

## **Case Study Detailed Report**

### **Poudre Valley Health System Fort Collins, Colorado**

#### **Strategizing for a Sticky Organization**

Rulon Stacey, PhD, FACHE is Chief Executive Officer of Poudre Valley Health System (PVHS) in Fort Collins, Colorado (<http://www.pvhs.org>). The year after year sustained success of PVHS is due in no small part to his belief in developing people and tirelessly proselytizing for continual improvement.

In 1998, under the leadership of Dr. Stacey, PVHS developed a consensus of the Board of Directors and senior management to embark on a mission of creating a real sense of community within the organization by transforming PVHS into a “sticky” organization – an organization that attracts and retains a highly engaged workforce. To accomplish this mission, PVHS embraced Opposite Strengths as a common language of communication and strengths among all its employees. Since then, Opposite Strengths has been the only continuous program used in PVHS to create a network of connected and equal relationships among its employees and thus transform PVHS culture to make PVHS a “sticky” organization.

#### **Infusing Opposite Strengths into the PVHS Culture**

Starting with Dr. Stacey’s senior management team and the Board of Directors of PVHS in 1998, PVHS began incorporating Opposite Strengths as a common language of communication at the levels of senior management and governance. This support and inclusion was seen as crucial in creating acceptance of Opposite Strengths among all PVHS employees.

In each of the first three years 1999-2001, 200 employees attended the primary vehicle to introduce Opposite Strengths into the PVHS culture – the two-day Power of Opposite Strengths Seminar. Employees learned to use the Opposite Strengths language to resolve conflict, collaborate, and perform other necessary functions of a modern, complex, and growing organization.

In addition to learning the Opposite Strengths language, the network of relationships between employees was further reinforced and expanded in the following ways:

- Attending the seminar with a diverse group of other employees from all parts and levels of PVHS gave them the opportunity to develop relationships with employees they would not normally come into contact with.
- The online support of the Opposite Strengths website after the seminar gave the employees the opportunity to extend and apply their learnings after the live seminar experience.
- Dr. Stacey and other executives show their personal support and use of the program by attending a part of all the Opposite Strengths held at PVHS.
- Director-level and above employees who had previously attended the Opposite Strengths seminar volunteered to serve as table facilitators during every seminar.

The positive results of the seminar and the attainment of a critical mass of employees (approximately 20% of the workforce) who were using the Opposite Strengths language convinced senior management to accelerate the culture transformation. Thus, beginning in 2002, the number of employees who attended the seminar each year doubled from 200 to 400 to expand the infusion of Opposite Strengths throughout the PVHS culture.

At the time of this writing (March 2008), 3,400 of the 4,200 PVHS employees had attended the Power of Opposite Strengths Seminar and thus

been drawn into the culture of strengths and the network of mutual relationships found throughout the organization.

### **Attracting the Best and Brightest to PVHS**

The first part of creating a “sticky” organization is attracting the best and brightest people to apply for positions created both by turnover and by organizational growth. When an organization becomes attractive, costs of hiring and recruiting are reduced as new applicants are attracted to the organization rather than the organization searching for new employees and offering incentives to work. The attractiveness of an organization can be measured by the increase or decrease in the number of applicants for open positions.

Dr. Stacey reports that, in 2006, PVHS had 800 open positions and 41,000 applicants – 51 applicants per position. In 2007, the situation was similar with 500 open positions and 31,000 applications – 62 applicants per position. PVHS’ attractiveness has created an enviable situation in which it chooses among the most highly qualified applicants from a diverse applicant pool in an industry known for workforce shortages.

### **Continuous Improvement in Reducing Voluntary Turnover**

The second and equally important other measure of the “stickiness” of an organization is the voluntary turnover rate. In fact, the primary justification to PVHS of the financial investment in making Opposite Strengths an integral part of the PVHS culture is the direct measurable cost savings from a lower turnover rate. Dr. Stacey says that Opposite Strengths is the only consistent intervention that PVHS applied during all 10 years of measuring voluntary turnover, and the reduction in voluntary turnover is due in large part to the use of Opposite Strengths as a language of communication throughout PVHS.

In 1998, the year that PVHS began to measure the voluntary turnover rate, the turnover rate at PVHS was 23%. In 1999, the turnover rate dropped to 20% and, in each year since, the turnover rate has dropped at approximately the same rate. After 10 years of using Opposite Strengths, the turnover rate for 2007 through August (the most recent year of measurement) had dropped

to 4%. Compared with an industry standard voluntary turnover rate of 20%, PVHS clearly had accomplished a major reduction in voluntary turnover as well as created a positive, energized, and successful culture within which to work. See Figure 1.

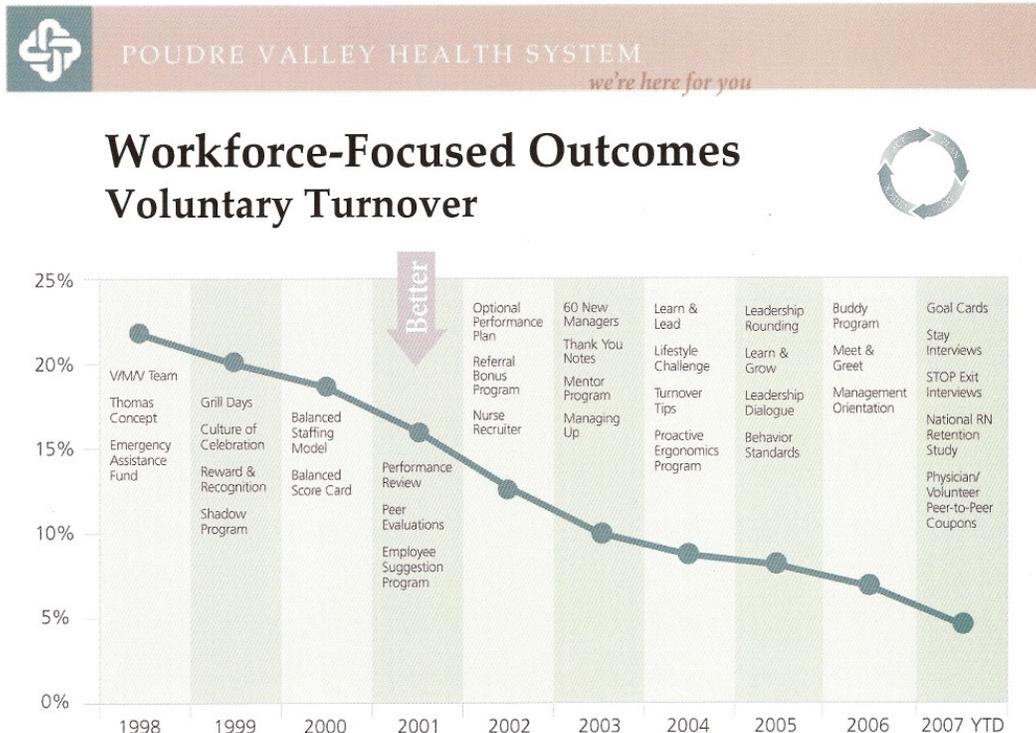


Figure 1. © 2008 Poudre Valley Health System. Used with permission.

What is even more significant is that the turnover rate dropped *every year* for the ten years beginning in 1998 – there was not a single year in which the turnover rate worsened compared to the previous year. In reviewing available data, we have found no other healthcare organization in the United States that has had ten consecutive years of improvement in voluntary employee turnover.

## **Financial Benefit to PVHS**

What is the financial benefit to PVHS? The direct measurable cost savings to PVHS from having a turnover rate lower than the industry average is significant and calculated as follows.

PVHS estimates that the cost to replace an employee is equal to that employee's annual salary. This cost comes from recruiting, hiring, training, developing, and engaging a new employee. Thus, the cost of voluntary turnover is a significant source of preventable expense for the healthcare industry and one of the causes of the high cost of healthcare in the U.S.

PVHS reports that, if its voluntary turnover rate were at the national average of 20% (remember that PVHS' rate started in 1998 above the national average at 23%), the cost to PVHS would be approximately \$42,000,000. But because the actual PVHS voluntary turnover rate is 4%, the actual cost of voluntary turnover is approximately \$10,000,000.

Thus, due to its lower turnover rate compared to the industry average, PVHS saves approximately \$32,000,000 each year in direct costs related to voluntary turnover. The senior management at PVHS attributes this savings due to the creation of a vibrant, networked, "sticky" culture at PVHS by using Opposite Strengths as a common language of communication and developing a web of mutual relationships and reinforcing it with other supporting programs throughout the organization.

## **Accolades**

Poudre Valley Hospital has been named a Top 100 Hospital by Thomson Healthcare for five consecutive years, one of only 8 hospitals in the country to achieve that distinction. PVHS has been a finalist in the Malcolm Baldrige National Quality Award in each of the last 3 years – 2005, 2006, and 2007—and is in the running again in 2008.

## ***Update to the March 2008 Case Study***

In September 2008, *Modern Healthcare* named PVHS one of America's 100 best places to work in health care.

In November 2008 PVHS won the 2008 Malcolm Baldrige National Quality Award – one of only three organizations and the only healthcare organization to win in 2008.