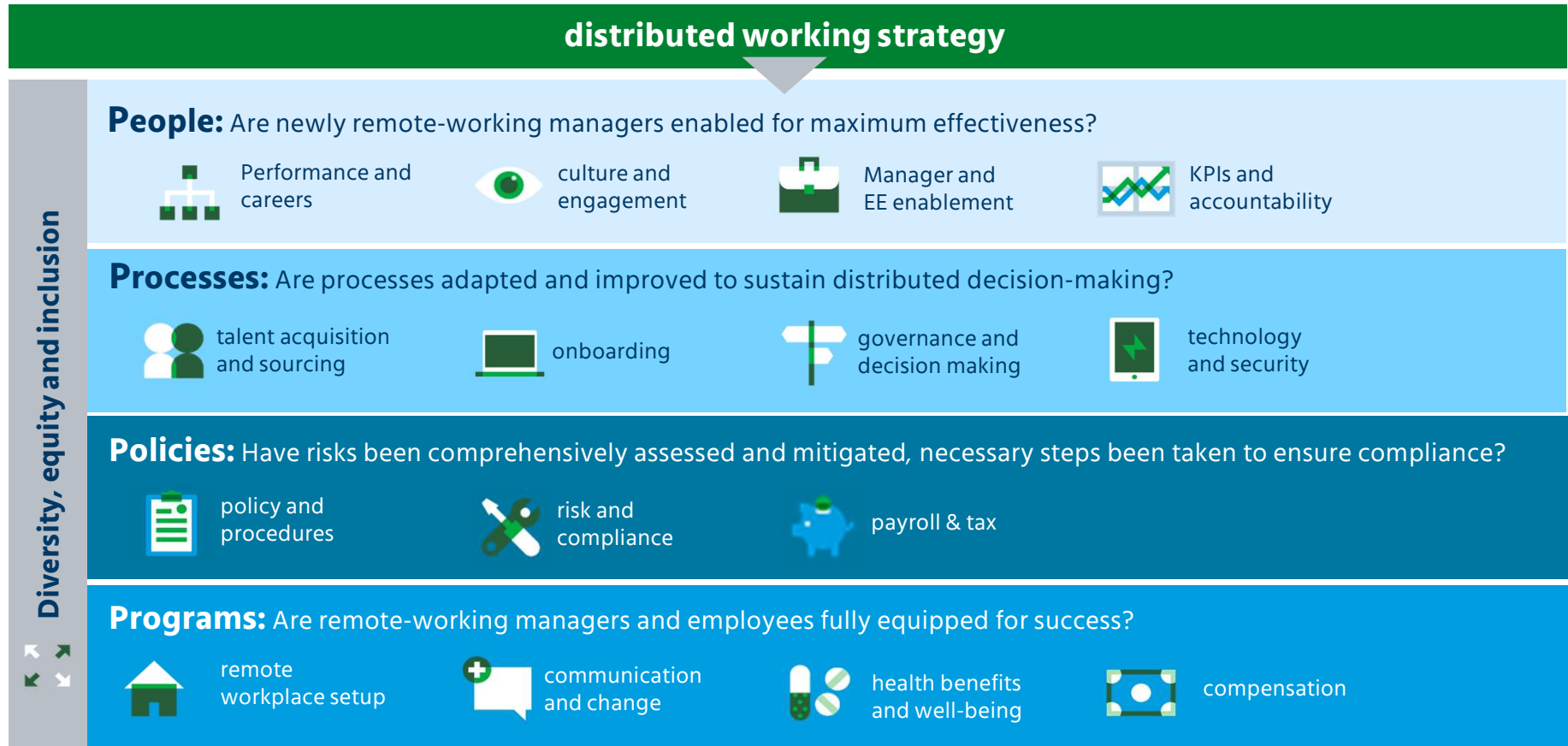**Reducing our impact on the environment and supporting the commute trip reduction program**
Promoting continuity of operations during worksite disruptions, including modified and suspended operations, such as during the COVID-19 pandemic
Providing a supportive and productive work environment that attracts and retains employees
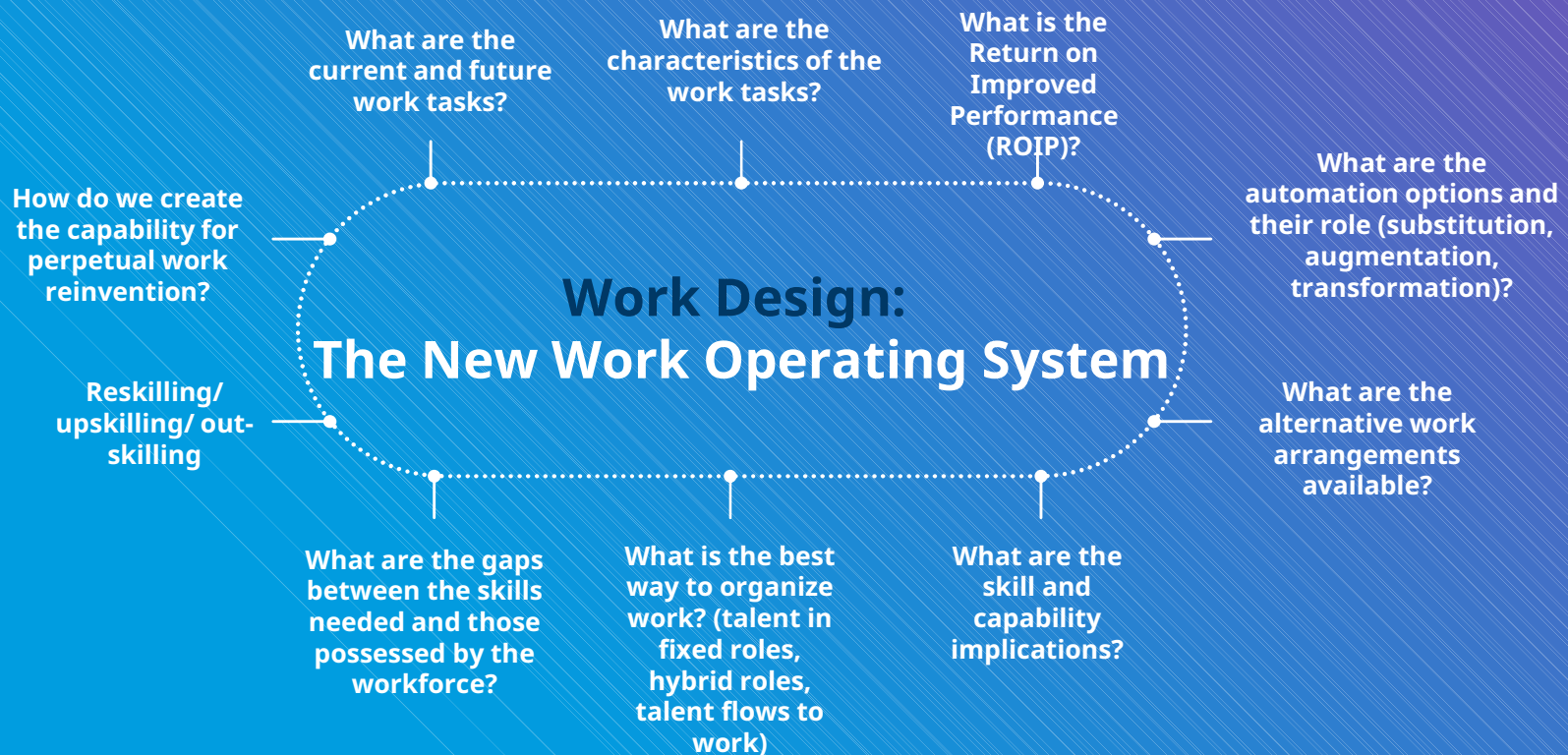
IT department spotlight
- **Pandemic occurred mid Epic implementation**
- **Due to high performance, implemented a permanent 90% remote working arrangement**
  - **Teams must be onsite at least one day every two weeks**
  - **Important to be onsite to:**
    - **brainstorm**
    - **conduct manager and director face to face meetings and interactions**
    - **promote better teaming**
- **ROI**
  - **Terminated 2 real estate leases saving $15,000 per month**
  - **Converting our remaining IT office space into hotel spaces where teams can make online reservations for the cubicles, offices and conference rooms they need during the days they will be in the office**

How it's done: Addressing the 4Ps

distributed working strategy

Diversity, equity and inclusion

People: Are newly remote-working managers enabled for maximum effectiveness?

- Performance and careers
- culture and engagement
- Manager and EE enablement
- KPIs and accountability

Processes: Are processes adapted and improved to sustain distributed decision-making?

- talent acquisition and sourcing
- onboarding
- governance and decision making
- technology and security

Policies: Have risks been comprehensively assessed and mitigated, necessary steps been taken to ensure compliance?

- policy and procedures
- risk and compliance
- payroll & tax

Programs: Are remote-working managers and employees fully equipped for success?

- remote workplace setup
- communication and change
- health benefits and well-being
- compensation

Leading healthcare providers are asking hard questions
10 questions to ask when considering a new work operating system

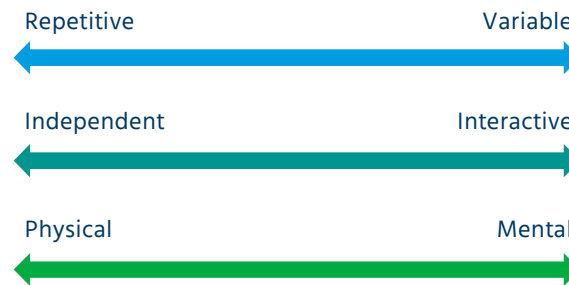**What are the current and future work tasks?**

What are the characteristics of the work tasks?

What is the Return on Improved Performance (ROIP)?

What are the automation options and their role (substitution, augmentation, transformation)?

How do we create the capability for perpetual work reinvention?

Work Design:
The New Work Operating System

Reskilling/ upskilling/ out-skilling

What are the alternative work arrangements available?

What are the gaps between the skills needed and those possessed by the workforce?

What is the best way to organize work? (talent in fixed roles, hybrid roles, talent flows to work)

What are the skill and capability implications?

How it's done: Deconstructing jobs, optimizing, and re-deploying 21-28% "found" capacity (RNs) in one healthcare system

INPUT

START WITH THE WORK

Repetitive ⟷ Variable

Independent ⟷ Interactive

Physical ⟷ Mental
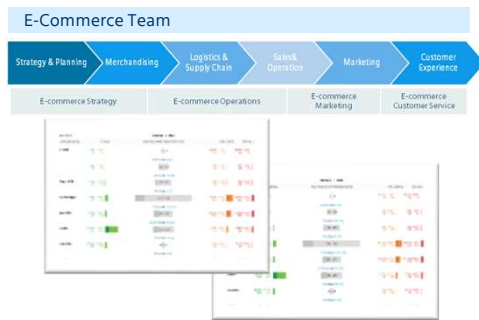
IDENTIFY OPPORTUNITY AREAS FOR REDESIGN
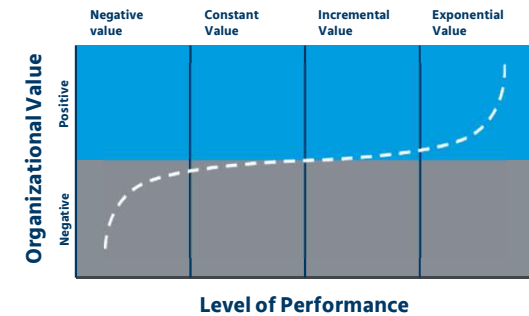
AUTOMATION

- Robotic Process Automation
- Cognitive Automation
- Social Robotics
- Substitute
- Augment
- Transform

CONNECTING TALENT TO WORK

Talent in fixed roles

Talent in hybrid roles

Talent fully flows to tasks, assignments, and projects

SKILL IMPLICATIONS

- Skill Clusters
- Skill Adjacencies
- Current Skills Assessment
- Skill Gap Measurement

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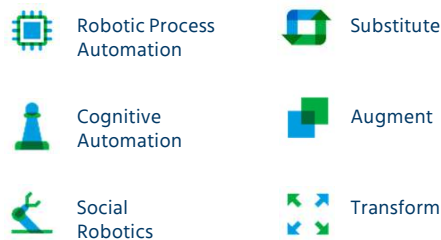
Assessing work alternatives
Determine which tasks represent an opportunity to get work done differently in the future

For each work activity, brainstorm potential ways of getting work done differently:

Automation		Contractor	Talent platform	FTE lower career level	Centralize	Remain with current FTE
Automate (AI, RPA)	Automation: Augmentation vs. Substitution					

If Automation is an option, what would the role of automation be?

Substitution:
Activities can be performed primarily by robotics or AI with little oversight from employee

Augmentation:
Activities can be improved and more reliable with additional collaboration between employee and AI/Robotics

Assessing work alternatives
Determine options for getting work done differently based on previous categorization

What do the combination of categories tell us?

CATEGORY COMBINATION			
Repetitive, independent, mental work	Variable or repetitive mental work	Variable, interactive mental or physical work	Repetitive, independent, physical work

WORK ALTERNATIVES TO CONSIDER			
▪ Automation ▪ Artificial Intelligence (AI) ▪ Centralization ▪ Talent Platforms ▪ Outsourcing	▪ Centralization ▪ Talent Platform	▪ Organization / Process Effectiveness	▪ Automation, specifically social robotics that combine AI, sensors, equipment and mobility

Talent platforms: Online freelancing platforms that connect jobseekers with specific work opportunities that meet their needs

Robotic Process Automation (RPA) technology allows employees to configure computer software, or "robot", to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses and communicating with other digital systems

Artificial Intelligence (AI) displayed by machines is the study of intelligent agents ⬜ any device that perceives its environment and takes actions that maximize its chance of success at some goal
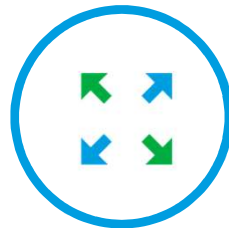
* More details in the appendix

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Consider the multitude of ways to accomplish the remaining work

Many orgs pursuing mixture of full-time hybrid or remote, part-time job share hybrid or remote, and outsourced
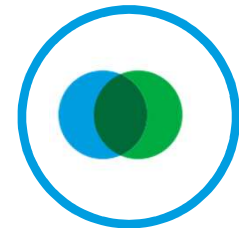
Traditional employees
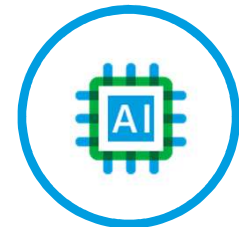
Outsourcing

Free agents

Alliances

Talent platforms

Volunteers

Robotics

Artificial Intelligence

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Clinical Informatics Documentation Reduction

Inpatient Admission Navigator Changes	Inpatient Discharge Navigator Changes

• Removing 14 of the 45 sections/steps
   • Approved by Clinical Readiness
   • 31 sections will remain
   • **40%** reduction in admission documentation steps
 	
⭐ Tentative Go Live: February 21, 2022
	• Proposal to remove 11 of the 29 sections/steps
	   • 18 sections will remain
	   • **38%** reduction in discharge documentation steps
	
	⭐ Will go to Clinical Readiness for approval: February 2022

Re-imagine discussion topics

- Central/shared services and flexible working options
- Flexible working options for nurses
- Creating internal capacity – role redesign opportunities
- Impact of automation

Reskilling and reshaping

A new world and social order demands a new set of skills

52%
of companies plan to increase spending on digital transformation in light of COVID-19

Top 2021 investment priority: reskilling

Top transformation challenges

#1 Too many priorities distracting people

#2 Employee exhaustion given blended work/lives

#3 Balancing a focus on survival/lack of budgets

#4 Lack of workforce capability and future skills

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Executives' talent investment bets for greatest ROI in 2021

Investing in future learning and workforce reskilling	**41%**
Transforming talent practices	**38%**
Improving how we leverage the broader talent ecosystem	**38%**
Restructuring HR to align more with the business	**37%**
Developing an integrated people strategy	**36%**

What is most important to increasing "agility" in your organization?

30% Agile teaming (fluid teams that join and disband as needed)

26% Agile workforce (diverse workforce that can be deployed against different priorities)

24% Agile workers (workers that have broad skills)

15% Agile org design

5% Agile work practices

Skills-based talent management
Critical step in responding to healthcare labor shortages

	Connect talent to current work	Connect Talent to future work	Healthy and resilient talent ecosystem
	Mobilize talent to meet immediate business needs	Stay a step ahead through strategic workforce planning and targeted reskilling & upskilling	Deliver on integrated people programs through skill-based design and digitization
Employer	Rapid response. Capitalize on speed as market differentiator	Increased data-driven decision-making and more specific action planning	Flexible and resilient workforce
Employee	Increased opportunity, growth opportunities	Increased transparency leads to trust and engagement	Democratization of opportunity – employees can bank on their skillset
HR	Workforce ROI and foster diversity of thinking across areas	Expanded talent pipeline due to skill adjacencies not current visible	Culture of life long learning and growth

Broad view

The World Economic Forum's proposed definition of skills taxonomy illustrates the hierarchical relationship between each term; with skills, knowledge, attitudes, and abilities all being encompassed within competencies.

Competencies — Collection of skills, knowledge, attitudes, and abilities that enable an individual to perform job roles

Skills — Skills are the capabilities needed to complete a task, and therefore a job

Knowledge — Knowledge is the body of facts, principles, and theories that are related to a field of work or study, and that can be further split into dependent knowledge (practical and procedural) and context-independent or theoretical knowledge.

Attitudes — Learned behaviors, emotional intelligence traits, and beliefs that individual exhibit that influence their approach to ideas, persons, and situations.

Abilities — Possession of the physical, psychomotor, cognitive and sensory means to perform a job.

Source: WEF Building a Common Language for Skills at Work 2021

What do we mean by "skill"?

There are many variations on the definition of the word skill.

Mercer has adopted the following broad definition: A skill is an ability or knowledge possessed by a person, which may be required to perform a task, assignment, gig, job, or role.

Q. Why has Mercer adopted a broad definition of skill?

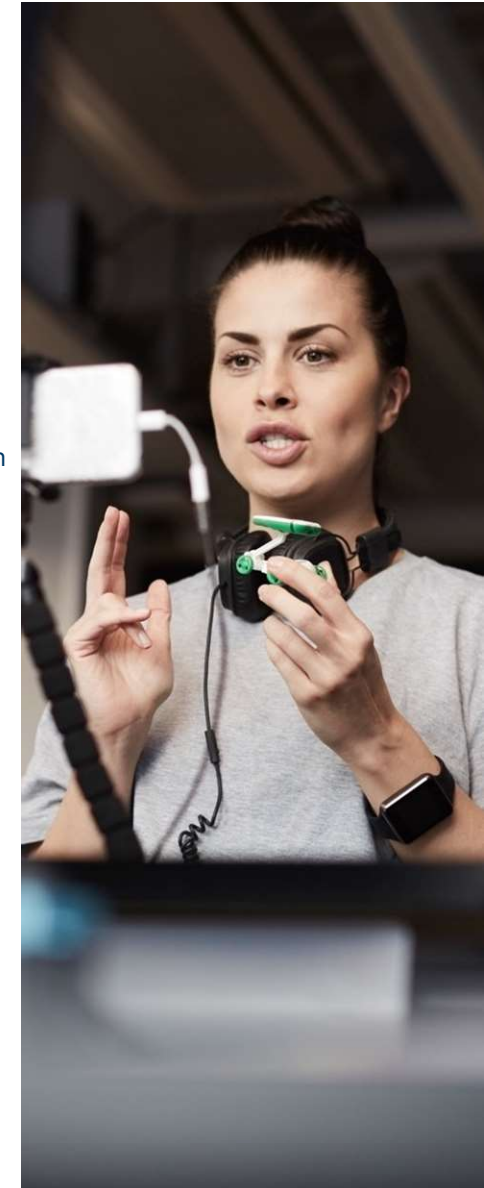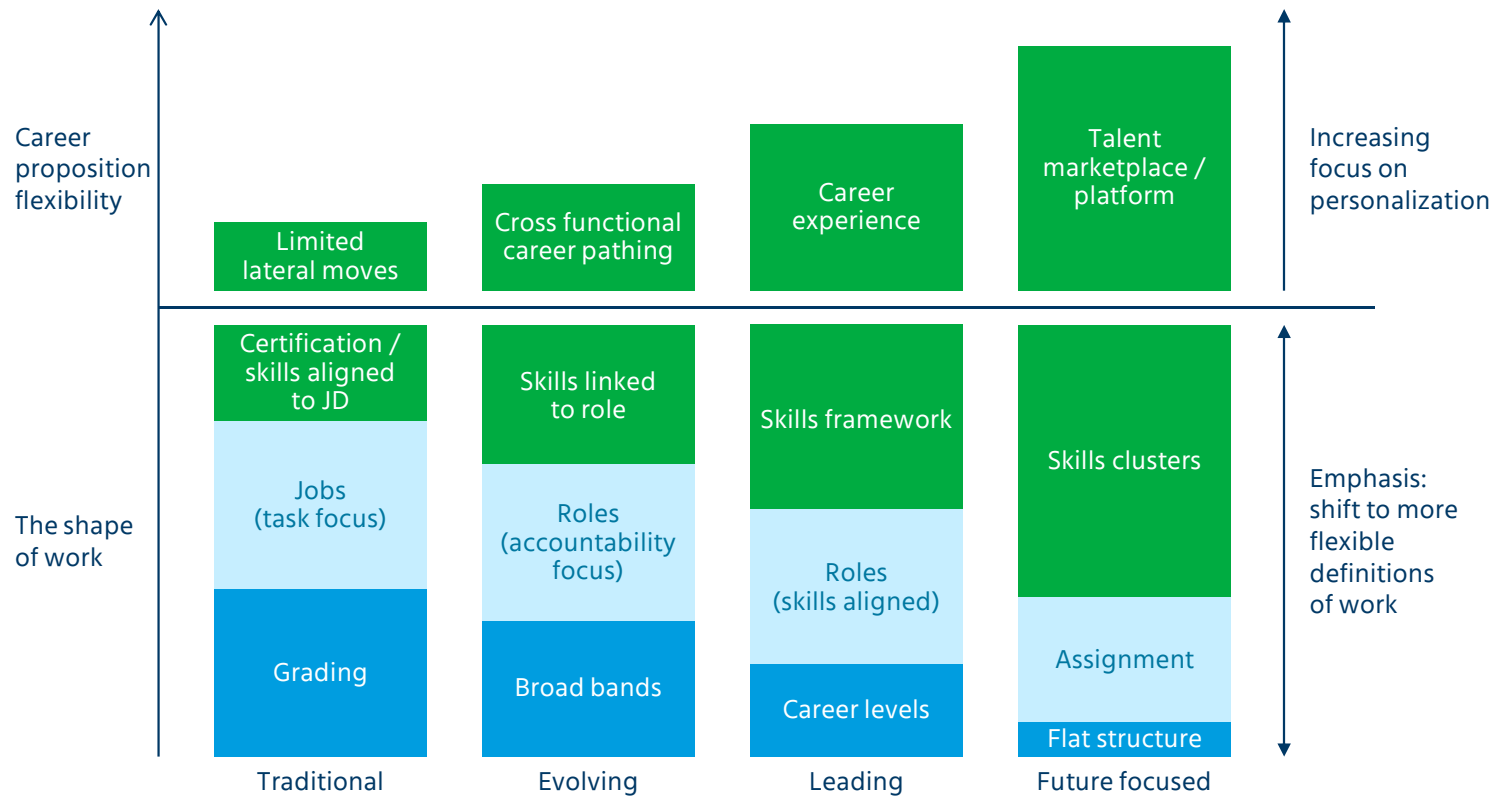| Align with language of business leaders and job seekers	No common market definition exists	Mirror emerging external data sets	Future processes require robust data, not nuance

There is no unified approach on the use of the terms 'competency' vs. 'skill'. Only 44% of companies clearly differentiate between the two terms.

– *One Size Fits All or Out of the Box: Is there a Holy Grail to Career Management? Mercer July 2020*

Types of competencies or skills

Core

- Address behaviors associated with success within an organization
- Observable in personal interactions
- Apply to all (or most) jobs, can be specific to a career level
- Examples:
  - Analytical thinking
  - Communication
  - Customer service

Leadership

- Critical behaviors expected of senior leaders
- Commonly used only by those in leadership development and succession planning...however, should be integrated into performance management
- Examples:
  - Inclusive leadership
  - Coaching, mentoring and training
  - Project management

Technical or Functional

- Address demonstrated knowledge in a technical, professional, or process area
- Typically apply to a job family or sub-family
- Frequently supplement organization-wide core competencies
- Examples:
  - Programming languages
  - Degrees
  - Certificates

The workforce of the future

Career proposition flexibility

| Limited lateral moves | Cross functional career pathing | Career experience | Talent marketplace / platform |

Increasing focus on personalization

The shape of work

Certification / skills aligned to JD	Skills linked to role	Skills framework	Skills clusters
Jobs (task focus)	Roles (accountability focus)	Roles (skills aligned)	Assignment
Grading	Broad bands	Career levels	Flat structure

Emphasis: shift to more flexible definitions of work

| Traditional | Evolving | Leading | Future focused |

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Required capabilities to establish a skilled & agile workforce

Talent Insights and Planning

Identify future skills, skills trends, and assess workforce potential
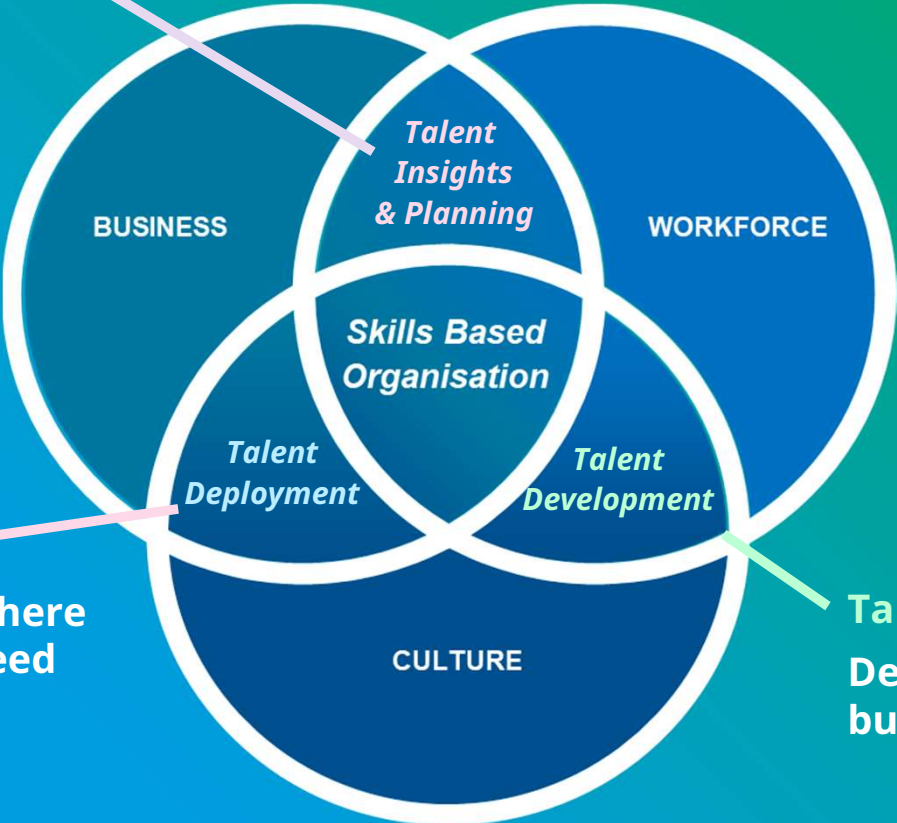
Talent Deployment

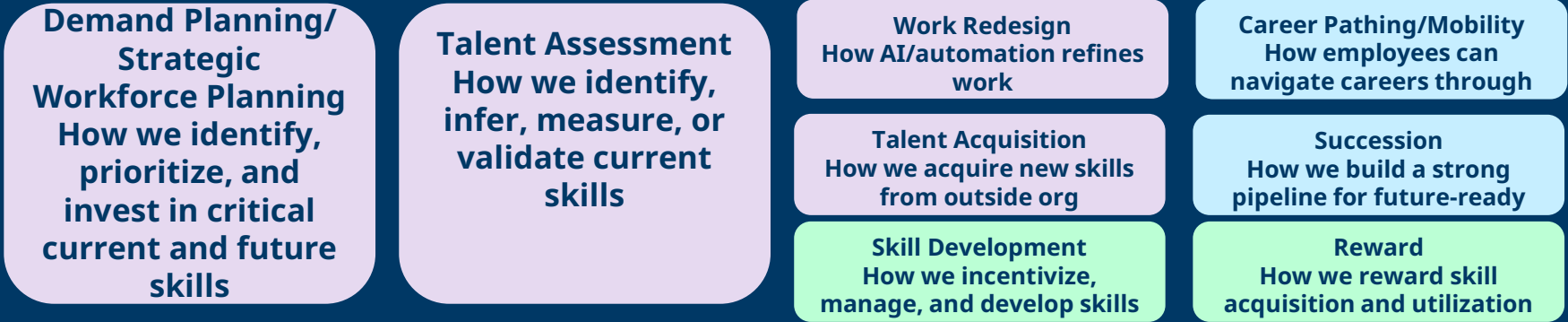**Establish a marketplace where talent flows to business need based on skills fit**

Talent Development

Develop key skills that drive business performance

BUSINESS

WORKFORCE

Talent Insights & Planning

Skills Based Organisation

Talent Deployment

Talent Development

CULTURE

Mercer

Skills Ecosystem & Value Chain

What skills do we need for the future?	What skills do we have now?	How do we close the skills gap?	How do we retain and deploy skills?

HR Processes

Demand Planning/ Strategic Workforce Planning How we identify, prioritize, and invest in critical current and future skills	**Talent Assessment** How we identify, infer, measure, or validate current skills	**Work Redesign** How AI/automation refines work	**Career Pathing/Mobility** How employees can navigate careers through
		Talent Acquisition How we acquire new skills from outside org	**Succession** How we build a strong pipeline for future-ready
		Skill Development How we incentivize, manage, and develop skills	**Reward** How we reward skill acquisition and utilization

Required Foundations

Job Architecture: How we provide a clear understanding of the types and levels of work within the organization

Skills Taxonomy: The common language and structure we use around skills in order to reflect business needs

Technology, Data, and Marketplace: How we used technology to connect people, skills, and opportunities

Training, Change Management, and Governance: How we adapt and scale new ways of working

Skills-based Transformation
Starts with a workforce analysis

Demand
Future workforce needs

- Insights from your executives and senior management
- Your business strategy
- Statistical models to translate business forecasts into labor demand
- Mercer research and expertise

Supply
Internal and external supply of critical talent

- Modelling of your internal labor market – shape, flows, and risk areas
- Modelling of the external labor market to inform talent sourcing
- Segmentation of the workforce to identify critical areas
- Predictive analytics to understand drivers of turnover

People Strategy

- Short-term responses to change identified and validated against long-term business needs
- Critical roles or jobs identified for the current and future business
- Critical risk areas identified, costed, and strategies developed for bridging gaps
- Potential for rapid cost-reduction with minimal disruption across the workforce understood
- Business forecasts translated into future labor demand
- Opportunities for talent acquisition following sudden market shock quantified
- A sustainable process built for future strategy evolution

Skills-based Transformation
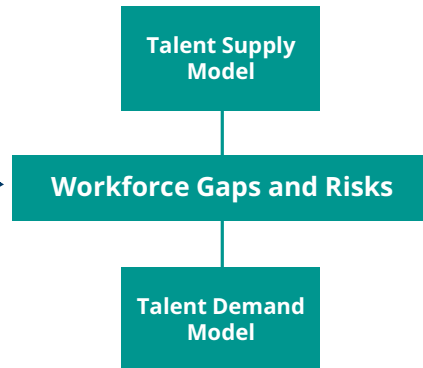## Continues with a workforce transition strategy

1 Gain Insights
Gain strategic insights through interviews, strategy review, and data analysis
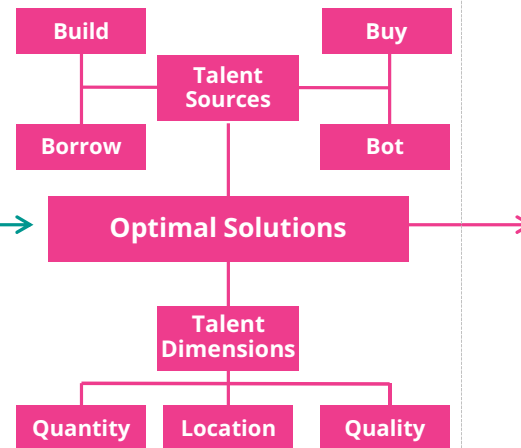
2 Measure Gaps
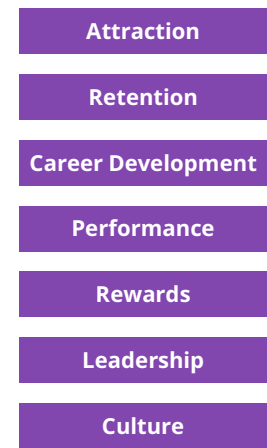Model future supply and demand to understand areas of risk and opportunity

3 Model Solutions
Develop workforce plan to address identified gaps

4 Take Action
Handover training, materials, and capabilities to client team to give ownership of process

Business Strategy **Executive Insights**

Talent Implications

Mercer Research **HRIS Data Analysis**

Talent Supply Model

Workforce Gaps and Risks

Talent Demand Model

Build **Buy**

Talent Sources

Borrow **Bot**

Optimal Solutions

Talent Dimensions

Quantity **Location** **Quality**

Attraction

Retention

Career Development

Performance

Rewards

Leadership

Culture

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Mercer Skills Survey 2021

86% Indicate they link pay to skills at point of hire

But most companies fail to maintain skills-based pay for existing employees – leaving highly skilled and experienced employees behind newly hired peers – with no recourse but to leave the organization to receive recognition for skills & marketability

Yet only small fractions indicate they are effective at

31% Rewarding the development of skills

33% Tracking the market value of skills
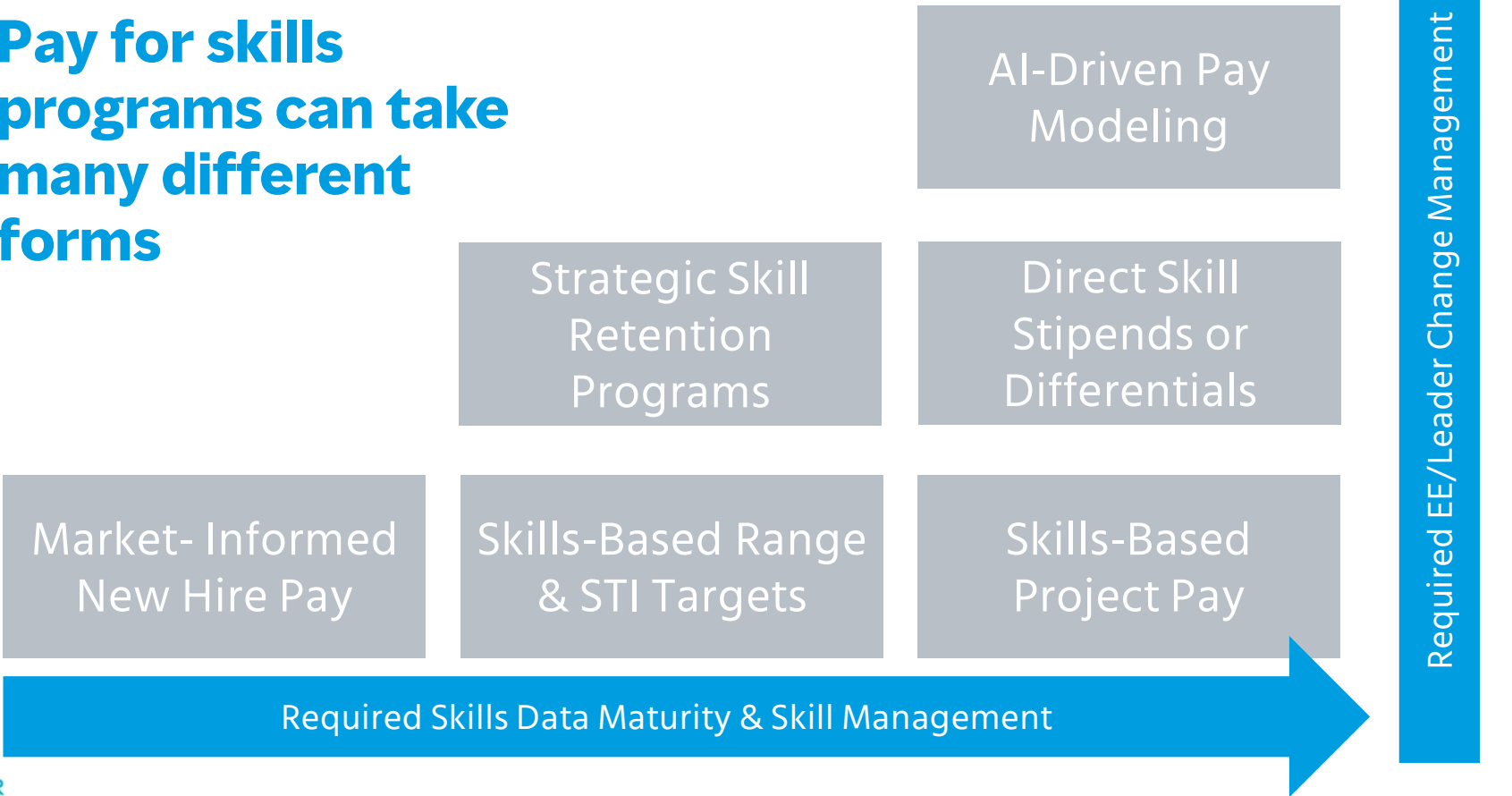
35% Matching pay for in-demand skills

only **12%** Formally monitor the market demand or availability of skills

Pay for skill as an essential piece of contemporary pay strategy...

- There is a structural shift in the marketplace to source key skills for business strategy

- Organizations are seeking ways to stay ahead when hiring and retaining talent with skills for their business strategies

- Increasingly, companies are delinking base pay and performance and increasing the focus on paying for skill growth and/or development

- Pay for performance does not go away; organizations are taking a more holistic view of rewards, e.g., an increase in the use of recognition programs, spot rewards and career opportunities to recognize and motivate

Source: 2021 Mercer Skills Survey

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Pay for skill is a critical enabler to work redesign

Pay for skills programs can take many different forms

AI-Driven Pay Modeling

Strategic Skill Retention Programs

Direct Skill Stipends or Differentials

Market- Informed New Hire Pay

Skills-Based Range & STI Targets

Skills-Based Project Pay

Required EE/Leader Change Management

Required Skills Data Maturity & Skill Management

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Reskilling discussion topics

- Roles likely to be most impacted/disrupted by technology change
- Partnering with educational institutions to develop future-ready talent
- Building a skills-based staffing model
- How to recognize and reward skills and non-traditional qualifications
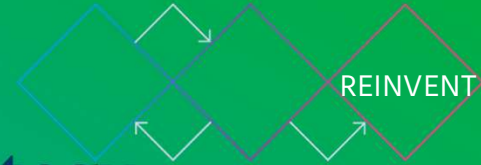- Building a skills infrastructure and learning culture

Final reflections

welcome to
brighter