



LeaderBriefing

Turning the Tide of Turnover in Senior Living

Senior living facilities attract applicants at rates well above most industries. Now, a key to growth is finding ways to keep them from leaving.

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Rising numbers of retiring baby boomers. Families clamoring for better care solutions for their aging parents. Pressure to move more care from the expensive inpatient acute care setting, especially near the end of life.

The demographic and market conditions senior living has enjoyed over the past decade – and will continue to enjoy for years to come – seem almost too good to be true when compared to other industries. These positive fundamentals have attracted significant – and increasing – investments in the senior living space. To capitalize on the surge of aging baby boomers, senior housing developers and operator continue to build state-of-the-art communities, recruit talented executive teams and develop comprehensive marketing and sales plans.

But despite these sunny underlying market indicators and the seemingly infinite amount of capital resources pouring into the senior housing industry, clouds have been building that threaten continued organic growth, profitability and the quality of care offered by senior living providers. At the heart of this major industry challenge is a seemingly simple but daunting question:

Who will take care of the increasing number of residents who are attracted to the state-of-the-art facilities being constructed in senior living?

This **LeaderBriefing** from Stamp & Chase focuses on specific, evidence-based strategies to stem the tide of staff turnover and low employee engagement. While smart, aggressive employee recruitment plans will continue to be essential, focusing on hiring alone is akin to repairing the dike upstream while a growing crack in the most critical aspects of operations widens.

Clouds on the Horizon: How low staff engagement threatens senior living's growth and profitability

While there are certainly positive labor trends related to the senior housing industry, there are major issues currently looming that are threatening the success of the nation's leading operators. The senior housing industry has been successful at getting younger, entry-level employees in the door, but the turnover rate of these front-line employees is unsustainably high, far exceeding that of comparable industries vying for the same talent pool. And while the industry has had a positive effect on job growth for the overall economy, labor demand is growing at an unsustainable rate given current market conditions with unemployment at a 50-year low.

Argentum, the nation's leading senior living association, projected in a 2018 white paper, *Building an Engaged Senior Living Workforce*, that 1.2 million new workers will need to enter the senior living workforce by 2025 to keep up with demand.ⁱ That figure is especially daunting given that of the more than 400 senior living executives surveyed by Great Place to Work Institute last year, 90% reported a shortage of direct care workers, licensed nurses and other critical staff across their communities today.ⁱⁱ

Better recruitment is only one piece of the workforce development puzzle. In a November 2019 article published by Senior Housing News, *Why Senior Living Fares Worse Than Other Service Industries on Worker Turnover*,ⁱⁱⁱ author Chuck Sudo points out that the senior living industry already excels in recruitment compared to other industries competing for the same employees. Data collected for the 2019 "Best Workplaces in Aging Services" ranking^{iv} by Activated Insights, the senior care division of Great Place to Work, show the average number of applications received for a senior housing job opening was 30, which was an average of 8 more than hotels, the next closest industry (hotels, 22; retail, 21; hospitals, 20; grocery, 14).



Conversely, the industry's employee retention rate is significantly worse than other industries. Activated Insights data show the voluntary turnover rate in senior housing communities was 29%, compared to just 10% for hospitals, 13% for the grocery industry and 18% for hotels and retail.

Research across industries consistently shows that an employee's decision to leave a job goes well beyond concerns about compensation and benefits. By comparing the one-year turnover rate at 400 senior living communities against the Trust Index Score (a measure of employee engagement and culture developed by Great Place to Work), Argentum found a positive correlation between high employee engagement and lower turnover. In a separate study, Argentum also found that as employee engagement increased within a community, resident satisfaction increased at roughly the same rate.

In Sudo's Senior Housing News article, Activated Insights CEO Jacquelyn Kung argues that the retention issue is largely driven by managers not conveying the opportunities available within their company such as promotions, continuing education support, or the various career paths available. Another important contributor to turnover is the emotional intensity of working in senior living. Unlike most entry level jobs, senior living employees are interacting with the same "customers" every day and dealing with both the good and bad, which can be emotionally taxing for new employees if they do not feel adequately

supported. Whether it's an interview for a caregiver or line cook, employers need to take steps during the interview process to make candidates aware of the emotional challenges that can come with a career in senior living. Additionally, managers should act as a resource, particularly for new employees, to help provide guidance and support when tough situations arise.

The Financial Impact

While it is difficult to quantify the precise impact employee retention and workforce shortages have on operating results, there is mounting evidence to indicate that the impact goes well beyond just higher recruitment cost. Working with senior living operators across the country, Argentum gathered and analyzed data on what the impact of higher turnover looks like from an operations perspective. Using these data, they created a hypothetical scenario, estimating a 10% improvement in retention would result in a 5.5% improvement in the bottom line through both lower costs and higher revenue. For a typical regional operator with 20 communities, 1,500 employees and \$80 million in annual revenue, that equates to \$4.4 million in annual savings and additional revenue.



Source: *Building an Engaged Senior Living Workforce*. Argentum. Alexandria, VA. September 2018.

There are two overarching takeaways from these and similar studies: 1) employee engagement is critical because it is tied to better care, lower turnover and increased resident satisfaction, and 2) staffing shortages negatively affect financial, operational and quality of care metrics.

With more than half of the baby boomer population already over age 65, senior housing operators must find a solution to the workforce conundrum facing the industry or risk limiting profitable growth due to higher costs and decreased resident satisfaction and quality of care.

The Power in Connections

Multiple issues affect any employee's level of satisfaction in his/her job. But at the heart of true engagement is the extent to which a staff member feels a meaningful sense of **connection** to the organization and its customers. There are three connections that are especially powerful in senior living and long-term care.

Connecting to Purpose

Understanding and leveraging **purpose** in organizations has emerged as one of the most talked about issues – and opportunities – in companies today. In August 2019, 181 CEOs who are part of the prestigious Business Roundtable signed a new statement on the “Purpose of a Corporation.” No longer is simply driving

shareholder value the top priority, they said. The statement recognized an organization's role in serving all stakeholders: customers, employees, suppliers, communities *and* shareholders.

Many health care professionals would argue that the industry has always understood purpose. After all, isn't serving our fellow human beings at some of the most vulnerable times in their lives the ultimate noble purpose? But recent research and insights into how

purpose can and should be leveraged in organizations, especially among frontline staff, gives us important things to think about.

“When Work Has Meaning” proclaimed the cover story of the July/August, 2018, issue of the Harvard Business Review. Like the profound statement from the Business Roundtable, this article turns long-standing business principles and theories on their head. Authors Anjan Thakor, the John E. Simon Professor of Finance at the Olin Business School at Washington University in St. Louis, and Robert E. Quinn, professor emeritus at the University of Michigan's Ross School of Business and cofounder of the school's Center for Positive Organizations, found that the traditional “principle-agent model” describing the economic relationship between a company and its employees precludes the notion of a fully engaged workforce.

“People who find meaning in their work don't hoard their energy and dedication,” the authors emphasize. “They give them freely, defying conventional economic assumptions about self-interest. They do more – and they do it better.”^v

One of the authors' most important and insightful messages is that the power of purpose doesn't just naturally happen and influence the work environment in



organizations, even when that underlying purpose is as mighty as it is in health care. Leveraging purpose must be intentional, authentic and central to how work gets done in the organization.

Connecting to Family

Leaders of some of the most successful, creative companies in the world, including Southwest Airlines, Chick-Fil-A and Costco, have referred to their organizations as a “family” when describing corporate culture and how they think about and support employees.

For senior living organizations, a supportive family culture may be even more powerful and appropriate. Is there another business where employees have the opportunity to become an extension of a customer’s family more than in senior living and long-term care? Even truer than in other health care organizations where patient care interactions are more sporadic and transactional, successful senior living facilities develop a strong, meaningful, long-term relationship with the residents they serve.

If one of a leader’s most important jobs is modeling the behaviors and attitudes they expect their staff to exhibit toward customers, then supporting an employee team in senior living should take on some of the best aspects of “family,” including caring about one another beyond the strictly defined tasks of the job.

Of course, family relationships bring both positive aspects as well as challenges. Senior living employers need to take steps during recruitment to make candidates aware of the nature of the emotional advantages as well as the stresses that are inherent in the work. Additionally, managers must be a consistent and trusted resource – especially for new hires – to help coach employees through difficult situations.

Connecting to Responsibility

Perhaps one of the most powerful connections that can be created between human beings is a sense of responsibility and commitment. The same can be true of individuals and organizations. When employees feel valued and sincerely believe that their colleagues as well as the residents/customers being served are counting on them, they may think twice about leaving an organization. Of course, underlying this assumption is the employees’ confidence that the work they are doing truly is making a difference in the lives of others – and that it is appreciated.

With these philosophic underpinnings that emphasize an employee’s connection to the organization, leaders need a detailed, well-structured roadmap for implementing practices that will consistently increase staff engagement, reduce turnover and improve performance.

A Comprehensive Approach to Engaging Staff and Improving Performance

Although many issues can affect employee engagement, Gallup research shows that one overriding factor overshadows all others: *70 percent of the variance in employee engagement can be explained by the manager an employee reports to.*^{vi}

This finding, which aligns with Stamp & Chase's qualitative experience working in the trenches of health care provider organizations for over 16 year, underlines the importance of middle management development focused on improving employee engagement and reducing turnover.

Stamp & Chase has developed a comprehensive model that enables managers to consistently improve engagement, assess employee performance and coach for improved results. Using the acronym T.E.A.M., which stands for **Teach, Empower, Align** and **Mentor**, this framework is grounded in evidence-based approaches that improve overall employee engagement, retention and success.

Inherent in our model are four key characteristics that make feedback more powerful:

- **Frequent** to capture instances of both positive and problematic behaviors as they occur,
- **Aligned** with team priorities and goals for improvement,
- **Specific** to reward positive individual performance and help employees develop the behaviors that lead to success, and
- **Two-way**, reflecting the manager's opportunity to improve his/her performance by encouraging input from staff and colleagues

Built on these fundamentals, the scaffolding of specific management practices that lead to improved engagement are incorporated into a comprehensive mobile application and web portal called **MyTEAM™**. Each part of the T.E.A.M. model focuses on a different core competency of successful leadership practice.

Teach – Providing Effective Leadership to the Team as a Whole

Staff look to their manager to establish clear priorities and direction, and then provide focused support for the team to successfully achieve defined goals. As a teacher, the manager offers the expertise and wisdom that shapes the course of the workgroup. Of course, a strong teacher also is a continuous learner, benefitting from the knowledge and contributions of individuals to make the team stronger as a unit.

There are three specific practices included in the Teach module of the **MyTEAM™** model:



The *Teach* and *Mentor* modules in the MyTEAM™ application make it easy for managers to capture key information during rounding, flag needed follow up, and document feedback to staff members.

Integrated Rounding

- Providing frequent visibility and support to the team as well as to residents/patients and family members
- Focused on meaningful conversations with all customer groups to better understand successes and opportunities for improvement
- Designed to check **in** on staff, not check **up** on staff

Daily Huddles

- Brief stand-up meeting lasting just 5 minutes
- Focused on key issues for that shift and helping staff be successful **today**
- Emphasis on sending staff “on the field” inspired, not discouraged

Effective Team Meetings

- Most effective forum for meaningful dialogue among the team when leaders strive for a **50/50** ratio of giving vs. receiving information and ideas

Empower – Getting Staff More Involved in Decision-Making

Central to all contemporary performance improvement methodologies – including LEAN and Six Sigma – is the idea that better solutions emerge when you involve the people who are closest to the work. While larger, complex projects often involve cross-functional groups drawn from departments throughout an organization, managers have the opportunity to launch smaller, more focused, intradepartmental projects that involve team members in decision-making within the workgroup.

The importance of staff member involvement in decision-making related to their core responsibilities is well documented. In his book, *Drive: The Surprising Truth About What Motivates Us*, author Daniel H. Pink describes three major factors in the workplace that accentuate the intrinsic motivation to succeed within all of us: autonomy, purpose and mastery^{vii}. Involving staff in how to make the work better, more efficient and more satisfying supports all of these factors, especially autonomy.

Align – Establishing Workgroup Goals to Drive Performance

Most organizations have mastered the art of setting well-defined, specific, measurable goals at the corporate level. But to influence behaviors and the performance of workgroups and individuals, more specific, tactical goals should be established at the departmental/unit level. Setting, tracking, consistently reporting and then discussing progress against these goals helps the workgroup



The **Align** module in the **MyTEAM™** application offers one consolidated location to efficiently enter, track and report departmental goals in quality, customer experience or other areas. An attractive report is easy to print for monthly staff meetings or to distribute electronically to the team.

strengthen a sense of purpose around priority initiatives to improve quality, service, efficiency or other aspects of care.

The **MyTEAM™** application makes it easy for managers to structure, track and report goals related to quality, customer service, marketing, finance, people, and/or other organization-specified areas. Attractive summary reports can then be printed for use during departmental meetings on a monthly basis. Consistent tracking and reporting encourages teams to celebrate accomplishments – and course-correct when results are falling short of expectations.

Mentor – Providing Consistent Feedback to Individuals

In the Mentor module, the real power of the **MyTEAM™** framework comes together. Focused on more frequent and meaningful positive feedback (which reinforces desired behaviors) and constructive criticism (which corrects substandard behaviors), three recommended leadership practices provide a platform for continuous individual and team improvement:

Daily Coaching

- In-the-moment comments on a job well done or areas for improvement
- Balanced positive and negative feedback, striving for a 5-to-1 ratio of appreciative vs. constructive comments

Development Dialogue

- More structured conversations regarding individual performance, held a minimum of twice per year
- Focused on both current performance as well as career development
- Tone: “You are an important member of our team. Working on these things will make you even more successful.”

Observation

- Consistent, direct observation of employees in their environment doing their jobs, offering the most powerful opportunities for Daily Coaching and/or Development Dialogues
- Focuses on the *how*, not just the *what*

Summary

Many organizations recognize the benefits of higher employee engagement. But without a specific, structured plan for changing middle manager practices and support for frontline staff, the advantages of lower turnover and improved team performance usually remain elusive. The MyTEAM™ model and associated cloud-based application help middle managers transform their relationship with staff, resulting in higher engagement, lower turnover and better operating results.

ⁱ *Building an Engaged Senior Living Workforce*. Argentum. Alexandria, VA. September 2018.

ⁱⁱ *Great Place to Work Institute Senior Living Skills and Workforce Development Study*. Great Place to Work Institute, Inc. September 2018.

ⁱⁱⁱ Sudo, Chuck. *Why Senior Living Fares Worse Than Other Service Industries on Worker Turnover*. Senior Housing News. November 22, 2019.

^{iv} *The 50 Best Places to Work in Aging Services*. Activated Insights, Inc. in partnership with Fortune Media Group Holdings. August 22, 2019.

Accessed at <https://fortune.com/2019/08/22/best-workplaces-for-aging-services-2019/>

^v Quinn, Robert E. & Thakor, Anjan V. *Creating a Purpose-Driven Organization*. Harvard Business Review, July/August 2018, pp. 78–85. July 1, 2018.

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^{vi} Beck, Randall & Harter, Jim. *Managers Account for 70% of Variance in Employee Engagement*. Gallup, Inc. April 21, 2015.

Accessed at <https://news.gallup.com/businessjournal/182792/managers-account-variance-employee-engagement.aspx>

^{vii} Pink, Daniel H. *Drive: The Surprising Truth About What Motivates Us*. Penguin Group (USA) Inc. December 29, 2009.

About the Authors



Burl Stamp, FACHE, is the President/Founder of Stamp & Chase, Inc. With broad-based experience working alongside health care professionals from the boardroom to the bedside, Burl has helped major health systems, academic medical centers and community hospitals improve bottom line, patient experience, staff engagement and patient safety results.

Prior to launching Stamp & Chase over 14 years ago, Burl served several leading health care organizations in executive roles. As president and CEO of Phoenix Children's Hospital, he spearheaded development and construction of the first comprehensive, freestanding health care campus in Arizona dedicated to pediatrics. He developed the first strategic planning and marketing department at St. Louis Children's Hospital, where he started the highly successful Answer Line in 1989 to provide reliable, accessible health advice to families. He went on to lead pediatric services development for BJC Healthcare/Washington University Medical Center.

As the principal consultant to Ascension Health's Experience Team for over four years, Burl worked with a dedicated group of leaders within the country's largest not-for-profit health system to develop structured, sustainable approaches to consistently improving the patient experience across the system's 75+ hospitals.

Burl is the author of *The Healing Art of Communication*, a health care professional's guide to improving communication. He is a frequent speaker on communication, leadership, organizational culture and business development strategy in health care organizations.



Ben Stamp is a senior consultant with Stamp & Chase, focusing on care operations and finance. He also has responsibility for firm business development and growth.

Prior to joining Stamp & Chase, Ben spent six years in health care real estate, where he focused on health care related properties for two of the nation's largest health care REITs. In these roles, Ben had responsibility for both new investments in the long-term care sector and asset management of the firms' senior services portfolios. He was a primary liaison and adviser to some of the country's most well-respected senior housing operators, developing a deep understanding of operations management and strategies to improve patient/resident care experiences and loyalty. Ben partnered with operators across the care continuum, from independent living to advanced dementia and skilled nursing care, to improve performance metrics and profitability.

Ben earned a BS in Finance and Real Estate from the Kelley School of Business at Indiana University. He currently resides in Southern California, where he is an active volunteer and basketball coach at the Boys & Girls Clubs.

About Stamp & Chase

Stamp & Chase partners with leading healthcare providers across the country to improve the care experience by improving communication competencies and practices among frontline caregivers and leaders. At the heart of the firm's work are two comprehensive sets of tools and strategies to support care teams:



CAREmunication[®] provides a comprehensive curriculum for frontline staff focused on building competencies and practices that improve communication with both residents/patients and colleagues

MyTEAM offers a robust portfolio of cloud-based, mobile app leader tools and approaches that sustain performance improvement through more effective manager coaching, goal-setting, mentoring and accountability



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