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ADOPTING A DEMAND-BASED STAFFING SYSTEM: BARRIERS AND BEST PRACTICES

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It is critical that health systems and hospitals transition from traditional, fixed-staff scheduling to staffing plans that fluctuate based on demand. For an effective transition, hospital and health system leadership will need to confront several significant operational and behavioral barriers. Implementing a set of reporting tools, deploying modeling and forecasting techniques, training front-line managers, and updating policies and procedures for recruiting and filling positions are all vital to the success of this important change.

In our years of experience implementing operational performance improvement initiatives, we have heard numerous hospital leaders express concern that demand-based staffing will either leave them short-staffed or, conversely, cause them to miss productivity targets. They respond by assembling the largest core staff available with the intention to find meaningful work for them during the slow times. While understandable, this reaction is both short-sighted and counterproductive.

Abstract: Key Strategies for Overcoming Barriers to Demand-Based Staffing

This article presents common barriers to implementing demand-based staffing effectively and presents strategies to overcome those barriers, summarized below.

- A trusted shift management tool (SMT) that plans, assigns, monitors and reports the work to workers shift-by-shift and day-by- day ("managing forward")
- Statistical modeling of staff needs a month in advance
- Adjustment and updating of staffing levels one week and ultimately one day in advance of staff utilization to match levels to the most current projection
- Once the statistical models and reporting tools are in place, the major opportunity comes from changing the department's staffing makeup to accommodate a fluid workforce component
- Developing a true Position Review and Control protocol is a best practice. The protocol should identify how to recruit and fill positions with part-time and flexible staff.
- The transition is challenging, but the potential to reduce labor cost 10-15% via these techniques is too significant to ignore.
- For more information on Demand-Based Staffing, please refer to this article describing a 12-week implementation process

Barriers to a Fluid Workforce

Barrier #1: Staffing for Peak Volumes Instead of Dynamic Volumes

One of the significant barriers to implementing demand-based staffing is that most of the available workforce are full-time employees that were hired to work 40 hours per week. There is no correlation between the available worked hours and the true required workload on any given shift. Hospitals hire to cover their peak volumes rather than staffing to reflect varying levels of demand. If a manager has to keep sending full-time staff home to flex to the slow periods, they risk losing workers that they may need during busier times.

> "Look if I get caught short staffed or hit with a high-volume shift, I can get yelled at by patients, patient's family, providers, my staff, other departments. On the other hand, if I miss my productivity targets, I might get my hand slapped by the CFO at a budget review.
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> So, I am going to be as creative as I can, getting the largest core staff as I can negotiate. Then I will find meaningful work for them to do in the slow times."
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> - Comment from a frontline manager for a recent rural hospital client

Barrier #2: Part Time, Per Diem, and Contract Staff

Tied to the full-time workforce is the department's master staffing schedule. In an effort to staff appropriately, hospital leaders tend to "fill in the slots with names" rather than evaluating actual need and devising a method to staff for both peaks and troughs in volume. Part-time workers are typically scheduled to fill known peak days and used to cover full-time staff during paid time off. In an effort to retain part-time trained employees who expect a certain number of paid hours, managers hesitate to reduce staff hours when demand is low.

Pier diem workers can also present barriers to operating effectively in a variable workforce environment. While per diem workers are essential to moving toward a variable workforce, we have found that many of the approved per diem staff are used to fill holes in the master staffing schedule as far as a month in advance. Without tools to forecast workload demand shift by shift, managers risk finding themselves short-staffed if they fail to fill the slots. Per diem workers are also often written into the master schedule for months at a time to fill vacant positions. While this solution can be effective if the vacant position is challenging to fill, it can set expectations unrealistically high for the number of hours the worker will receive consistently.

When an organization struggles to fill certain specialty positions, another common solution is to use contract labor. Contract labor can help organizations address short-term staffing needs, but these resources are not necessarily best suited for flexing to other clinical units when those flex assignments are needed. Additionally, these contract labor resources are expensive and present challenges in maintaining consistency in quality and workplace culture.

Forward Management Practices: The Tools of the Trade

An alternative to the barrier of a full-time, 40-hour-per-week staff classification is a labor pool. A variable workforce or fluid workforce opens managers' options to match workers to work in shorter intervals of time and to do it rapidly. A key component is the managers' proficiency in forward management, anticipating their labor needs in advance.

The fluid workforce includes part-time, hourly, per diem, overtime, or special arrangements like job sharing. Cross training and cross utilization of staff from other departments are also forms of fluid workforce (e.g., a manager stepping into the work schedules in emergencies). In a given department, the fluid workforce should comprise a planned percentage of the work hours reported each pay period. For example, while department- and organization-specific factors need to be addressed, deriving 20% of the work hours in a cost center from the fluid workforce can be an appropriate target.

A fluid workforce strategy requires labor planning and control tools that report staffing levels in short interval timespans. These tools should continually recalibrate the workload needs based on adjustments in patient volume shift-by-shift. Absent these labor planning and control tools, managers are unlikely to lower their core full-time staffing levels to cover only 80% of the need.

The necessary reporting system has two parts:

1. A trusted shift management tool (SMT) that plans, assigns, monitors and reports the work to workers shift-by-shift and day-by- day ("managing forward").
2. A trusted fluid workforce that can be scheduled a month in advance based on statistical models and then adjusted the week before, and finally the day before, to match the most current projection.

A previous Stroudwater article (http://www.stroudwater.com/?resources=white-paper-demand-based-staffing-how-a-12-week-process-saved-a-community-hospital-4-5m-in-seven-months) explains the development and installation of line-manager daily and biweekly management tools. First, managers learn the predictable workload demands shift-by-shift and compare them to the current master staff schedule. There is usually a pattern to volume fluctuations. These patterns must be discovered and quantified and their root causes understood.

Stroudwater staffing experts work with line-managers to uncover these patterns in volume fluctuation and assist line-managers in making necessary adjustments to match staff levels to the pattern of volumes that the organization is experiencing. The objective is to provide line-managers with the training and tools make better decisions regarding the single most costly input into your care processes.

When managers predict workload needs using their variable standard and anticipated workload volumes, they begin to make more cost-effective decisions. They make different, better informed staffing choices than they would have made previously.

Once the statistical models and reporting tools are in place, the major opportunity comes from changing the department's staffing makeup to accommodate a fluid workforce component. To realize these

benefits, both senior leadership and human resources need to be engaged to make changes to the organization's policies and practices. For example, in some organizations, full-time exempt employees must be converted back to hourly or the required hours that staff and managers attend meetings must be aggressively challenged.

Developing a true Position Review and Control protocol is a best practice and necessary move to realizing a fluid workforce. This protocol should assist management in identifying how to recruit and fill positions with part-time and flexible staff (including per diem workers whose positions are truly fluid). Organizations should develop clear and meaningful overtime policies and hold managers accountable for following those policies. Human Resources and the department managers must continually review the master staffing schedule and how it aligns with the volume forecast being made in the bi-weekly shift management tool.

Conclusion

The costs and challenges of this effort could give leadership pause. However, the potential to reduce labor cost 10-15% by managing with a fluid workforce is too great to ignore.

Stroudwater's performance improvement specialists partner with provider organizations to execute and implement performance improvement initiatives including labor cost management opportunities. Our labor cost management experts help health systems identify and execute the steps necessary to transform their workforces from static to demand-based models. Making this transformation begins with frontline managers forecasting the daily labor needs to correspond to the workload needs. Our team quickly helps organizations identify, quantify and begin to implement necessary changes in staffing practices so that results can be realized within a few weeks.