

Major Financial Gains via New Position Control System



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Problem to Solve

To more effectively manage their labor resources across all departments, large health care organizations are increasingly implementing position control systems, enabling executives to track positions based on specific attributes like job titles and classifications, credential requirements and cost centers. Position control allows organizations to better align staffing with their strategic needs and financial resources.

The leaders of a large and complex health care system saw the need to introduce position control to their organization. The health care system had grown considerably through partnerships, acquisitions and internal growth, but its leaders lacked the overarching governance, processes and data to properly evaluate and manage the organization's greatest operating expense, labor costs. With a series of large capital projects looming, the organization wanted an enterprise-level means of tracking its staffing and potentially driving any corresponding efficiency and cost-reduction decisions.

Lacking the internal experience and resources to develop and implement a position control system on its own, the health care system turned to Freed Associates (Freed) to drive this initiative. Freed's prior familiarity with this organization and its culture, and its specific experience in enterprise-level governance and cost management,

drove the organization's decision to engage Freed.

Strategy and Tactics

Freed began its work by conducting a current-state analysis of the health care system to identify any process gaps, evaluate historical request volume and clarify technical interdependencies and constraints. This initial work revealed that while the organization had several smaller "position control-type" structures in place, none were capable of delivering the enterprise-level labor insights that the system's leaders sought. Historically, labor decisions were made inconsistently across the organization by various siloed groups. These decisions often lacked sufficient rigor and review.

Through its initial analysis, including interviews with multiple key leaders from throughout the health care system, Freed worked with project leadership to determine that the organization needed a centralized governance structure and committee to serve as the core decision-making body for approving labor requests. What would this structure look like? What would be its scope and scale? Who would comprise the centralized position control committee? All of these major details, and a host of key tactical decisions, needed to be addressed before the health care system could begin to test and subsequently implement its new position control structure.

A steering committee comprised of leaders from the health system's core business lines, as well as a working group made up of a variety of internal subject matter experts, provided ongoing input to Freed as it developed new position control governance, policy and process standards. Critical during this period was establishing consistent policies for evaluating labor requests and determining which requests needed to be routed for review and approval by the new centralized process review committee.

Beyond developing the right governance structure, policies and processes for position control, Freed oversaw the completion of all corresponding supporting technology and processes. Similarly, Freed worked to educate and train both key system leaders and line-level managers on the new position control structure and processes, upon its introduction and implementation.

Results and Conclusion

Through Freed's direction and oversight, the health care system gained an enterprise-level position control system to provide system leaders with far greater insight and oversight regarding their labor decisions. This work clarified department leadership accountabilities system-wide by requiring consistent approval routing rules for all new labor and replacement requests. It also eliminated prior, siloed labor decision-making by implementing a centralized position control committee.

Through its new position control system, the health care system will now enjoy the benefits of:

- **Enhanced cost management** – New standardized and automated labor processes across the organization improved hiring controls and eliminated labor decision-making loopholes
- **Improved and transparent labor decision-making** – A pragmatic, consistent approach for evaluating all future labor decisions (both replacement and new staff requests)
- **Streamlined annual labor budgeting process** – New position control structure facilitates continuous labor budgeting, reduces time spent negotiating annual budgets and allows for more flexible, dynamic decision-making
- **A sustainable support model** – A comprehensive set of tools and documentation now guide and support the health care system's ongoing labor processes

Bottom-line, the health care system's leaders are now in a much stronger and better-informed position to make the right operational and financial decisions regarding the organization's labor needs. This effort promises to deliver an immediate, substantial and sustainable financial benefit to the health care system, as well as critically guide the organization's future budget decisions.