HEALTHCARE INDUSTRY GROUP
HUMAN CAPITAL & WORKFORCE MANAGEMENT

Transcript

[00:00:00] Dr. Russ Richmond: In our research, it's really interesting. There are compressible types of turnover and non-compressible types of turnover. Non-compressible is like, Hey my spouse just got a job that is requiring us to move so, sorry, I have to leave. There's not a whole lot to be done about that, but it turns out that about 80% of turnover is compressible. If you look at that part of the problem, the single most important lever is the connection between that worker and their manager or their leader. The affinity of that connection is much stronger than the connection between that worker and the patients or that worker and the overall institution. This is true at the best branded institutions out there, or true of the local LTACH or SNF that you might not have heard of before.

[00:00:59] Bianca Briola: Hello and welcome to the *Algorithm Marcel Healthcare Industry Group, Human Capital and Workforce Management Podcast*. In this podcast series, we discuss how the way we work is changing in the healthcare industry. I'm Bianca Briola, Leader of the Healthcare Human Capital and Workforce Management Practice, and I'm joined today by Dr. Russ Richmond, CEO and Co-founder of Laudio. Hi, Russ.

[00:01:22] Russ: Hi, Great to be with you today.

[00:01:24] Bianca: Russ, where are you based?

[00:01:26] Russ: I'm in Newton, Massachusetts, so I'm at my home.

[00:01:29] Bianca: I am interested in knowing a little bit more about Laudio and your product just to ground us in the context of why you're a guest on our show.

[00:01:38] Russ: Sure, it is a time where if you understand a little bit about how healthcare works, you can add a lot of value in digital health. The ground is littered with those that came from external to healthcare and really tried then to reinvent it from the outside, and it tends to be harder than they think.

I don't say it's impossible, there's actually been some real winners out there, but what we really need as an industry is more folks who are currently engaged at some place in the healthcare value chain that want to help reinvent it. I think it's a much straighter line and much more quickly to impact, and that's how I got there with Laudio. As a consultant, I was in dozens if not a hundred different hospitals doing operational improvement consulting and you start to see the same things over and over again and they relate to actually, leveraging the information at hand and building it into workflow.

Workflow is day to day activities that any healthcare employee or executive might be doing. There's often a gap between the insights and the information and the action, the things that happen on a day-to-day basis actually improve that organization. I was noting that in operational consulting when I was doing the work and then I actually got involved in a digital

health company that was focused on workforce improvement and training, and there we got a very broad view of the healthcare workforce. That's the first place where, and this is back, I guess it would be 2015, 2016, where I was deeply exposed to the issues with engagement and turnover.

This was a problem that existed well before the pandemic. It was bad then, of course, we know it's much worse now. It was something that was not being comprehensively thought through, at least in my opinion, in terms of what the solutions were, how systems were reacting episodically to it with things like say, ice cream parties or compensation improvements, but not thinking holistically about how to drive improvement, and that was the founding thesis of Laudio, which is there was space for a company that really thought workforce first that could apply an enterprise-wide solution to the issues with engagement retention.

[00:04:14] Bianca: One of the things that I've been thinking about, and I know that we've talked about this in the past is, from the clinical care standpoint, yes, the clinical team has many ways in which we've standardized and automated. You've mentioned on the revenue cycle there's chatbots and other enabling types of technologies. From the leadership standpoint, there really hasn't been an enabling technology to support leaders or a human resources team or an engagement committee to really support them in how they work with their staff. Do you have any examples of how technology can be used for leaders?

[00:04:53] Russ: Yes, totally agree. What we're seeing is that the leaders in the health systems, and when we say leaders, we're talking about the frontline managers and the directors and the vice presidents, a lot of them are still in paper. They're using paper-based processes, filing cabinets, and the digital form of that for them is Outlook. Almost every health system is a Microsoft Office user, and Outlook is like the digital filing cabinet where a lot of the work happens, but really inefficiently.

If you've ever tried to use Outlook to do a performance review, as an example, it's probably not, right, exactly, and what they really need is technology that will do things like give them real-time intelligence on their workforce and how they're feeling and who is at risk that day for maybe quitting, or they need tools around collaboration, how they might work on a service recovery feature, patient's food is cold and they need to collaborate with the head of the cafeteria to drive that type of improvement.

What they might do to reduce the administrative burden, a JCO audit or magnet review, or how can they benchmark themselves to what other health systems are doing with regard to recognizing or rewarding their workforce, or how they can learn more about what the workforce needs through surveys at any given time. These are the types of functions that they don't have. They may have a spot solution here or there, there might be an aspect of this that might be in their HR information system, but those are generally built more for the HR leadership than for the managers themselves.

What we've identified at Laudio is that they just need a holistic system to do all of the above to effectively be the epic for the workforce. Just like when I was a resident now, a long time ago, you had separate systems for computerized physician order entry and lab and pharmacy and radiology, and you had to log into each different one to get work done. That's where we are now for these healthcare leaders working with their workforce. They've got half a dozen systems they have to work across, none of them talk to each other. There is no epic in there that's gluing in all together and providing an interface.

[00:07:16] Bianca: It's tough being a leader, and so many of them we're promoted because they were just really good at their discipline but we haven't invested in them as leaders necessarily with, besides the traditional annual leadership education programs, they don't

get a meaningful investment and certainly don't get tools, and I can see why that means there is a gap in how they engage their staff.

They may not have the tools, they may not have the ideas, they may not know what to do, so let me ask you, I want to pivot to the biggest topic of the day I think, and oftentimes folks are asking me, what is the big problem? I hear it's, there's a recruitment problem, we all want to expand the funnel so we can get more qualified candidates in the door and make that faster, leaner, and meaner but the reality of it is, it's a bird in the hand is better than two in the bush so retention is supercritical, the stopping of the bleeding. What are some of the big strategies that you think organizations need to employ in order to retain their staff, keep them with the organization?

[00:08:23] Russ: That's so true. Retention has a ton of benefits. It's not just you've retained that employee or to recruit a new one, it's that then you have a loyal employee around which you can build more skills and higher value of patient experience or quality or safety and all those other things, and so there's just undeniable benefit. In our research, it's really interesting. There are compressible types of turnover and non-compressible types of turnover. Non-Ccmpressible is like, hey my spouse just got a job that is requiring us to move so, sorry, I have to leave. There's not a whole lot to be done about that, but it turns out that about 80% of turnover is compressible, and if you look at that part of the problem, the single most important lever is the connection between that worker and their manager or their leader.

The affinity of that connection is much stronger than the connection between that worker and the patients or that worker and the overall institution, and this is true at the best-branded institutions out there, or true of the local LTACH or SNF that you might not have heard of before. It's the connection to their manager or their leader, so how do you improve that connection is really the question.

Laudio, the name of the company, actually comes from the Latin *laudare*, which is to praise, and praise is the single most important lever for manager action, and that's been proven in a lot of different data science. The first thing we do, it's not the only thing we do, but the first thing we do is we look for opportunities for that manager real-time to recognize and praise their workers when they do things that really help the organization.

If Laudio tells me that you've covered three shifts for other people on the unit over the last 10 days, that's an opportunity for me as a leader to reach out and tell you how much I appreciate that. That's what we're talking about. If you have actually come back from a family leave and it's your first day back, that's an opportunity for me as your leader to reach out and say, "Welcome back." I don't know what we did without you, but we need you here, and let me know if I can help you on your first day back.

What we've built is a catalog of hundreds of these opportunities for frontline leaders to work out to their teams. These are things that are really hard for any leader to do day in, day out, especially when you have 50 to 150 direct reports, which is what happens in health systems, but with our system, they can routinely do it. They can do it in a personalized way and in a genuine way. It's actually the buildup of not any one big action, but first dozens, then hundreds, then thousands of these tiny actions that happen day in and day out that move the needle on performance for the overall health system. That's how Laudio works.

We work through the manager or the leader because that's the highest leverage point. We look for opportunities for them to connect with about two-thirds of those connections being related to recognition, celebration, and/or heartfelt connection. We then drive those through to make those actions very easy, real-time for leaders and that is how we improve that relationship and that connection, and lo and behold, when you improve that, you can drive

improved engagement, retention, something like 20% improvements per year, which is massive.

[00:11:55] Bianca: Huge, yes. It's very huge. I guess one of the things that I'm thinking about these days is what are the levers that staff really want us to pull because in the past, it was just throw money at people. That was a solution, and then what we learned in the pandemic is that it got to the point where no amount of money was enough. It just wasn't. You're not going to convince somebody to come in an extra shift, you're not going to convince someone to do something extra outside of their job description, participate on a committee, or agree to train a new employee. It's hard to engage when folks are burnt out.

When I work with clients, one of the first things I ask is, what do your exit surveys tell you, why are people leaving, but by that time it's too late, you can't fix the problem to save that employee. How do we get that information more upstream? How do managers get intel to know what they should be doing, what they should be talking about, what they should be offering?

[00:12:52] Russ: That's such a great question and what we've learned is that there's both automated and non-automated ways to do this. As an example, by integrating with the time and attendance system, the punch clock system, et cetera, we can see the working patterns of the workforce. As someone is routinely staying past the end of their shift, our assumption is that they're, they're not in control of their work. They've got either too much work or they need manager support to do their work more efficiently so they can get out on time, and our further assumption is that over time, that will add up and actually be a dissatisfier for that employee.

What we're doing as an example, and this falls more on the automated end of things, is we are integrated with the time and attendance system. We're the eyes in the back of the head of the manager. We're looking for those patterns. When they occur, we're connecting that manager to that worker and we're helping that manager understand the right question to ask based on that working pattern that then will yield a manager connection action that can help that person improve and remove that as a dissatisfier before it becomes a problem. People leave and want to exit, so that gets upstream.

Then the other thing that we're learning, and this is a little less automated, is that at some routine basis, it's extraordinarily important for the manager to meet with each person on their workforce. That could be every month, every two months, every three months. It varies by system and by the span of control of that manager. If you've got 150 people, you're obviously doing it in a slightly longer interval than if you have fewer.

During those meetings, you can't just have a pro forma meeting and just say, hey, how are you doing? You have to go through a structured list of questions that solicit feedback from that worker around how they're managing their schedule, do they have the things they need to do their work. A lot of that can be done by a survey in advance of the meetings. The meeting is about the solution, not about eliciting the issues and what we found is that most workers will tell you what is dissatisfying them, and a lot of the time, not all the time, those dissatisfiers are completely solvable.

As an example is something that's routinely missing from the cart on the floor that a therapist needs to do their job, that can cause people to quit. Then when they fix it they can let the person know and it becomes a positive stroke, and so you've taken something that was initially negative and turned it into something that can be tangibly delivered. Anyway, both automated and unautomated there's a lot of opportunity for getting upstream, and to make it really easy, we've learned to put this into a risk index.

[00:15:37] Bianca: So helpful. I think that that is incredibly interesting because then we can track and trend that information over time and see if we are fixing those things, those little annoyances. I had a former CNO that I worked for at Duke and she said that the fly in the ointment, what's the thing that's really bothering you? It's very helpful.

[00:15:57] Russ: Totally. These executives they get promoted on up say to a CNO like a prestigious institution like Duke. One of their fears, and they'll tell you this, is that as they become more senior in the organization, they lose that contact with the day-to-day flies in the ointment that they can then fix. They're simultaneously getting more power and influence and ability to fix these problems, while they're being drawn away from the people who have the problems themselves if that makes sense.

What they love is a listening feature where let's say there are 100 of these frontline leaders or managers that report up to a CNO across several facilities. They love to see what these problems are categorized or tagged into buckets that then give them insight to what's really going on, on the ground floor, and then moves them one step closer to having their ear to the ground and being able to exercise the influence and resources and power that they have to really help the frontline. It's just like how can you connect these folks back to where they can help remove those flies from the ointment, and we've found a lot of benefit there as well.

[00:17:12] Bianca: Yes. Okay, this has been great. I'm learning so much from you. I love your perspective and you certainly are into organizations and hear directly from them what are their challenges. I do have to ask you to take out your crystal ball for a moment and, Russ, what does the future look like for work in healthcare? Specifically in hospitals, the place where you operate?

[00:17:34] Russ: That is a great question. I think we have a structural supply-demand imbalance that is not going to go away anytime soon. One part of me says, look, we're going to be living with the secular trends we have now of tighter staffing, higher importance on retaining for a long long time. We're not going to be flush with people, but on the flip, when I look at the bright side, the blue sky hidden behind that is there is just so much opportunity to improve and to further connect healthcare workers with why they went into the profession in the first place, which is to care for people and to make them feel really good about the job they're doing for the patients and the community and the country.

I see a world of opportunity where over time, things that are very friction full today become easier, and where systems are more integrated, improvements become more real-time versus lumpy, and where we see the job satisfaction of the healthcare workforce, which is probably at historic low right now if you look at their own employee engagements, start to creep up and folks get the bandwidth to get connected to what is the most important job I think, which is caring for fellow humans.

I see those both at the same time and I think it's going to be very interesting. I do think that health systems that choose to invest in this and do it in more in a deeper way than just trying to throw more money at the problem but really thoughtfully think about what these jobs are and how to support them, I think are going to see massive improvements, I really do, and those that can't I think will be on the other side of that coin.

[00:19:29] Bianca: Let's say that your outlook is optimistic. Is that fair?

[00:19:33] Russ: Yes, I'm generally optimistic but it's going to take real work.

[00:19:37] Bianca: Really hard work. I think that many of us are prepared for that and we are also seeing folks that are ready to move away from our industry because they're tired or it's time to retire and they dedicated their lives to healthcare and had a very long rich and

fulfilling career and now we have a new generation of leaders that need to be given the chance and the opportunity to grow and develop just like others did and it sounds like, with you and Laudio, they may have some fantastic enabling technology to help support them as they learn how to be great leaders. This is so insightful. Question for you, how can listeners learn more about you and Laudio?

[00:20:17] Russ: Yes, I welcome outreach, so my LinkedIn account is wide open for messages or any outreach. Laudio is www.laudio.com. L-A-U-D-I-O.com. There are all kinds of contact us forms there. My personal email is russ.richmond.laudio.com. Any or all of the above is very welcome.

[00:20:42] Bianca: You're very accessible. Well, thank you so much. Dr. Russ Richmond, CEO and Co-founder of Laudio. This has been fantastic. I love hearing your perspective and so much learning to be done, and we'll continue to have these conversations with other organizations, organizations, other executives that can share their insights, well, their solutions, their ideas. It's a great opportunity for us to help each other and network so we all can get better. Thank you.

[00:21:07] Russ: Thank you for doing your great work, Bianca. I really enjoyed it as well.

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