

Sbusiness

March/April 2005
US \$15

AFSMI 30th Anniversary • 1975-2005

Volume 29, Number 2

Insourcing: Maximizing Human Capital in the Healthcare Arena

by Robert Moore



Robert Moore is vice president of marketing for M². With offices in San Francisco, Silicon Valley, Los Angeles, and San Diego, California, M² has delivered independent expertise for flexible workforce strategies since 1988. For further information, call 310-242-6500 or 800-373-7132, or visit www.msquared.com.

In recent years, more stringent public disclosure requirements and higher clinical performance standards, such as the quality measures stipulated by The Centers for Medicare and Medicaid Services' Hospital Quality Initiative, have made the delivery of healthcare safer and more effective. Despite rising healthcare costs, organizations are struggling to increase their standards of efficiency in operational and financial performance in order to remain competitive. Unfortunately, the implementation of more efficient processes and new technologies often is hampered by personnel shortages or the additional burdens placed on already overworked employees. One solution is just-in-time, project-based talent—experienced professionals who can bring expertise, perspective, and best practices to the table to help make the business of running a healthcare enterprise more efficient and effective. For any healthcare company striving for operational excellence, flexible human capital is the new blood that can get the heart of the organization beating faster.



The New Paradigm

Keeping one's staff mean and lean is not only critical to survival in today's resource-constrained healthcare environment; it's the smart way to do business. But what happens when there is a vacancy, when a key initiative must move forward quickly, or when special expertise is required to analyze a problem or identify a solution? Aside from vacancies and personnel shortages due to seasonal peaks or budgetary constraints, project-based talent can cover a wide range of eventualities when human resources are stretched to the limit. Following are some examples.

- **Interim needs (such as a staff member on leave or backup required for a temporary project).** For example, one healthcare provider that was faced with a major audit as part of a routine IRS healthcare examination program had an immediate need for an experienced backup controller to secure the day-to-day workings of its accounting department while its senior controller attended to the details of the au-

dit. A controller/account manager who had solid functional experience in multidivisional organizations was brought in to oversee and ensure the smooth operation of the accounting department, as well as to lend support for the audit itself. This professional provided the critical interim management relief that allowed the company to continue to meet its day-to-day requirements.

- **Time-critical initiatives.** If a time-critical initiative must be launched immediately, before permanent employees can be hired to manage it or while current employees are brought up to speed, project-based talent can provide a head start or mobilize teams into action.

For example, one provider of healthcare services needed to minimize confusion for project managers and ensure that

they understood and met the necessary HIPAA “Uses and Disclosures” provisions of the privacy policy. A well-informed HIPAA consultant developed a presentation to be used as both a training device and a reference tool for project managers. Through the use of this tool, which addressed HIPAA regulations applicable to employees’ specific projects, the organization’s project teams were able to understand and target specific regulations and complete their projects on a timely basis and in compliance with HIPAA privacy requirements.

- **Lack of specific skills in-house.**

An organization may not have the specific skills available in-house that they need in order to introduce new technologies, structures, or processes. An outside professional experienced in similar ventures with other companies can bring in expertise and best practices to help mitigate false steps, avoid reinventing the wheel, and accelerate the implementation.

In one case, a large healthcare services provider needed a consulting analyst to prepare, under tight deadlines, a business case study identifying the viability and feasibility of acquiring a major technological medical system for its clinics and hospitals. A business case analyst with a healthcare background was commissioned to write and deliver, within six weeks, the final business case describing needed activities and deliverables, timelines and budgetary expenses, expected benefits and associated risks, technology, functionality, and strategic fit, as well as to contact computer hardware vendors to discuss partner alliances and associated costs.

- **Experiencing drastic changes.**

Project-based change agents can guide organizations through drastic changes,

whether the circumstances are due to a merger or acquisition, rapid growth, or new regulatory requirements that must be met within a tight time frame. Experienced change agents often can make decisions and react more quickly than internal personnel who may be facing these challenges for the first time.

For example, a major health plan faced with executing a significant consolidation that would affect hundreds of employees needed a strong but discriminate HR project-based professional to lead the overall transition and ensure appropriate resources were in place for personnel who would be affected by the downsizing. The plan identified an exceptional HR generalist with expertise in employee and labor relations and organizational development to carry out the transition efficiently but sensitively. With the expert’s help, the transition was completed in half of the time initially expected.

In another case, a well-established healthcare provider needed a marketing and public relations specialist to aid top management in drafting and implementing a communications strategy regarding union-organizing activities within the organization. It identified a communications specialist with marketing and public relations expertise to develop and implement a communications strategy relevant to the cultural changes occurring in the organization. The specialist provided the organization and its employees with the tools and information they needed during a time of change and restructure.

- **New skill development.** A seasoned professional who has worked for world-class companies can mentor, coach, and imbue new skills in key management. Any healthcare organization, regardless of size, can have world-

class processes and services.

To assess the efficiency of its newly established patient call center, one large healthcare provider needed an experienced call center analyst to study and provide specific recommendations aimed at creating smoother call-flow processes, with emphasis on determining optimum staffing for the new operation. A seasoned call center analyst with expertise in process analysis and time studies was brought in to articulate the call center’s requirements for more efficient operations. Based on his recommendations, the call center’s staffing needs were determined precisely, and its operations were streamlined successfully.

- **Identification of best practices.**

Project-based professionals who have deep pockets of expertise can transfer best-practice knowledge to staff and management. An expert who works with many different clients in a variety of industries, as opposed to being immersed in the issues of a single organization, often can have a better perspective on the marketplace, can challenge outdated modes of thinking, and can suggest new ways of approaching business problems.

For instance, a rapidly growing healthcare management services company needed a project manager to oversee several new initiatives, including the creation of a two- to three-year business plan for a new product and service line. An outside project manager with experience in the healthcare industry created and executed a business plan, led a workforce of five teams and 10 staff members with resource planning and scheduling, and managed the project according to critical timelines.

In another instance, a community-based, non-profit provider of compre-

hensive in-home healthcare services needed an organizational development and diversity specialist to meet the challenge of enabling its diverse staff to work together better and more productively. A seasoned HR specialist with functional experience in organizational development, employee relations, and diversity management was commissioned to assess and prepare a business case study for initiating and implementing a creative and successful diversity program. The professional developed a dynamic plan for unifying the many different styles and backgrounds of the company's diverse staff.

These examples reflect the new business model: the value of staffing only core competencies—the key employees who are vital to the organization's mission. For special initiatives or during peaks, shortages, and times when unique skills are not available in-house, insourced project-based professionals can supply expertise, experience, best practices, and a fresh perspective for the organization.

Getting the Best and Brightest

Regardless of industry, the business plans of organizations usually list ambitious goals and objectives, but many fail to specify who will do the work to achieve them. Who will introduce and implement a huge initiative, such as expansion into another market or region? If it is the responsibility of the senior managers, will they still be expected to perform their regular work? If not, who will fill in for them?

Some healthcare and other companies have created internal consulting groups specifically for special projects. Staffed by employees who are trained in project management or consulting, they are tapped into by departments as

Five Guidelines for Getting the Most from Project-Based Professionals

Organizations can increase the efficiency and effectiveness of outside experts greatly by using the following simple guidelines.

1. Define the project or initiative the professional is to execute, and clearly identify its goal.
2. Clearly communicate expected outcomes, process requirements, possible cultural pitfalls, required approvals, company contacts, and preferred modes of communication.
3. Provide the necessary logistics and resources (e.g., telephone, computer, reports, access to stakeholders). If the professional is to work on site, be sure to inform the switchboard of his presence and schedule. With fewer obstacles to efficiency, the specialist can complete the assignment more quickly and cost-effectively.
4. Be upfront with employees regarding the engagement. There may be some fear that an outsider will point fingers if brought in to salvage a money-losing division, for example. Explain to employees that it is the expert's job to identify problems and find solutions.
5. Identify the means of knowledge transfer. The expert is being paid to create knowledge, which should be retained by the organization upon his departure. Define as part of the project how, when, and to whom the knowledge will be transferred. ▼

necessary. While these internal consulting groups are a step in the right direction, they sometimes can lack the fresh perspective and wide-ranging best-practice expertise of an outsider who works with many organizations across a range of industries.

Sometimes managers in need of external experts will network to find a specialist. In certain situations, this technique can be of limited use because it tends to identify only a single individual without choice or a basis of comparison. Is the professional who has been recommended by a friend or colleague really the best possible resource for the project? Is his fee in line with the compensation of similarly qualified professionals? Some outside resources located via networking also may prove

to have a vested interest, such as a full-time job with the company. In order to be effective, outside experts must be totally unbiased, objective, and without personal agenda. Another way to get the best and brightest external professionals is to develop a partnership with a company that can access and provide selection from a network of highly qualified project-based professionals.

Regardless of how outside experts are located, however, the key to qualifying them is to screen for the "four V's":

- **Veracity:** Can they actually do what they promise to do?
- **Vigor:** Are they always learning and keeping current in their field?
- **Versatility:** Have they demon-

insourcing: maximizing human capital in the healthcare arena

strated experience in multiple environments, flexibility in working with different cultures and management styles, and skill at using the jargon of different industries?

- **Vision:** Do they have vision and a long-term approach in their field of expertise?

To avoid miscommunications and surprises when hiring a project-based professional, the decision maker in the area where the individual will work must be involved in the hiring decision. For example, it's best that HR does not hire a specialist for the billing depart-

ment without involving the head of that department. If they do, they may fall short of communicating the billing department's needs and expectations in detail and as a result, the specialist who is hired may not be a good match for actual requirements.

A Surgical Approach to Human Capital

Many healthcare organizations already have been taking advantage of outsourcing in order to concentrate on activities central to their core business. The new paradigm of "insourcing"

forms the second half of the model of flexible human capital. The marketplace holds a tremendous reservoir of expertise in every conceivable discipline—people whose skills, knowledge, and experience can be brought to bear on the challenges and issues of any organization. Progressive companies take a surgical approach to human capital by staffing only core competencies and then bringing in outside experts as needed. This model not only can reduce fixed costs, but also can help pave the way to operational excellence. ▼

This article originally appeared in the March/April 2005 issue of *Sbusiness*, a publication of AFSM International, Fort Myers, FL.