

EMPLOYEE INCENTIVES: Creating Loyalty and Motivation

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Employees are our most valuable asset. What other asset is there that has the potential to impact the surgery center's patient satisfaction through spawning a sense of comfort, relieving anxiety and generating return business through word of mouth advertising? What other asset is there that has the potential to produce such a pleasant operating room environment for your medical staff that they enjoy performing their cases at your facility and choose to work there? And, finally, what other asset is there that has the potential to lead their own co-workers through the tough days of orientation, minimize the effect of negative events and build the cohesiveness of the "team"?

Employees are assets that cause managers the greatest sense of reward and the greatest sense of foreboding. Frequently we share in our staff's accomplishments and personal achievements. But how often have we worried about losing our best performers to the competition and how much time do we spend in designing programs or incentives to keep them in our flock of employees? A University of Michigan survey of 5000 executives asked "What Keeps You Awake at Night." The number one answer of 45 issues-attracting and keeping talented people.

Loyalty and motivation are the two behaviors managers want to evoke in their staffs. The reasons are crystal clear-shortages of healthcare workers and excessive opportunities for healthcare workers. Obviously, one way to retain your staff is through incentivizing your staff to stay in your employ.

The proper way to structure an incentive program is to use a reward that is appealing. For example, if you have a staff that is more concerned about retirement, then focus on a 401K match. On the other hand, if you have a staff that is more concerned about quality of home life, then liberalizing the PTO program creates the desired effect of loyalty and motivation. As a manager, in order to provide incentives that result in the outcomes you seek, you must determine what appeals to the majority of your staff. Perhaps you are afraid to ask for fear that you can't give what they want. The realities are the following: they loved being asked and if you don't ask you will keep guessing. Be wary about providing different rewards for different staff members or you may create the potential argument for workplace discrimination. Or you may lose more staff than you retain through creating feelings of less worthiness in those that receive a perceived lesser reward.

There are many options available to incorporate into an equitable reward program. The listing is almost endless:

- additional personal days off
- matching retirement plans

- tuition reimbursement
- professional dues reimbursement
- professional development allowances
- spa days
- health club memberships
- staff recruitment rewards
- recognition celebrations
- career ladders
- formal recognition programs
- and , of course, money.

Besides providing what appeals to your staff, your budget is another consideration. For the purposes of this article, let's focus on the budget and how to design a mutually beneficial bonus program. Assuming money is the critical element, then a bonus program design must reward the staff for measurable goals that also create a positive financial result for the surgery center.

The primary requirement you need to pay bonuses is cash. Cash goals can be achieved through tying results to Days in Accounts Receivable (AR). The shorter the days in AR, the more money you have in your bank. Prior to electronic claims processing and lock box services, the goal was 60 days. Now 40-45 days in AR is a worthy target. Another way to find cash is through managing the Days in Inventory or Inventory Turn-Over. The less money you pay to have supplies sit on the supply room shelf, the more money in the bank. Your goal should be a turn-over rate of 8-10 times a year. Finally, you may want to use operating margin or contribution margin as a target and set aside amounts over the target toward the bonus pool. For example, if you have an operating margin of 25% and are willing to establish a bonus pool of amounts over 25%, then you will experience the impact of a staff working together with the partners in an environment where the incentives are aligned. My favorite way to distribute the bonus pool is through an equitable system whereby the only distinguishing factor is whether the employee has a full-time or a part-time designation. This means the office staff controlling the revenues side has as much of a reward as the higher-paid clinical staff that controls the cost side of the equation.

Although this article focused on motivation, loyalty is achieved primarily through a satisfactory relationship a worker has with his/her boss. A 2000 study reported, "After 20 years of research and 60,000 exit interviews, 80% of turnover can be related to unsatisfactory relationships with the boss." A 25 year Gallup survey involving 12 million workers at 7,000 companies found the relationship with a manager largely determines the length of an employee's stay. People don't leave companies, they leave managers. Loyalty obviously cannot be bought, but must be earned. Earning loyalty is bred through a particular management style. The manager must display the characteristics of modeling, showing respect, nurturing, teaching, supporting growth, providing workplace challenges, sharing information and giving space.

Principles briefly outlined here will be presented in more detail at the 2007 AAASC Annual Meeting scheduled in Denver. I hope to see you there and share more ideas and success stories on creating loyalty and motivation in your staff.