

The LEWIN GROUP®



Wisdom at Work: Retaining Experienced RNs and Their Knowledge - Case Studies of Top Performing Organizations

Prepared for: The Robert Wood Johnson Foundation

Submitted by: The Lewin Group

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RETAINING EXPERIENCED RNs AND THEIR KNOWLEDGE: CASE STUDIES OF TOP PERFORMING ORGANIZATIONS: BACKGROUND AND SUMMARY FINDINGS

Background

As key caregivers in hospitals, nurses significantly influence the quality of care provided and, ultimately, treatment and patient outcomes. Consequently, hospitals' pursuit of high quality patient care is dependent, at least in part, on their ability to retain an experienced and highly skilled nursing workforce.

Unfortunately, the health care field faces a significant nursing shortage, due in part to the graying of the nursing workforce, with large numbers of nurses retiring or approaching retirement. And despite the recent economic downturn, demographic trends portend a continuing nursing shortage, with retirement of experienced bed side nurses a major contributor. Therefore, providing additional opportunities and incentives for experienced nurses to continue to contribute their skills and knowledge is important to the functioning of our health care system. The costs of losing such workers are considerable, both monetarily with respect to hiring and training new staff and in terms of the institutional knowledge lost to hospitals and health systems.¹

Responding to these important issues, The Robert Wood Johnson Foundation (RWJF) is collaborating with hospitals, health systems and nursing leaders to test and build an evidence base of creative solutions that improve the retention of experienced hospital nurses and to develop "best practice" models for more widespread dissemination and uptake. In 2006, RWJF commissioned a white paper, *Wisdom at Work: the Importance of the Older and Experienced Nurses in the Workplace* that identified strategies intended to contribute to the retention of experienced nurses, and recommended that resources be invested to test those strategies.²

The Foundation supported that recommendation in 2007 by funding the "*Wisdom at Work: Retaining Experienced Nurses Research Initiative*." Under the 24 month initiative, grants were awarded to 13 hospitals and health systems with pre-existing programs designed to improve experienced RN retention to evaluate the outcomes of each initiative through the collection and analysis of performance data. The Lewin Group (Lewin) was commissioned by RWJF to serve as the programs National Coordinating Center, providing technical assistance, coordination, data analysis and evaluation services to support the initiative.

In building upon the *Wisdom At Work: Retaining Experienced Nurses* white paper, the Foundation demonstrated a consistent commitment to building an evidence base for retaining

¹ One study has noted that the replacement costs for nurses can be equal to or greater than twice that nurse's regular salary. HSM Group, Ltd. Acute care hospital survey of RN vacancy and turnover rates in 2000. *J Nurs Admin.* 2002;32:437-439.

² White paper sources included published literature and interviews with individuals with expertise in health care systems design, executive leadership and management, patient-centered care and safety and labor relations.

experienced registered nurses (RNs) in clinical practice within the nations hospitals and health systems.

However, the issue of retaining an experienced workforce is not unique to nursing. By 2010, 40 percent of the U.S. workforce will be over 50 years of age. This shifting demographic will be especially acute in knowledge-driven sectors such as healthcare, aerospace, energy and others that have become increasingly technical and complex. These new challenges create opportunities for hospitals and health systems to learn from both their own top performers and the best practices of other employment sectors.

Recognizing the relevance of this issue, in 2008 RWJF funded “*Retaining Experienced Workers: Case Studies of Top Performing Organizations*” under which Lewin was commissioned to develop seven illustrative case studies of top performing organizations to identify and share with the field proven and often innovative retention strategies and approaches that can be applied to the experienced workforce.

These case studies were developed through one to two day observational site visits to high performing organizations. While on-site, the Lewin team conducted in-depth interviews and focus groups with staff at all levels. Hosting sites included both healthcare and non-healthcare organizations that have repeatedly received widespread external recognition and awards for their commitment to experienced employees. Examples of awards each has received, often on multiple occasions, include:

- FORTUNE magazine’s annual list of America’s “100 Best Companies to Work for.”
- AARP’s annual “Best Employers for Workers over 50” listing; and
- Working Mother’s Magazine’s designation as a friendly, flexible and supportive place for working mothers and parents to be employed.

The case studies presented below are organized to: 1) Describe the environment of each high performing organization and the challenges motivating them to prioritize retaining experienced staff and their knowledge; 2) Identify and describe the success factors and strategies that explain each organization’s success; and 3) Summarize achievements, any future plans and the potential transferability of gains achieved.

The table below summarizes the participating case study sites and approaches that each has applied particularly well to support its retention objectives.

Organization	Location	Key Success Factors
Scripps Health	San Diego, California	<ul style="list-style-type: none"> • Talent forecasting and development • Innovative RN Clinical Mentoring program • Aligning compensation and benefits to support retention objectives
MITRE Corporation	McLean, Virginia	<ul style="list-style-type: none"> • Adopting a “Life-Cycle” approach to benefit design • Creating a Human Resources division to integrate quality of work life programs

Organization	Location	Key Success Factors
		<ul style="list-style-type: none"> • Creating innovative phased-retirement programs
Bon Secours Health System	Richmond, Virginia	<ul style="list-style-type: none"> • Building a culture of aging • Making the business case for retention • Focusing on macro- and micro-level metrics to track retention
LL Bean	Freeport, Maine	<ul style="list-style-type: none"> • An “Outdoors Culture” focusing on employee health, safety and wellness • Flexible work scheduling and retirement options
Monongalia Hospital	Morgantown, West Virginia	<ul style="list-style-type: none"> • Building a hospital-wide culture that values and empowers nursing • Utilizing technology to leverage nursing skills • Actively involving experienced RNs in hospital master planning and design
First Horizon National Corporation	Memphis, Tennessee	<ul style="list-style-type: none"> • Building a culture of staff inclusiveness and empowerment • Flexible work environment and phased retirement
Carondelet Health System	Tucson, Arizona	<ul style="list-style-type: none"> • Funding BSN and MSN education programs to retain staff nurses • Establishing seasonal “Snow Bird” programs for RNs • Aligning compensation and benefits to support retention. • Creating an HR division focused on workforce strategy

OVERVIEW OF CASE STUDY FINDINGS AND BEST PRACTICES

We conducted in-depth case studies of healthcare and non-healthcare organizations that have been publicly recognized for achieving high levels of success in retaining experienced RNs and other mature workers. A common message emerging from these organizations for policy makers and hospitals and health systems is that *there is no single silver bullet that alone will significantly improve the retention of experienced RNs or other mature workers*. Put another way, achieving and sustaining success is dependent on far more than individual programs or changes to the workplace environment.

The research team concluded that success in retaining experienced staff relies on doing a number of things particularly well and building on a strong foundation of supportive organization-wide success factors that include:

1. Leadership committed to building and sustaining a corporate culture that values nursing and experienced workers.
2. A structured and organization-wide focus on managing and developing talent, supported by aligning benefits and making the business case to support retention objectives.

These foundational success factors are supported at top-performing organizations by a rigorous and on-going focus on metrics to rapidly identify and address retention issues and to measure and evaluate performance against clearly defined objectives. Each overarching success factor is also supported by a wide variety of often innovative programs and initiatives described in the case studies below. For example, organizations successful in managing and developing talent internally offer such targeted benefits as:

- Phased retirement options
- Flexible work scheduling options
- Eldercare benefits
- Transfers from bedside nursing to clinical mentoring roles
- Gain-sharing based upon exceeding patient satisfaction and financial performance targets
- Education, including BSN and MSN degree opportunities
- Comprehensive wellness programs

The remainder of this overview highlights for each success factor a number of illustrative programs and initiatives we discovered during our visits to top-performing organizations. It concludes with their advice about how to transfer these and other successful retention practices to other settings.

Leadership Committed to a Corporate Culture Valuing Experienced Workers

The factors motivating **Bon Secours health system** in Richmond, Virginia, to make retention of experienced RNs a strategic priority are deeply rooted in the history of the organization, which

was originally founded in 1824 by the Catholic “Sisters of Bon Secours” in France. “We Believe Bon Secours Is a Place to Work for Life” formalizes the culture of honoring age and experience that, while present in some organizations, is absent in many others.

As detailed in the case study below, the health system brings this culture to life by blending flexible work and retirement arrangements, innovative work-life benefits, education, and development and strong internal communications to create an environment that celebrates the value seasoned workers bring.

Bon Secours also deploys a multi-layered approach to track metrics and outcomes supporting the business case for its recruitment and retention strategies. The CEO and his management team assess impact broadly through a dashboard of performance measures that portray the organization’s strength and competitive position in the market. Examples include:

- Trends in patient satisfaction (currently scoring in the 68th percentile)
- Trends in quality outcomes (currently scoring in the 95th percentile)
- Trends in financial performance (currently in robust financial health)
- Community commitment (focus on community outreach)
- Marquee medical staff (secured from top institutions)
- Employee engagement/turnover (engagement levels rising and turnover falling, as reported by ongoing Gallup surveys and internal analyses)

Because retaining mature RNs and other experienced workers is mission critical at Bon Secours, on a more granular level, its Human Resources Division also actively monitors a scorecard of performance indicators at the departmental level on a weekly, bi-weekly and/or monthly basis. Data collection methods include employee satisfaction surveys and employee and manager focus group feedback.

Monongalia General Hospital in Morgantown, West Virginia, epitomizes another variation on the theme of corporate culture supporting experienced RN retention. To stand out from the local competition, Monongalia focuses on strengthening its internal culture and the quality of care it provides to patients. Nurses there point to several factors that support a strong culture of nursing. These include a greater focus on nurse empowerment compared to many teaching hospitals where physicians may enjoy a higher profile and nurses may be less prominent and empowered.

For example, in contrast to the traditional facility design process, hospital leadership actively involved experienced nurses in designing a new \$92 million “state of the art” patient tower that opened in 2008. Nurses played active roles from the beginning in facility master planning, including room and floor design and equipment selection. As a result, the new tower includes a number of ergonomic design features that enhance patient care and nursing staff satisfaction. Many experienced RNs cited this level of empowerment as unprecedented in their careers and praised the inclusiveness of hospital leadership.

Established in 1864, **First Horizon National Corporation** (FHN) headquartered in Memphis, Tennessee, is one of the top 30 bank holding companies in the U.S. In the early 1990's, FHN's leadership discovered that their most profitable retail branches also enjoyed the highest levels of employee satisfaction and retention. With the business case that employee retention is directly linked to higher profitability, FHN established "FirstPower Culture," an initiative explicitly designed to realign corporate priorities to put employees first in the organization's value chain. A FirstPower Council was established to help identify, lead and manage corporate-wide initiatives to fully embrace the new culture.

By 2003, FHN's First power culture had evolved from its original focus on empowerment and continuous improvement in the workplace to also highlight ownership, teamwork and inclusiveness. This meant breaking down organizational hierarchies to empower employees to freely voice their ideas regardless of formal position, and providing all with the opportunity to be high-performing team members with chances to grow and succeed. The forum to do so was provided by restructuring the FirstPower Council. Previously, the Council was composed entirely of executive leaders. With the re-structuring, only three executives remain, with the remaining members being frontline employees.

FirstPower Culture continues to be a key driver in retaining FHN's employees and will continue to evolve consistent with the positive return on investment it continues to demonstrate. According to one experienced employee, FirstPower *"makes you feel that the company wants and values you. Not many companies make you feel that way and that's why I've been with the company for so long."*

Organization-wide Focus on Managing and Developing Talent

Scripps Health, in San Diego, California, develops recruitment and retention programs to inform an annually updated system-wide workforce strategic plan, which is an integral component of the healthcare system's overall strategic plan. The workforce plan includes a detailed five-year forecast of Scripps' talent needs based upon analyzing retention and retirement trends and projected health system areas of growth. Scripps uses this information to identify business units where talent loss may be a threat. Retention strategies such as flexible work arrangements and phased retirement options are then developed and rolled-out where needed.

Benefit programs at Scripps are designed to retain experienced RNs and other mature workers longer in the workplace as part of a "life cycle" process that systematically manages the system's talent through five career stages:

1. Entering the workforce;
2. Growing with your family;
3. In the middle of everything;
4. Thinking about retirement; and
5. Retirement.

Of particular interest for workers of all ages is the ability to choose from a large variety of programs that support their specific needs, such as education and growth, gain-sharing, caring for parents, planning for the future, and phased retirement.

While Scripps continues to use traditional sources, such as print advertising and websites to attract new talent, the organization's focus has shifted to optimizing retention by developing its staff internally and placing each staff member in the best position for his/her professional success and that of the organization. As noted by a Scripps senior executive, *"We recognize the life cycle of each employee-whether they are early career, mid-career or late career- and help them grow within Scripps and find a career that fits their specific needs."*

Carondelet Health Network, in Tucson, Arizona, has adopted a different approach to differentiate itself to retain nursing talent. Responding to heavy competition for nurses from nearby Phoenix and southern California, leadership stresses education and dedication to the development and retention of nurses by operating an on-site BSN program and collaborating with a local university to offer an on-site MSN program.

The business case for investing in the BSN program was made when the organization realized that the projected \$10,000 per nurse cost of the program would be more than offset by savings from reducing the approximately \$20 million a year spent on contract labor services through improved retention of staff nurses, something that Carondelet was committed to doing.

The business case for an MSN program was harder to justify to leadership and the Board given its \$27,500 per nurse price tag. However, the Tucson area, like other parts of the country, was facing a nurse faculty shortage at the same time that the Governor of Arizona had just passed legislation mandating all nursing schools to double their enrollment.

Recognizing an opportunity, Carondelet signed an exclusive contract with Grand Canyon University under which the college offered nurses an MSN program, in return for the nurses agreeing to serve as adjunct faculty upon graduation. In 2006, Carondelet began offering the MSN program, another step towards emphasizing a culture of education, critical thinking, and better patient care.

An important outcome of being the only healthcare system in the state of Arizona offering free, on-site BSN and MSN programs for its nurses has been a positive impact on the recruitment and retention of nurses at Carondelet. Since 2004, when Carondelet prioritized RN recruitment and retention initiatives, the percentage of staff nurses has increased from 81.7% to 89.2%, while the percentage of contract nurses has declined from 18.3% to 10.8%. As noted by a telemetry nurse, the education programs have given him *"direction, goals, an opportunity, and a career pathway. How could I leave Carondelet after they have given me this opportunity?"*

While proud of their accomplishments and external recognition, these "best practice" organizations believe that their success in retaining mature RNs and other workers is transferable to other organizations. As summed up by one Human Resource executive, *"any organization can start down this path. It's all about figuring out what you can do with the resources you have, having faith in your own abilities and a drive to achieve something."* Other practical advice offered by these high-performing organizations includes:

- Prioritize structured workforce planning by making it a part of the organization's strategic plan.
- Develop a business case for retention. To be sure that hospital leadership sees the benefit of proposed retention programs and understands that sometimes you have to spend money to save money, it's important to demonstrate the return on investment of proposed investments.
- Be data driven in identifying staff retention risks and needs. That includes disciplined tracking of metrics and speaking directly with mature workers to understand their issues and needs. For example, at Bon Secours, results of annual Gallup employee engagement surveys are taken very seriously, as history has shown that departments with low survey results often suffer high turnover.
- Keep an open mind about retention strategies as workforce demographics and the organization's business strategy change.

Lastly, organizations should avoid the temptation of resorting to quick fixes. Workforce planning is not just about designing and implementing specific programs and initiatives. It's about investing in both tangible and intangible improvements to enhance the entire system. Nursing should be a long-term investment for any hospital or health system, and an organization's recruitment and retention efforts should reflect that.

CASE STUDIES OF TOP PERFORMING ORGANIZATIONS

Organization	Location	Case Study Page Number
<i>HEALTHCARE ORGANIZATIONS</i>		
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Scripps Health	San Diego, California	18
Carondelet Health System	Tucson, Arizona	25
Monongalia Hospital	Morgantown, West Virginia	32
<i>NON-HEALTHCARE ORGANIZATIONS</i>		
Mitre Corporation	McLean, Virginia	38
LL Bean	Freeport, Maine	43
First Horizon National Corporation	Memphis, Tennessee	48

Bon Secours Richmond Health System

They must be doing something right for staff at Bon Secours Richmond Health System (BSRHS). After all, despite a highly competitive local market for newly minted RNs, 71% of new graduates from the system's school of nursing choose to work at Bon Secours.

And it's not just new nurses that are attracted here. BSRHS has become nationally and internationally known for its success in retaining and managing mature, experienced workers. More than 200 of the system's 6,500 employees are 65 and older and almost a third are over 50. Among RNs, almost 25% are over 50, and turnover rates among that group average 11.8%, compared to 18.6% for all health system RNs.

Dawn Malone, Administrative Director for Work and Family Services, pointed out that BSRHS has received numerous awards and accolades for its innovative strategies to consistently address its employees' work-life challenges. These include being on the AARP's "Best Employer for Workers over 50" list since 2003, and receiving the "Bernard E. Nash Award for Innovation" from the AARP in 2006 for their exemplary practices in flexible work options, recruitment, and rehiring retirees.

Bon Secours Richmond is a not-for-profit, mission-driven system consisting of four hospitals, two schools (nursing and medical imaging), one family practice residency program, and numerous outpatient facilities operating in the Richmond, Virginia area. BSRHS is a part of the Bon Secours Health System. Of BSRHS's over 6,500 employees, 32% are age 50+ (expected to reach 40% by 2010), and nearly 1/3 are nurses. As a whole, BSRHS touts a "culture of aging" within the workplace where employees are encouraged to work for as long as they are able. BSRHS has received numerous accolades for its innovative strategies to consistently address its employees' work-life challenges, including being on the AARP's "Best Employer for Workers over 50" list since 2003, and receiving the "Bernard E. Nash Award for Innovation" from the AARP in 2006 for their exemplary practices in flexible work options, recruitment, and rehiring retirees.

While such national recognition is helpful in making the case for continued investment in retention programs, that's only the tip of the iceberg. The factors motivating Bon Secours to make retention a key strategic priority are both deeply rooted in the fabric of the organization and in response to a very competitive environment.

**"We have to be Cutting-Edge to be Competitive to Retain and Hire Nurses."-
Francine Barr, Chief Nursing Executive**

As the Richmond area continues to grow, a major driver of experienced nurse retention is the highly competitive landscape among local health systems, large physician group practices and non-hospital healthcare providers. This is compounded by growing interest in the Richmond market by systems located in Northern Virginia and the Tidewater region. All compete not just for market share, but also for nurses and other clinical workers in short supply.

Like most health systems, BSRHS also is not immune to the dual challenges of aging baby boomers requiring more nursing care at a time when the number of nurses entering service is not enough to meet demand. And the situation may not improve any time soon.

According to a report released by the American Hospital Association in 2007, the national RN vacancy rate is 8.1%, and U.S. hospitals need about 116,000 RNs just to fill those positions. Also,

according to a 2006 national study by the Hodes Group, 55% of nurses surveyed reported that they intended to retire between 2011 and 2020. To further add to the problem, Virginia is a designated scarcity state for recruitment of RNs.

Peter Bernard, the CEO of BSRHS, is keenly aware of these challenges and proactive in response. When he came on board in 2000, he found an organization with strong work life programs, on-site childcare, and several other programs and initiatives to support employees.

But he knew they had to do more in the future. He kicked the organization into a higher gear by championing the planning and implementation of retention programs that bridged all levels of the organization. Since almost a third of the company's workforce is at least age 50, once BSRHS learned more about their interests and the challenges they faced, it began developing programs that encouraged mature workers to keep working.

Bon Secours has succeeded in doing three things particularly well:

1. Making the business case for retention and tracking outcomes
2. Building a culture of aging
3. Establishing a phased RN retention strategy

Making the Business Case for Retention and Tracking Outcomes

Organizations incur significant tangible and intangible costs when experienced RNs are lost. Even using a conservative approach, replacement costs often equal one to two times an employee's annual salary, depending upon level of experience and specialty. These costs are compounded by the loss of practical expertise and knowledge, or "lost wisdom," suffered by organizations losing mature RNs.³

Although employee suggestions and recommendations are taken very seriously here, it is important to make the business case for retention initiatives. Employee requests and suggestions for programs or areas of improvement are blended with Return on Investment (R.O.I.) analyses to make the business case for most proposed programs. For example, in 2001, when developing a program to help retain experienced staff by allowing retirees to continue working, the planning team presented data quantifying the cost of staff turnover and demonstrating the ROI from retaining knowledgeable and skilled older workforce members.

But exceptions are made for retention initiatives that are the right thing to do in terms of justice in the workplace. One example is a "socially just wage," based on concepts in Catholic social teachings, which also guide BSRHS. After determining that over the past decade inflation had shrunk the value of the minimum wage to an unacceptable level, some 500 low wage employees received "just wage" pay increases that cost the system about \$550,000.

BSRHS also deploys a multi-layered approach to track outcomes to help support the business case for its recruitment and retention strategies. At the senior executive level, CEO Peter

³ *Wisdom at Work: The Importance of the Older and Experienced Nurse in the Workplace.* The Robert Wood Johnson Foundation. June 2006.

Bernard and his management team assess impact broadly through a dashboard of performance measures that portray the organization's strength and competitive position in the market. Examples include:

- Trends in Patient satisfaction (currently scoring in the 68th percentile)
- Trends in Quality outcomes (currently scoring in the 95th percentile)
- Trends in Financial performance (currently in robust financial health)
- Community commitment (focus on community outreach)
- Marquee medical staff (secured from top institutions)
- Employee engagement/turnover (engagement levels rising and turnover falling, as reported by ongoing Gallup surveys and internal analyses)

Since retaining mature RNs and other experienced workers is mission critical at BSRHS, on a more granular level, its Human Resources Division also actively monitors a scorecard of performance indicators at the departmental level on a weekly, bi-weekly and/or monthly basis. Data collection methods include employee satisfaction surveys and employee and manager focus group feedback. Examples of data collected include trends in:

- Turnover and vacancy rates
- Employee engagement scores
- Positions filled
- Age of hires and terminations

Building a Culture of Aging

“We Believe Bon Secours Is a Place to Work for Life.” -Carol Fuger, Registered Nurse

BSRHS's long-standing focus on retaining experienced employees formalizes the honoring of age that, while present in some organizations, is absent in many others. It acknowledges that successfully meeting its mission to “bring compassion to health care and to be good help to those in need, especially those who are poor and dying,” rests in no small measure on the willingness of older workers to pass on their knowledge and experience before they retire. And this seems to give experienced RNs, who play a leading role in mentoring and preceptorship of their younger colleagues, real satisfaction.

BSRHS is a part of the Bon Secours Health System originally founded in 1824 by the Catholic “Sisters of Bon Secours” in France. Staff is quick to note that the faith-based nature of the organization grounds it firmly and holds people accountable to a higher standard. Yet they also believe that you do not have to possess a religious affiliation to be a leading employer and retainer of mature workers. Dougal Hewitt, Senior Vice President for Mission Services summed it up by asserting that there is a universal value system at Bon Secours that can be digested by others of varied faiths or non-faiths. And that's because anyone can answer what respect, justice, and integrity means to them.

Referring to their approach as building a “culture of aging”, Bonnie Shelor, Senior Vice President of Human Resources, said “We blend flexible work arrangements, innovative work-life benefits, education and development and internal communications together to create an environment that celebrates the value seasoned workers bring.”

One unanticipated outcome of this culture of aging is the age of some experienced RNs who continue to work. While expecting that they might not want to retire at age 65, no one reportedly expected them to hold steady in the work place at 75 and 80+. As Dawn pointed out, they work not just for a paycheck, but also for the camaraderie with their peers.

Establishing a Phased RN Retention Strategy

“Maintained Wisdom and Knowledge is Very Important and Experienced Nurses Have a Higher Level of Critical Thinking.”- Susan Bodin, Dean of School of Nursing

Susan Bodin, the Dean of the Bon Secours Memorial School of Nursing, has seen a lot of change in RN retention strategies over the past 20 years. Compared to the past, retention today is a more targeted and lasting effort working off of a defined plan and goals established by the Human Resources Division.

An important retention-related issue for BSRHS, as it is for all hospitals, is the turnover rate of RNs within their first year of employment. Most often this conjures up images of overwhelmed 20+ year-olds discovering that nursing is not the right profession for them. However, at BSRHS, over 40% of new RN hires and 17% of their nursing school students are over the age of forty.

This presents both opportunities and challenges. These entry level RNs often enter nursing as a second career and are stable, mature and highly motivated. In some cases, however, they may also want to continue their nursing education to pursue Master’s level training rather than immediately working at the bed side. This is where the organization’s willingness to offer highly flexible work scheduling plays to its advantage.

Most importantly, the organization does not wait until RNs become experienced before applying targeted retention strategies. Given the older pipeline, retention of the mature RN workforce often starts when they enter the Bon Secours Memorial School of Nursing. As stated by Susan Bodin, “Since our school is part of a health system, we maintain values and missions that are fostered with our students from day one. They have already been acculturated into this organization’s milieu early on”.

Susan believes in a long-term retention strategy that targets nurses during specific periods in their careers. That strategy includes providing a high level of mentoring and other support during their first two challenging years at the bedside, and providing greater visibility and other growth opportunities in years three through six. Susan believes that if you can keep RNs through their first six years of employment, the odds are good that you can retain them for the long-term, because at that time, nurses begin thinking more about the long-term benefits of staying.

Experienced RNs are also attracted by Bon Secours' work towards achieving Magnet status, which brings with it a higher level of shared leadership for nurses, as well as greater say and opportunities for development than in the past. These factors contribute to a strong sense of organizational history and ownership among BSRHS's mature nurses.

These views are supported by a recent Gallup survey sponsored by the health system, which found that the top reasons for many of the positive retention results they were seeing include:

- Identification with mission
- Relationships with co workers
- Educational opportunities to learn and grow
- Having opportunities to do what we do best on a daily basis

Programs Supporting Bon Secours' Mature RN Retention Strategies

While retention is critical for all nurses, BSRHS offers a range of programs particularly attractive to its mature RNs and other experienced employees. While many hospitals may offer some of these programs, what makes Bon Secours special is its breadth and degree of individualized tailoring. They fall under four distinct categories: (1) **Flexible Work and Retirement Arrangements**; (2) **Mentoring**; (3) **Elder Care**; and (4) **Work Design and Ergonomic Programs**.

1. **Flexible Work and Retirement Arrangements: Individually tailored** flexible work arrangements are a key retention strategy. While flexible work arrangements are widespread in the industry, BSRHS offers work scheduling that is individually tailored for each employee. For example, employees can select varied options for the number of hours or days they work (e.g., only weekend shifts, or cycling between full-time, part-time, and on-call status, as needed). One RN stated that "Flexible scheduling is crucial. That is why many people stay at Bon Secours."

While phased retirement programs are increasingly widespread in the industry, beginning in 2000, BSRHS began focusing on programs designed to retain or bring back to the work place knowledgeable, retirement-aged employees. Efforts target ways for employees to work fewer hours, but still receive pension benefits before formal retirement. Currently, there are three options available that fall somewhere between full retirement and full-time work:

- **Retire altogether** and be rehired after a "waiting period" of at least three months. Following the re-hiring process, the employee can continue to receive retirement benefits in addition to their regular paycheck.
- **Retire at age 65**, collect full pensions, and still work part-time (no more than 24 hours per week).
- **Work past age 70.5** and begin receiving pension checks, regardless of where they work.

These options have been very well received by mature workers, and in recent years, experienced RNs have been increasingly taking advantage of these flexible retirement

opportunities. From 2004 to 2006, there was a 300% increase in the number of experienced RNs utilizing these options.

2. **Mentoring:** Established in 2008, the “Guiding Light” Mentor Program at St. Francis allows experienced RNs to provide clinical and leadership mentoring to new nurses, and was added to 1) reduce turnover rates among new graduate nurses; 2) acknowledge that mentorship opportunities are critical at that time in a nurse’s career, and 3) respond to feedback that experienced nurses wanted to stay within the organization and help imprint critical thinking skills, communication styles, intuitive skills and other behaviors associated with expert nurses.
3. **Elder Care:** Elder care benefits enable home health workers to provide in-home care for employees’ elderly/aging relatives or spouses. This program is growing in popularity and is seen as a “win-win” for both the organization and mature workers. It is important to Bon Secours because it helps retain skilled employees aged 50-65 who might otherwise consider leaving their jobs to help care for elderly parents or an aging spouse. And according to Dawn Malone, there is now a growing appreciation for elder care services among experienced workers who, thanks to this resource, can elect to continue working.
4. **Work Design and Ergonomic Programs:** BSRHS acknowledges the physical demands of bed side care and offers work redesigns and ergonomic initiatives to help retain experienced RNs at the bed side. Examples include improvements in flooring, lighting, changes in workstation design, and deployment of lift teams to help eliminate patient handling injuries. These approaches allow nurses to be on-hand at the bed side for direct patient care, teaching, and mentoring, but not have to do all the physical work involved.

According to Francine Barr, Chief Nursing Executive at St. Mary’s Hospital, “We are amazed at comments from experienced nurses who say they have been able to work a couple of years longer than they might have before the lift teams were in place.”

Outcomes Achieved

RN Turnover Rates

Bon Secours tracks retention closely. Over the past six years, turnover rates for their experienced RNs averaged between 11-12%, compared to 18-19% among all RNs and about 19-22% for all employees.

Employee Benefit Usage

BSRHS has begun tracking and comparing turnover among employees, including experienced workers, with an elder family member participating in the intergenerational care program (Elder Care) to those who do not. While it is too early to determine the impact of this program, BSRHS expects results for experienced RNs to be similar to the low 7% turnover rate for RNs with children in Bon Secours child care program.

Additionally, with the implementation of lift teams and safe patient handling equipment, BSRHS will begin analyzing their impact on turnover rates, as well as cost savings associated with reduced RN patient handling injuries.

RN Engagement Survey Scores

BSRHS believes that employee engagement is crucial to employee retention. Many of the programs put in place for employees come directly from soliciting their needs and recommendations for improvements. In 2008, the RN engagement score increased to the 81st percentile (Gallup scale score of 4.15 out of 5.00)

As stated by Francine Barr, “Our employee engagement survey results generated through the Gallup survey process are taken very seriously. If we work to address all 12 areas of the survey, we will retain our staff.”

Are Bon Secours’ Results Transferable to Other Hospitals and Health Systems?

“You have to have leadership in the organization that listens, is willing to take risks, will be innovative and creative and give nursing leaders a chance to try things.”- Jill Kennedy, Chief Nursing Executive

While proud of their accomplishments, BSRHS staff believes that their programs and success retaining mature workers are transferable to other hospitals and health systems. As Bonnie Shelor summed up, “any organization can start down this path. It’s all about figuring out what you can do with the resources you have, having faith in your own abilities and a drive to achieve something.”

Bon Secours’ leaders believe that sustained senior-level buy-in is a critical success factor that must be achieved on several levels. To be sure that hospital leadership sees the benefit of proposed retention programs and understands that sometimes you have to spend money to save money, it’s important to demonstrate the ROI of proposed investments. Lifting the visibility of retention initiatives both internally and externally by proactive communication activities, such as presenting at conferences and seeking recognition through awards programs, also helps achieve leadership buy-in.

Another key to success when planning and implementing experienced worker retention programs is to target available funding to issues affecting those employees; select less complicated programs initially; and evaluate and learn from results. Thereafter, efforts can be expanded over time.

It’s also important to be data driven in identifying specific staff retention risks and needs. That includes disciplined tracking of the types of metrics currently employed by BSRHS and speaking directly with mature workers to understand their issues and needs. At Bon Secours, results of the Gallup employee engagement survey process are taken very seriously, as history has shown that departments with low survey results often suffer high turnover.

This attention to detail helps bring retention issues to light and informs solutions. For example, one solution set frequently deployed to help retain employees is conducting education and skills development for managers with high turnover in their units. This approach reflects BSRHS's experience that while staff may be attracted by the organization's reputation and compensation, reasons for leaving often include unresolved issues with their managers.

In conclusion, Bonnie Shelor pointed to three first steps other organizations could take to successfully improve retention of experienced workers, including nurses:

- 1- Develop a work force retention strategy to guide program development
- 2- Develop a business case for proposed programs utilizing both internally available data and publicly available information on RN shortages and the benefits of "experienced" RNs
- 3- Develop programs that benefit mature nurses (e.g., flexible work schedules, benefits, access to pension/retirement funds).

Future Plans for Retaining Experienced Workers

BSRHS is not resting on its laurels, but is actively planning to expand programs to retain experienced RNs and other workers. To ensure experienced RNs continue to mentor and imprint critical skills onto new nurses entering the field, the "Guiding Light" Mentor Program will be expanded. Currently, four mentors in the program oversee nine new nurses. Beginning in July 2008, the program will expand to include 12-15 mentors overseeing approximately 25 new nurses entering the program.

The Elder Care program is also a possible candidate for future expansion as a vehicle to further increase retention among experienced employees who might otherwise leave their jobs if the need arose to help raise their grandchildren or assist their elderly parents or an aging spouse.

And BSRHS will continue to actively solicit feedback from employees, including experienced RNs, on program refinements to support improved retention. As noted by Susan Bodin, "*Bon Secours has already done a lot. It is important to just keep an ear open and ask staff: 'what do YOU need?'*"

Based on its rich and responsive legacy, it appears that Bon Secours will continue to do just that.

Scripps Health

Scripps Health (Scripps) operates in a metropolitan area with a high cost of living and one of the most competitive health care markets in the country. The high local cost of living challenges the organization's ability to recruit and retain nurses and other clinical staff. And within Scripps market, Sharp Healthcare and Kaiser Permanente are both strong competitors vying for the growing north San Diego county area. In addition, California's aggressive managed care payers put financial pressures on providers to operate efficiently.

Yet today's challenges pale compared to the organization's position during 1999-2000. At that time, Scripps financial health was failing, with \$15 million in operating losses in 1999 alone; and the Joint Commission of Accreditation of Healthcare Organizations rated Scripps facilities below the average of U.S hospitals based on quality of care. Moreover, in 2000, the medical executive committees at five Scripps hospitals gave the system's CEO a vote of no confidence, leading to his resignation.

Since Chris Van Gorders appointment as CEO and President in May 2000 and his development of a new management team, Scripps has rebounded dramatically. Financial health has turned around, with an operating surplus of \$100 million in 2007 along with a Board approved \$2 billion expansion plan to modernize its facilities and medical and information technologies over the next ten years. Physician relationships have also improved along with quality of care.

While many factors contributed to this dramatic turnaround, Van Gorders and members of his management team have stressed the role of teamwork, transparency, and accountability.

One of Van Gorder's early and most effective innovations in fostering transparency and teamwork was the creation of the Physician Leadership Cabinet. The Cabinet leverages the experience of physician and nursing leaders by including them in key decisions that affect them. The 16-member cabinet, comprised of elected members from the Scripps campuses - five hospitals plus Scripps Clinic and Scripps Mercy Medical Group regularly meet and share their views and recommendations with management. The creation of the Cabinet, to review strategic decisions and act as a conduit for organizational concerns, has created a strong connection between physician leaders, nursing leadership and administration.

One of the keys in building positive relations with this group was management transparency and using an open and honest style to resolve issues. According to Van Gorder, "A good example was Scripps was paying \$8 million per year for emergency room on-call physicians and they wanted \$4 million more. That \$4 million happened to be the budget for the nurses'

Scripps Health is a non-profit San Diego-based health care delivery network that includes four community-based acute-care hospitals on five campuses, a large outpatient care network, home health care, more than 2,600 affiliated physicians and an array of associated support services. Almost one-third of Scripps employees are 50 years of age or older and over half are 40 and older. Despite operating in a highly competitive environment and encountering serious challenges almost a decade ago, Scripps has rebounded strongly by creating an environment that fosters staff development and retention and transparency in information sharing at all levels.

"Information is power only if you share it. Many people think information is power only if you have it." Chris Van Gorder, President and CEO

raises. I showed the doctors the numbers, and they formed a task force to solve the problem. They came up with some cost reductions elsewhere and ended up only asking for half of what they originally wanted. I empowered them to think as business people.”

Brent Eastman, chief medical officer at Scripps Health agrees: “The PLC has provided a forum to put issues on the table with utter transparency. The cabinet knows that they can ask any questions of Chris or me or the chief financial officer, and everything gets discussed, so this becomes a totally informed group of physician leaders.” This level of transparency and inclusiveness has gone a long way towards re-establishing and strengthening physician relations at Scripps.

Transparency and inclusiveness are management practices applied elsewhere at Scripps. The organization has made a concerted effort to recognize the value of professional nursing and encourages participation by nursing leadership at all levels in the organization. Nursing leaders participate in the Physician Leadership Cabinet and attend Board meetings to ensure that nurses are represented in major decisions.

In its efforts to create a positive work environment that empowers and retains employees, management at Scripps also promotes an open-door policy regarding communication with senior leaders. Employees are encouraged to voice their suggestions regarding new programs they would like to see implemented. The organization also seeks feedback from staff on a regular basis through the “Great Place to Work” annual employee opinion survey, as well as through focus groups and questions submitted directly to the management team.

For example, for the past five years, Vic Buzachero, Corporate Senior Vice-President, Human Resources, has personally conducted ten focus groups annually in which employees share their experiences and priorities for workplace benefits. Examples of system-wide benefit programs implemented in response to employee focus group input include gain-sharing, described below, and a redesigned, staged retirement plan based on feedback from a 72 year old nurse.

Scripps leadership team recognizes that there is no “silver bullet” that explains the organization’s success in retaining experienced staff, including nurses. Instead, they have succeeded by doing a number of things particularly well, including:

1. Focusing on talent forecasting and development as a retention strategy
2. Creating an innovative clinical mentoring program attractive to both more and less experienced RNs
3. Aligning compensation and benefits to support retention objectives

Focus on Talent Forecasting and Development as a Retention Strategy

Scripps develops recruitment and retention programs as part of a system-wide workforce strategic plan, which is updated annually and is an integral component of the systems overall strategic plan. The recruitment and retention plan includes a detailed five year forecast of Scripps talent needs based upon analyzing retention and retirement trends and projected growth. Scripps uses this information to identify business units where talent loss may be a

threat. Retention strategies such as flexible work arrangements and phased retirement options are then developed and rolled-out where needed.

The Role of HR

The Human Resources Division (HR) takes a lead role in developing and implementing Scripps retention programs and is at the forefront of interactions with employees through numerous trainings, orientations and communication that is done as new services or program enhancements are offered. The organization's commitment to growing and retaining talent is demonstrated by Buzachero's stature in the organization. As a Corporate Senior Vice-President, he is an integral member of the system's senior leadership team, with responsibilities that extend well beyond HR to include functions typically overseen by a Chief Operating Officer.

Efforts to consistently engage employees and provide them with relevant information are an organizational priority, and Scripps has received public recognition for its efforts. These include the Public Relations Society of America's 2008 National Silver Anvil Award of Excellence for its workforce communications campaign to enhance employees' understanding of workforce programs.

Internal Talent Development

While Scripps utilizes traditional sources, such as print advertising and websites to attract new talent, the organization's focus has shifted to optimizing retention by developing its staff internally and placing each staff member in the best position for their professional success and that of the organization.

One innovation designed to build internal talent and competencies throughout the organization was the creation of the Scripps Leadership Academy. The Academy was designed to enlarge and help retain the organization's cadre of promising leadership talent. It provides one-year skill building training programs for middle managers, including nurse managers, personally facilitated by Van Gorders with the executive team serving as adjunct faculty. The school has graduated more than 175 new leaders since its inception in 2002.

Said Van Gorders, "I wanted to create opportunities for middle managers, and let them see behind closed doors how decisions are made. We needed to grow from within and change the culture from the top and we needed something that builds trust and creates a common set of values. We would be a silo organization without it."

Innovative RN Clinical Mentor Program

Today's nurse leaders increasingly face the problem of getting and maintaining clinical care nursing expertise at the bed side at the level needed to care for patients in a complex care environment. This issue is complicated by several factors, including:

- Growing patient acuity coupled with shortened lengths of stay, resulting in intensified and accelerated care processes

- Fewer expert-level RNs practicing at the bedside compared to the past, as experienced nurses retire or are offered opportunities to move out of the hospital to practice in less demanding settings
- Communication with physicians and other clinical team members that is often time limited or conducted by telephone
- Growing scrutiny by public and private regulators, payers and others that create safety and financial imperatives for ensuring that appropriate levels of expert nursing care are available at the bed side.

In addition, perhaps the greatest issue a new nurse faces when transitioning from school to the patient bed side is anxiety and fear of failure. Therefore, the more that Scripps can prepare a new nurse for work at the bed side, the quicker that person can be up and running with greater confidence and less likelihood of turnover.

In 2004, through the vision of the then Chief Nursing Officer, Scripps developed a program designed to address gaps between patient care needs and nursing staff bedside clinical expertise. The Clinical Mentor Care Delivery Program, also known as the Nurse Mentor Program, relieves experienced RNs of direct patient care responsibilities to assume clinical mentor roles charged with bridging the expertise gap in less experienced staff.

The beauty of the program rests in the belief that the level of clinical expertise needed to deliver high quality care today can best be achieved through focused “real time” experiential learning. As noted by Christina Bloom, Administrative Director, Inpatient Services, “Mentoring gives these nurses an opportunity to take a step up to a bedside leadership role without becoming a manager.”

The \$5 million annual investment in nurse mentors has grown from 34 full-time equivalent positions (FTEs) to the current 54 FTEs, allowing for 24/7 coverage on 12 patient care units. Mentors are selected based upon manager endorsement, performance evaluation scores, years of experience and interviews and screening by a committee of nursing leaders to ensure a consistent level of proficiency and expert practice. A business case for the program was made by estimating that \$2.5 million in annual savings could be recouped through improved clinical outcomes, such as decreased numbers of falls and failure to rescue cases, and improved nurse retention.

The patient outcomes of the Nurse Mentor Program at Scripps have been impressive.⁴ Comparing the six-month period before and after implementing the Nurse Mentor program:

- The prevalence of stage two or greater hospital acquired pressure ulcers fell by 38%.
- The number of adverse events included in the overall measure of failure to rescue fell by 47%.

⁴ Burritt J, Wallace P, Steckel C, Hunter A. Achieving Quality and Fiscal Outcomes in Patient Care: The Clinical Mentor Care Delivery Model. *J Nurs Adm.* 2007; 37 (12): 558-563.

- The difference between actual and expected risk adjusted complication rates improved from actual rates being consistently worse than expected to being better than expected given the patient population's acuity.

Other positive outcomes include high levels of physician support and improved mentor and RN retention rates.

This innovative nursing program was recognized as a national best practice in 2006 by AARP's Bernard E. Nash award.

Success factors for other organizations interested in adopting this program to consider include the need to involve unit managers early and actively, conduct regular meetings with mentors to share information and resolve issues, and use mentors appropriately and consistently.

Aligning Compensation and Benefits to Support Retention

More than 40% of Scripps staff will be over the age of 50 by 2012, and the organization emphasizes retaining experienced employees longer in the work force through rich compensation and benefits tailored for all stages of life.

Scripps offers its RNs compensation and benefits designed to reward their years of experience, training and skills. For example, RNs are placed and moved within a salary range based on years of relevant professional experience. Their base compensation rate also increases for additional years of experience in other medical specialties; and for obtaining and maintaining certifications and licenses. Scripps also performs market adjustments twice yearly to ensure that salaries remain competitive.

Informed by employee feedback, benefit programs are designed to help retain experienced RNs and other mature workers and retirees longer in the work force as part of a "Life Cycle" approach to talent retention. The "Life Cycle" process systematically manages the talent of the organization through five career stages, each aligned with programs designed to maximize staff retention:

1. Entering the workforce
2. Growing with your family
3. In the middle of everything
4. Thinking about retirement
5. Retirement

As noted by Buzachero, "We understand that our brand, what we do, is all about our people," he says. "We recognize the life cycle of each employee – whether they are early career, mid-career or late career – and help them grow within Scripps and find a career that fits their specific needs."

Although each of the organizations profiled in this case study series offers a rich benefit package attractive to workers of all ages, Scripps has gone out of its way to use benefits to gain

a competitive advantage. As observed by Bob Melendy, Human Capital Services Executive: “In health care everyone expects core benefits, but it is all the other programs that make Scripps stand out.” Of particular interest for workers of all ages is the ability to choose from a large variety of programs that support their specific needs, such as education and growth, gain-sharing, caring for parents, planning for the future, and phased retirement. Illustrative examples include:

1. **Education:** Scripps Center for Learning supports development and training of all Scripps leaders. In addition to the Leadership Academy, The Clinical Education Loan Scholarship Program offers forgivable loans to help staff complete studies in “critical-to-fill” clinical positions at Scripps. Scholarships are provided in amounts up to \$2,500 annually. In 2007, 66 scholarships were awarded, of which 11 recipients were over the age of 50.
2. **Gain-sharing:** In 2007, based upon feedback from employee focus groups, Scripps rolled out a gain-sharing program called the Employee Success Shares Program, and paid out over \$7.8 million to over 9,300 employees. Payments are based upon business units meeting or exceeding patient satisfaction and financial performance targets.
3. **Eldercare:** Scripps implemented a new elder care program in 2007 called the Professional Care Management Program to allow employees, especially baby-boomers with aging parents, dependents or disabled family members to access support services and resources. The program features professional care managers who conduct home-based assessments; create customized care plans and help manage on-going and changing physical, mental and social needs. In turn, the program reduces unscheduled staff absenteeism and boosts workplace productivity.
4. **Attendance Incentive Program:** Scripps provides experienced employees a bonus equaling one week’s pay if they did not use their Paid Short-term Disability during the past year. A total of \$450,000 was paid to long-term employees for 2007 and 72% of employees recognized were age 50 or older.
5. **Phased retirement health insurance and generous defined contribution benefits:** These programs are designed to retain experienced staff by recognizing and rewarding the longevity of their contributions. They include staged and early retirement plans, and establishment of a defined contribution plan that uses years of employment at Scripps to determine the amount of contribution to their eligible compensation the system will offer. Although initially slow to take hold due to the local high cost of living, phased retirement is becoming increasingly popular.
 - b. **Phased retirement health insurance:** This program allows employees 55 or older and employed by Scripps for at least twenty years who agree to continue working 24 hours or more biweekly to continue their health, dental, life and disability coverage at the same cost as full-time employees. This benefit targets employees near retirement age that still want to work and receive their benefits.
 - b. **Defined contribution program:** Scripps defined contribution plan recognizes employee longevity and services rendered to the organization. Under the plan, Scripps makes total matching contributions to employees’ pension accounts that range from 4% for staff who have worked at Scripps for less than ten years to 7%

for staff with 20 or more years of tenure. The plan was created to celebrate and retain employees for as long as possible in order to retain their knowledge and experiences in-house.

Scripps's turnaround efforts have paid off both through widespread external recognition and improved RN retention. In recent years, the health system has received numerous awards recognizing the strength of its leadership team, their commitment to employees and their success at delivering consistently high-quality patient care.

Most recently, Scripps leadership team has been celebrated by HealthLeaders Media as the winner of the 2008 Top Leadership Team in Healthcare among the nation's large hospitals and health systems. Also in 2008, the system made its entry onto FORTUNE magazine's annual list of America's "100 Best Companies to Work for," the first time a San Diego health care provider was included on the list. Since 2004, Scripps has also appeared annually on the AARP's "Best Employers for Workers over 50" listing; and in 2005, 2006 and 2007, was recognized by working Mother's Magazine as a friendly, flexible and supportive place for working mothers and parents to be employed. Scripps also achieved Magnet designation in 2004 for excellence in nursing clinical practice-again, the first hospital in San Diego to accomplish this.

Scripps' actively monitors its RN turnover and benchmarks against industry standards using workforce surveys. At 11.8%, Scripps' 2007 RN turnover rate is a national best practice standard, and is well below the state (14.3%), Southern California (15.1%) and San Diego (13.3%).

But Scripps is not resting on its laurels. Despite a challenging environment, its goal is to become a career destination for the most talented people in health care. The organization understands that success will be defined not by the performance of individual units or even hospitals but by the effectiveness of the system as a whole.

The line of sight relating this to optimizing RN retention is that success is not just dependent on what takes place in nursing units. Scripps understands very well that communication and coordination with other areas within the system, such as ancillary services, influence nurse satisfaction levels and, ultimately, retention.

Carondelet Health Network

In 1999, Carondelet Health Network was in big financial trouble. It lost \$40 million that year due to rising costs and shrinking patient volume. A consultant hired to analyze the situation recommended that staff be downsized and re-organized. It was a difficult and tense time for all Carondelet employees, even nurses. The downsizing included the loss of about 200 employees.

By 2002, Carondelet was back on track. That year it became part of Ascension Health, the largest, religious-sponsored not-for-profit health care system and began growing revenue by 8-10% annually largely through increased patient volume. However, having lost nurses during the 1999 crisis, the health network was growing so fast that it couldn't hire enough staff nurses.

Carondelet Health Network in Tucson is Southern Arizona's oldest and largest health network. Consisting of four hospitals and a variety of other facilities, Carondelet ranks as one of the top 15 employers in the area, with approximately 4,700 employees, 35% of which are nurses. Following some financially difficult years in the late 1990s and early 2000, Carondelet focused its efforts on making the organization the employer and provider of choice in the community. In order to achieve this strategic goal, Carondelet put financial resources into designing and implementing recruitment and retention initiatives for its employees, including creating continuing education opportunities through partnership with a local nursing school program.

As a result, by 2003, Carondelet was spending about \$20 million a year on contract labor services for nursing, about double what they felt they should have been spending. In fact, 20% of the nurse workforce was temporary contract labor. This situation had negative implications both for maintaining continuity of patient care and nursing staff morale because the contract nurses were more highly paid than Carondelet's own staff.

Carondelet also operates in a challenging environment that affects its ability to attract and retain nurses. Tucson has a high unemployment rate and is populated with many low-skilled workers. In addition, similar to other parts of the country, Arizona is facing a nursing shortage that appears to only be getting worse. Currently, Arizona ranks 45th in the country in the number of RNs per capita. The national average is 825 nurses/100,000 population compared to Arizona's 600 nurses/100,000 population. To make matters worse, Carondelet's Tucson location makes it difficult to compete for nurses with nearby Phoenix or southern California, areas that are able to pay higher wages than Tucson.

Carondelet's leaders knew it had to do something to differentiate the system to attract and retain nursing talent. It had vowed to never go back to the way things were in 1999. With that promise, Carondelet focused its efforts on recruiting and retaining its nurses and implemented a number of initiatives to do just that. Key initiatives included:

- Establishing an On-site BSN Education Program
- Collaborating With a Local University to Offer an On-site MSN Program
- Creating a New HR Division Focused on Workforce Strategy
- Aligning Compensation and Benefits to Support Experienced RN Retention Objectives

- Establishing a Seasonal “Snow Bird” Program for RNs

“We asked ourselves, ‘What are the needs of nurses and how can we retain them?’” - Linda Werbylo, Chief Human Resources Officer

A Culture of Education: Establishing an On-site BSN Education Program

Carondelet began asking nurses what they needed and what the health network could do to recruit and retain them. They found out that nurses wanted to continue their education, but didn’t have the opportunity. Many nurses wanted their BSNs, but there was only one college in town that offered an ADN to BSN program. Carondelet thought about offering nurses a BSN program, but it would cost the organization \$10,000 per nurse. Could they afford it?

Carondelet’s Chief Human Resources Officer, Linda Werbylo, told the leadership that if the organization stressed education and its dedication to the development of nurses, it would lead to a culture that emphasizes critical thinking and ultimately, to better patient care. In addition, Werbylo presented the business case for investing in nurses’ education. The organization was paying double for contract nurses compared to staff nurses, so the \$10,000 per nurse cost would be rapidly offset by reducing contract labor services, something that the organization was committed to doing.

The leadership agreed with Werbylo’s argument, and in 2005, Carondelet offered the on-site BSN education program to its first cohort of nurses. One of the unanticipated outcomes from implementing the program was the greater than expected number of experienced nurses that enrolled. The interest by nurses far exceeded expectations. Carondelet thought they might get 20 nurses to enroll in the program; instead, 104 enrolled in the first semester of the program.

The program currently takes 13 months to complete, and all students sign a two-year commitment to work at Carondelet. To date, the program has had 156 BSN graduates and less than 3% have not fulfilled their commitments. The program has reportedly helped change the outlook of participating nurses, making them feel more confident in themselves and in their decision making, thus leading to better patient outcomes. This program is still attracting nurses with a current waiting list of 47 nurses.

A Culture of Education: Collaborating With a Local University to Offer an On-site MSN Program

After Carondelet began offering its BSN program, support grew for an MSN program. This was harder to justify to leadership and the Board given its \$27,500 per BSN nurse price tag. However, the Tucson area, like other parts of the country, was facing a nurse faculty shortage. Because of this shortage, there was a four year wait list for the area’s ADN program. At the same time, the Governor of Arizona had just passed legislation that mandated all nursing schools to double their enrollment. Carondelet decided to approach the colleges in town to strike a deal. If the college would offer their nurses an MSN program, once the nurses graduated, they would work for the college as adjunct faculty.

Grand Canyon University agreed and signed an exclusive contract with Carondelet. In 2006, Carondelet began offering its nurses the MSN program, another step towards emphasizing a culture of education, critical thinking, and better patient care. The program lasts about 25 months and is offered on a part-time schedule, which allows nurses to continue working as they pursue their graduate degree. To date, 15 nurses have received their MSN and are serving as adjunct faculty at colleges to help increase nursing capacity in the area.

Carondelet Health Network is the only hospital in the state of Arizona that offers free, on-site BSN and MSN programs for its nurses. According to Werbylo, these education programs have had the biggest impact on the recruitment and retention of nurses at Carondelet. As noted by a telemetry nurse, the education programs have given him *“direction, goals, an opportunity, and a career pathway. How could I leave Carondelet after they have given me this opportunity?”*

“When it comes to recruitment and retention, you need commitment from the top. Otherwise, it won’t happen.” - Wes Colvin, Chief Operating Officer

Creating a New HR Division Focused on Workforce Strategy

A critical success factor to Carondelet’s ability to recruit and retain both experienced and new nurses is its organization’s focus on workforce planning. In 2005, Carondelet formed the Workforce Strategy Division within the Human Resources Department. This new division was charged with recruiting and retaining Carondelet’s most important assets - its employees.

Unlike many other organizations, workforce planning is a strategic priority for Carondelet. The development of the Workforce Strategy Division was part of the health network’s strategic and financial planning. According to Carondelet’s COO, Wes Colvin, this commitment from the senior leadership of the organization to workforce planning has been essential in Carondelet’s success in recruiting and retaining its nurses.

The Workforce Strategy Division currently has three FTEs focused on recruitment and retention efforts within Carondelet. These include the Director of Workforce Strategy, Bob Black, RN New Hire Support, Marty Dorgan, a former Chief Nursing Officer, and HR Consultant-Workforce Strategy, Melissa Brewster. Mr. Black and Ms. Brewster joined the Division in 2006, followed shortly by Dorgan. One of the first action steps they took was to conduct focus groups with employees and managers to better understand why they have stayed at Carondelet, why they would consider leaving and other concerns and issues that they had. From these focus groups, action plans were developed to address employees’ concerns.

For example, Mr. Black identified pay compression of base rates for new graduate nurses as the major contributor to nurse turnover and use of contract labor. Carondelet responded quickly with significant compensation adjustments. As the RN New Hire Support, Ms. Dorgan conducts interviews with all new nurses and administers six month to two year surveys to all new employees. She also helps to address retention issues by interviewing long tenured employees, including experienced nurses, to understand what their concerns are and what would make them leave the organization.

Because Carondelet has found that nurses tend to leave their managers and not their jobs, Ms. Dorgan also works with managers to help them become better supervisors and leaders. For

example, Ms. Dorgan will identify areas where turnover or other issues are revealed by the survey, and will meet with managers one-on-one to discuss core manager competencies specific to the areas of concern. She also will provide coaching or educational resources to assist managers in further development. Ms. Dorgan also attends nursing leadership meetings and coordinates “just in time” retention activities. Her visibility contributes to managers becoming better retention stewards.

When it comes to workforce planning, Mr. Black is an experienced HR administrator, and Ms. Dorgan is a skilled and respected nursing executive. Together, they form an effective team to tackle Carondelet’s recruitment and retention issues. According to Mr. Black, Carondelet’s focus on strategic workforce planning and initiatives is unique among hospitals and healthcare systems in the area.

Despite its successes to date, Carondelet is going a step further. It recently hired a network Chief Nursing Executive (CNE) to help Mr. Black and Ms. Dorgan think even more strategically about workforce planning issues. As Carondelet continued to grow, it became evident that a strategic vision for nursing was needed. The network CNE will assume primary responsibility and accountability for establishing a network culture of effective, safe, and consistent standards of professional nursing practice. This position will assist in developing a strategic vision and supports the goals and objectives to improve quality care and effective use of staff’s resources.

Aligning Compensation and Benefits to Support Experienced RN Retention Objectives

Although Carondelet’s recruitment and retention programs were developed with both young and experienced nurses in mind, particular programs have better addressed the specific needs of the experienced nurse. Staff throughout Carondelet, from the Chief Operating Officer (COO) to the Hospital Chief Nursing Officers (CNO), recognize and acknowledge the important role that experienced nurses play in caring for patients and mentoring less experienced nurses. Unlike new nurses, experienced nurses possess wisdom and knowledge that cannot be taught in the classroom, but is acquired only after years of clinical practice and experience. In addition to the BSN and MSN education programs, other programs that have been particularly beneficial in recruiting and retaining experienced nurses to and at Carondelet include:

1. **Compression Pay:** In 2006, a focus group of experienced nurses revealed that there were concerns about the pay compression between experienced nurses and new nurse graduates. Carondelet quickly addressed experienced nurses’ concerns and invested several million dollars to increase their wages. Their base rates were increased, and a tiered system was used to provide higher percentage increases to those who had been at Carondelet longer. For example, experienced nurses with 25+ years of service saw an 11.5% increase in their pay, while less seasoned nurses saw increases between 10%-11%.
2. **CARE Program:** The Clinical Advancement Recognizing Excellence (CARE) Program is Carondelet’s clinical ladder for RNs who provide direct patient care. CARE is designed to provide a structure that defines professional practice of RNs, supports RN professional growth, leads to higher functioning work environments, and ensures excellence in patient care delivery. The professional development program is evidence-based and uses Patricia Benner’s theory of RN skill acquisition as its foundation.

Benner's novice to expert theory of skill acquisition in nursing is widely accepted and posits that learners pass through five distinct levels in the acquisition and development of skills – novice, advanced beginner, competent, proficient, and expert. CARE combines the novice and advanced beginner into one category, creating four levels on the clinical ladder – novice, experienced, advanced, and expert. Each level has nine domains of care in which nurses must demonstrate competence, and there is a \$1.50/hour increase in pay as nurses pass from one level to the next. By placing value on skill acquisition and development, the CARE program is geared towards and rewards the experienced nurse.

- 3. Flexible Work Arrangements/Creating Other Job Opportunities:** Experienced nurses often seek flexibility in their jobs. At Carondelet, the CNOs work with experienced nurses to offer 6-8 hour shifts through job sharing. Many experienced nurses are nearing retirement and are challenged by the physical demands of providing bedside care. In these cases, Carondelet leverages their wisdom and expertise by identifying other internal positions that can be filled by experienced nurses. For example, experienced nurses can easily fill quality, education, and case management positions throughout the health system. Currently, a rather small percentage is taking advantage of this program, but Carondelet is encouraging this as an option, especially for the more seasoned nurse. Over the next two years, Carondelet is anticipating growth in the number of nurses participating in this flexible work option.

Establishing a Seasonal “Snow Bird” Program for RNs

Arizona is a participating state in the Nurse Licensure Compact, which authorizes its licensed RNs to practice in other compact states without the necessity of obtaining an additional license. This makes it easier for Carondelet to offer temporary RN assignments to licensed nurses from other compact states.

Carondelet's Seasonal RN Program offers temporary RN assignments at any of the network's four hospitals. Nurses can sign-up for either 3, 6, or 9-month assignments. The rates offered are \$30 per hour for day shifts and \$34.50 per hour for night shifts. To assist with travel expenses and getting settled in Tucson, Carondelet provides sign-on bonuses within a week of the RN's start date - \$1,000 for days and \$2,000 for nights. In addition, a completion bonus of \$1,500 for days and \$2,500 for nights is provided to RNs that stay with Carondelet for at least 6 months. A professional stipend of \$1,500 per month is also included in the program to help pay for housing, living expenses, or professional development.

The Seasonal RN Program has been successful in attracting experienced nurses who enjoy the flexibility of temporary assignments and being in Tucson for only parts of the year. The number of RNs in the Seasonal Program varies, wee 50-80, depending on the time of year. Some of the Seasonals employed by Carondelet throughout the years have been offered and accepted core staff positions with the organization. Because of the success of the Seasonal RN Program, Carondelet has expanded the program to include Seasonal Occupational Therapists, Physical Therapists, and Speech Pathologists.

Results and Recognition for Outcomes Achieved

Carondelet regularly collects, tracks, and monitors a wide variety of data to determine whether its recruitment and retention initiatives are making a difference. Since 2004 when Carondelet began designing and developing its RN recruitment and retention initiatives, the percentage of staff nurses increased from 81.7% to 89.2%, while the percentage of contract nurses decreased from 18.3% to 10.8%. The average age of RNs at Carondelet has also declined a trend that goes against expected demographics. There was a 9.6% reduction in average age from 2004 to 2007 (from 50 to 45.2), which reflects Carondelet's success in recruiting higher numbers of new graduate RNs.

Carondelet's efforts and outcomes achieved in recruiting and retaining its workforce have been widely recognized. The health network was recognized in 2005 and 2006 by AARP as one of the nations 50 Best Employers for Workers over 50; awarded the Bernard Nash Award in 2005, which recognizes employers with exemplary practice in recruitment, flexible work opportunities and rehiring of retirees; recognized and honored as a "Well Workplace" by the Wellness Council of Arizona; and was a 2004 and 2005 Best Practices Winner, a 2006 Winner's Circle designee, and a 2007 Grand Prize Winner for Tucson's Workplace Excellence Award, which honors Tucson's most progressive employers. In 2008, the Society for Human Resource Management (SHRM) recognized Carondelet as a finalist in the Competitive Workforce category of the Human Capital Leadership Awards.

Transferability of Carondelet's Success to Other Hospitals and Health Systems

According to Linda Werbylo, Carondelet's Chief Human Resources Officer, ninety-five percent of Carondelet's programs and initiatives to recruit and retain its nurses are transferable to other hospitals and health systems. One piece of advice is to make workforce planning a part of the organization's strategic plan. In order to be successful in recruiting and retaining nurses, workforce planning must be a priority for the organization. Current data also should be available on employees, including employee engagement survey results to help organizations understand why employees stay and why they leave. Managers should be included in these discussions. Focus groups with employees and managers are a good vehicle to use to obtain this information.

Once the organization knows what it is that employees want, it should continue regular communications with them to provide updates on what the organization is doing to address their concerns and what it may not be able to address and why. It is critical to follow-through on promises and to not only set-up programs, but also be able to maintain them.

Lastly, organizations should not resort to quick fixes. They should address issues affecting recruitment and retention in a holistic manner. Workforce planning is not just about designing and implementing programs and initiatives. It's about investing in both tangible and intangible improvements to enhance the entire system. Nursing should be a long-term investment for any hospital or health system, and an organization's recruitment and retention efforts should reflect that.

Future Plans for Recruiting and Retaining Experienced Nurses

Carondelet understands that it cannot be satisfied with the status quo. In order to stay competitive in the market and to attract and retain nurses, Carondelet needs to continue to offer innovative programs and other initiatives.

In looking ahead to the future, Carondelet plans to continue its emphasis on education through its RN to BSN and MSN programs by continuing its partnerships with colleges in the area. Understanding that there also are intangible reasons why nurses come and stay at Carondelet, the health system will be focusing on continuing to improve the work environment by making its hospitals more family-friendly places to work by offering more social events with families both within and outside the hospitals.

Carondelet also understands the importance of making staff feel valued, supported, and acknowledged. It plans to offer more leadership development opportunities to nurses and to improve the practice environment by becoming more technology-focused and giving nurses the training and support they need to apply technology at the bedside.

Monongalia County General Hospital

Monongalia County General Hospital (known locally as Mon General) is a 199 bed community hospital located in Morgantown, West Virginia that has succeeded in creating an environment that fosters loyalty and longevity by empowering staff at all levels.

Mon General operates in a highly competitive market for a community of its size: 30,000 people within Morgantown itself, according to the U.S. Census, swelling to over 80,000 when including the county that it resides within (this includes the sizeable West Virginia University population). There are several significant competitor hospitals in the Morgantown area, including West Virginia University Hospitals, a large academic medical center. Yet, many RNs at the hospital report choosing to work at Mon

General because of the hospital's culture and collegial, personal atmosphere, despite often traveling great distances to come to work and passing other health facilities along the way.

Monongalia General Hospital is a not-for-profit, 199-bed community hospital within the larger Monongalia Health System, an integrated health care delivery system located in Morgantown, West Virginia that provides a full range of family centered care to residents of north-central West Virginia and southwestern Pennsylvania. Mon General maintains a focus on the culture of the organization and hands-on, close patient care services in a community hospital setting. Over 37% of Mon General's 1,180 employees are over age 50. Among the hospital's 374 RNs, almost 44% are over the age of 45. Mon General has been recognized for its innovative strategies to address its employees' work-life challenges, including being a new entry on the AARP's "Best Employer for Workers over 50" list in 2007.

"The personal environment here [at Mon General] is a powerful lure for nurses"

According to Dave Robertson, Mon General's CEO, a more informal workforce planning strategy is employed within the organization to secure and retain its employees. Robertson noted that "we create programs because they make sense, and we assume others are doing the same. We do them without thinking about whether they are creative or not."

In its efforts to create a positive work environment that empowers and retains employees, management at Mon General promotes an open-door policy where communication is promoted and employees are encouraged to voice their suggestions regarding new programs they would like to see implemented. The Human Resources Division (HR), which maintains an active role in developing and implementing many of Mon General's retention programs and employee benefits, is at the forefront of interactions with employees through numerous trainings, orientations and dissemination of information that is done as new services or program enhancements are offered. These efforts to consistently engage employees and provide them with relevant information is a powerful conduit in promoting their overall job satisfaction and willingness to stay on-board with Mon General long-term.

Mon General's nursing leaders recognize that there is not any one "silver bullet" that explains the organization's success in retaining nurses. Instead, the hospital has succeeded in creating an environment that fosters retention by doing a number of things particularly well, including:

1. Achieving local recognition as a “community hospital” with a culture that values and empowers nursing
2. Focusing on advancing and retaining nurses through educational and training opportunities
3. Involving experienced nurses in designing a new “wired,” state-of-the-art patient tower
4. Utilizing advanced technology to leverage nursing skills
5. Aligning compensation and benefits to support RN retention objectives

Achieving Recognition as a Community Hospital with a Culture of Nursing

“Nursing is respected here and is important and valued.”- Toni Skinner, Nursing Director

To stand out from the competition, Mon General has focused on its internal culture and the quality of care it provides to patients. The hospital is recognized as a “community hospital” that provides hands-on patient care in a smaller setting, allowing RNs and other patient care team members to interact with one another in ways that develop deeper, more personal relationships and facilitate strong team work and team building.

Nurses at Mon General point to several factors that help strengthen a culture of nursing. The first is a greater organizational focus on nurses here compared to many larger teaching hospitals where physicians have a higher profile and nurses may be less prominent and empowered. Nurses also point to Mon General’s high RN to patient staffing ratios and their favorable effects on patient outcomes and nurse staff satisfaction levels.

According to Toni Skinner, a Mon General Nursing Director: “This is part of the reason why nurses come to Mon General and stay. I came because of the reputation for exemplary nursing care and it keeps me here.”

The hospital’s general friendliness and nursing focus are also used to support recruiting activities. During recruitment events, nurses from other hospitals and nursing school students are frequently invited to visit the hospital to see and experience for themselves the attractiveness of Mon General’s environment for nurses.

Another example of Mon General’s commitment to a culture empowering nurses was provided by a Nursing Director who during a visit to her department by the CEO expressed concerns regarding proposed budget and staff cuts and their impact on the hospital’s ability to maintain quality care. After an open and frank discussion, the CEO responded by listening and acting. The proposed cuts were rescinded, underscoring the value of RNs’ in the organization.

Focus On Advancing and Retaining Nurses through Educational and Training Opportunities

Mon General believes that providing ongoing opportunities for education and training are fundamental requirements of good medical practice and are the vehicles through which staff remains effective and marketable. Staff development is consistently promoted in efforts aimed

at both recruiting and retaining nurses. In fact, RNs reported that a major factor influencing their choice to work at Mon General was the extensive precepting and mentoring provided at the onset of their work at the hospital.

According to Barbara Parsons, Director of Education, the greatest issue a new nurse faces when coming into the nursing profession is anxiety and fear of failure. The more Mon General can prepare a new nurse for work at the bed side, the quicker the person can be up and running with greater confidence and less likelihood of turnover. As noted by Melissa Shreves, Director of Human Resources, "if we have employees who are comfortable from the beginning, we are more likely to retain them." Training opportunities include:

- A full-time eight-week nurse mentorship program based at Mon General is available to a select group of Junior and Senior-level nursing school students during the summer months. The program allows for one-on-one mentorship with an experienced staff RN in the performance of direct and indirect patient care activities.

To help address the fact that many RNs enter the profession with limited hands-on clinical knowledge, participants in this program are given the opportunity to increase their knowledge, confidence and skills in clinical settings under the guidance of an experienced RN. As noted by one nursing leader, experienced RNs take pride and enjoyment in mentoring new nurses, and being valued for their contributions by Mon General.

This "Leading by Example" and exposure to one-on-one skills training with experienced nurses helps shape the younger generation of nurses and improves new RN retention during the period when they are most likely to leave the profession.

- An intensive ten day training at the beginning of a RN's employment that includes in-person, classroom-based instruction by clinical educators, computer training and training on use of medical equipment to improve individuals' practical skills. Most training and mentoring are conducted by experienced RNs who enjoy imparting their clinical expertise and critical judgment skills to less experienced nurses. The typical clinical orientation following this classroom training ranges from 8 to 14 weeks and is tailored to the individual RNs needs.

Mon General's nurses also can engage in cross-training in a number of units (e.g., Radiology, Pre/Post Catheterization Lab). Although the organizational investment is great, providing this opportunity is seen as a "win-win" for all parties. These cross-training programs help the hospital address: (1) the explosive growth of medical technology expanding the volume of patients receiving treatment in the last five-plus years, and (2) ongoing shortages and struggles to recruit and retain licensed and/or registered specialists in these areas. RNs report that cross-training has helped retention by equipping them with new skills and opportunities to advance within the hospital.

In contrast to most program initiatives, a business case was not required to justify investing in these specialty area cross-training programs due to Mon General's leaderships awareness of the continuing need for licensed staff and the severe ongoing shortages in the field.

Ultimately, Mon General strives to provide its nurse's opportunities to grow and advance and achieve new goals without having to leave the organization to do so.

Involving Experienced Nurses in Designing a New “State of the Art” Patient Tower

With the construction of the new \$92 million Hazel Ruby McQuain patient tower, Mon General has taken another step forward in distinguishing itself as a premier, advanced technology institution. In contrast to the traditional facility design process, which typically involves selected C-Suite hospital leadership working with an architectural firm, experienced RNs were actively involved from the beginning in master planning for the new patient tower. This included room design, equipment selection and floor design.

As a result, the new tower includes a number of ergonomic design features that enhance patient care and nursing staff satisfaction. Examples include decentralized nursing workstations with better access to patient rooms, knee-level or higher placement of wall outlets and patient lifting devices to minimize nurse injuries associated with patient lifting. Many experienced RNs cited this level of involvement as unprecedented in their professional experience and praised the inclusiveness of hospital leadership.

Utilizing Advanced Technology to Leverage Nursing Skills

Mon General's main campus also continues to add new medical and information technology to improve patient care and nursing practice. These include a new MRI unit and a major expansion of the radiology department to support new imaging technology.

The availability of new state-of-the-art-medical technology goes hand-in-hand with Mon General's efforts to be a front-runner in offering ongoing education and cross-training opportunities to staff and provides attractive incentives for both younger and more mature nurses. These include very flexible work arrangements including rotating holiday work schedules. It remains to be seen how these incentives will impact RN retention.

Mon General is also home to new information technology, including the “Awarix” patient care communication board. This hospital-wide patient care visibility solution informs everyone involved in the patient care process by displaying data from clinical, ADT, environmental services, transporter and other systems against the hospital's floor plan on large, electronic “whiteboards.” For example, clinical staff can see stat orders and lab results while administrators and nurses can instantly communicate current occupancy levels or emergency information across the hospital.

By helping to eliminate the need for RNs and other support staff to manually track down patient status, nurses are able to focus more on care giving. The result includes improved efficiency, patient safety and care quality. This advanced information technology is very popular among Mon General's nursing staff and was cited by experienced RNs as a positive retention factor.

Aligning Compensation and Benefits to Support RN Retention

Mon General offers programs and benefits that have proven instrumental in strengthening retention across all employees. As stated by Melissa Shreves, Director of HR, “when it comes to retention efforts, Mon General focuses on all the employees as a whole. Despite this egalitarian approach, a number of these efforts have been particularly beneficial in retaining experienced RNs and other workers, and fall under the following categories: (1) retirement plan in-service distribution and defined contribution benefits; and (2) revamped employee wage system.

- 1. Retirement plan in-service distribution and defined contribution benefits:** These programs are designed to retain experienced staff by recognizing and rewarding the longevity of their contributions. They include recent modifications to the organization’s in-service distribution retirement plan, and establishment of a defined contribution plan that uses a combination of the employee’s age and years of employment at Mon General to determine the amount of contribution to their savings plan the hospital will offer.
 - a. In-service distribution retirement plan:** Implemented in 2007, this program allows for in-service retirement withdrawal. Due to changes in the federal Pension Protection Act, upon reaching age 60, employees can begin drawing down their lifetime annuity payments on a monthly basis while continuing to work. This has been a key benefit for employees near retirement age who still want to work and receive their benefits. Eligible individuals are able to access their full retirement benefits while choosing to work either on a full-time or part-time basis. At Mon General, employees can drop down to part-time status budgeted for as few as 20 hours a week and still receive full medical benefits.
 - b. Defined contribution program:** Mon General’s defined contribution plan recognizes employee longevity and services rendered to the organization. Under the plan, Mon General makes contributions to employees’ pension accounts that range from 3-6% of their eligible compensation. The amount contributed is dependent upon an employee’s age and number of years of service with Mon General and is distributed through a points system combining the two numeric values. For instance, a 30 year old employee with 5 years of service would receive 35 points, equating to a 3.0% Mon General contribution to their eligible pay, as compared to a 50 year old with 25 years of years of experience who would receive 75 points and a 6% contribution. The plan was created as a conscious strategy to celebrate and retain employees for as long as possible in order to keep their skills and experiences in-house at Mon General.
- 2. Re-vamped employee wage system:** The employee wage system at Mon General was re-vamped about five years ago to offer more equitable compensation across all employee labor categories and seniority levels. The new wage system is market-based. Mon General funds a consultant to annually examine wage levels at all local area hospitals for each of the Mon General’s job classifications. Wages are then adjusted based upon market trends. Results of the annual wage assessment are shared at no cost with all local participating hospitals. Typically, annual market adjustments based on the analysis affect about half of all job classifications, impacting 70-75% of all workers.

In addition, under the new wage system, even at the maximum wage, or ceiling, for a position, individuals can still earn a 0.5% increase each year. This is intended specifically as a way to reward the ongoing work of experienced workers at Mon General. In terms of immediate and long-term impact, the day the wage system was implemented, it increased Mon General's payroll by 10%, or \$4.5 million.

- 3. RN certification bonus:** An annual bonus of about \$1250 is offered to RNs upon renewal and maintenance of any of the 30-40 qualifying specialty certifications available under the program. This opportunity for nurses to be rewarded for maintaining their specialized knowledge via certification is unique, with Mon General being reportedly the only hospital in the area offering this bonus. In addition to being helpful in retaining experienced RNs within the hospital system, this is also an attractive recruitment vehicle.

The hospital's efforts have paid off. In recent years, Mon General has received a number of awards recognizing their commitment to mature employees and their success at delivering consistently high-quality patient care. In 2007, the hospital made its entry onto the AARP's "Best Employers for Workers over 50" listing. And in 2008, Mon General was named as a top performer in a Center for Medicare & Medicaid Services, Premier Healthcare Alliance pay-for-performance program that rewards hospitals financially for delivering the highest quality care in a number of clinical areas.

But Mon General is not done. Over the last few years, the hospital has been busy planning and implementing programs to improve employee work/life balance, job skills, satisfaction, and to enhance recruitment and retention. Looking forward, the organization is poised to assess to the results of these programs and to undertake the important task of integrating the new patient tower into the fabric of the organization.

The new Hazel Ruby McQuain patient tower opened in July 2008. Its state of the art design and technology creates a need to educate employees on new technology and processes of care. Buy-in to these new processes will be facilitated by experienced RNs, who played instrumental roles incorporating nurse-friendly design elements and technology features into the tower.

Employees have also acknowledged that Mon General's receipt of the AARP award in 2007 lifted the organizations profile and presented new opportunities in the future to continue developing programs geared toward mature employees. As stated by Audrey Veschio, Nursing Leader, "we have to put our money where our mouth is now that we have achieved this honor."

MITRE Corporation

Hospitals and health systems are not the only organizations striving to retain their experienced workers and the valuable organizational knowledge they possess. By 2010, 40 percent of the U.S. workforce will be over 50 years of age. This shift in demographics, or “age quake”, will be felt in many employment sectors and create new challenges for employers. These challenges will be especially acute in knowledge-driven sectors such as healthcare, aerospace, energy and other technical fields that have become increasingly specialized and complex. As a result, retaining experienced workers and their valuable knowledge and critical thinking skills is more important than ever.

MITRE, headquartered in Bedford, Massachusetts and McLean, Virginia is a not-for-profit organization formed in 1958 that provides technical assistance to the federal government in systems engineering, research and development and information technology. Its 5,900 employees operate research and development centers for the Department of Defense, the Federal Aviation Administration and the Internal Revenue Service. The average age of MITRE’S employees is 47 and nearly two-thirds (63%) have 20 or more years of work experience, largely in technical areas.

These new challenges create opportunities for hospitals and health systems to learn from the experiences of other sectors. The MITRE Corporation (MITRE), although not a healthcare organization, faces many of the same challenges retaining its experienced technical staff as hospitals do retaining skilled RNs and other healthcare professionals.

Retention became a heightened priority for MITRE during the “Dot Com” era of the late 1990’s, when annual turnover grew from eight percent to an unprecedented 12 percent due to growing demand for experienced information technology specialists. This high rate of turnover was particularly concerning because MITRE’S experienced worker’s relatively long tenure and unique combination of skills in systems engineering and information technology provides institutional memory and continuity of knowledge across the federal agencies they serve.

MITRE staff is proud of their ability to ensure seamless continuity to compensate for a Federal “Brain Drain” due to frequent agency transitions and high staff turnover and reassignments. For example, MITRE has collaborated with the Department of Defense for over 50 years to create joint command, control, and communications systems. This continuity helps the Army, Navy, Air Force, and Marines seamlessly plan, direct, and control operations to accomplish their mission.

“We offer our sponsors expertise in systems architecture; we also offer institutional memory,” said William D. Albright Jr., Director of Quality of Work Life and Benefits for MITRE. “Project leaders on the government side come and go, but we offer continuity. Longevity is, I think, important because that helps to facilitate this continuity and stability for our sponsors.”

MITRE’S multifaceted response to rising turnover included adopting a “Life-Cycle” approach to employee benefit design. The “Life Cycle” process systematically manages the talent of the organization through the employee’s career stages, each stage aligned with programs designed to maximize staff retention and potential for growth. For example, MITRE offers creative

programs targeting mature workers, such as phased retirement options and flexible work scheduling. Among these are programs that may be transferable to hospital-based experienced nurses.

Since the peak at 12 percent, turnover has fallen to about four percent. MITRE traces its focus on knowledge retention to a major CEO-driven culture change begun in the 1990s designed to break down institutional silos and barriers to focus on creating and sharing knowledge within the organization. MITRE also became more “people centric,” emphasizing staff growth and development along with the ability to maintain a balanced life style.

Several of MITRE’s human resource efforts are aligned with the goal to support the needs of its

1. Creating a new division within HR that integrates programs focused on quality of work life
2. Creative phased-retirement programs and
3. Flexible work schedules.

Creating a Separate Division Integrating Programs Focused on Quality of Work Life

MITRE views its work life and health and wellness programs as key drivers of benefit policy, given the importance of knowledge retention and potential cost savings associated with improved retention and better employee health. To ingrain these priorities into the organization, MITRE created the Quality of Work Life and Benefits division. It represents a strategic approach to separate “hard core” HR functions and programs, such as compensation, from more “people central” programs focused on quality of work life, such as wellness programs. As Albright describes it, “Very few companies are organized where core benefit strategies, health and wellness and work life balance are under the same umbrella.”

The impetus for creating this new division within human resources was the “Dot Com” era challenge to work force and knowledge retention. Employment engagement survey results from that time also emphasized employee’s desire for a higher quality work life. The Quality of Work Life and Benefits division prefers to think of their areas of focus as “Life at Work” rather than “Work Life”. “Life at Work” includes employee’s relationships with their work, clients and management. The division’s work is executed through both enterprise level efforts, such as educating new employees on MITRE’s values, and through business level coaching and consulting on issues such as succession planning and talent management.

Creative Phased Retirement Programs

Feedback from staff annual engagement surveys consistently ranks flexibility as one of the top reasons employees work at MITRE. This flexibility is epitomized by MITRE’s retirement and work arrangements which several HR staff pointed to as having the biggest positive impact on retention of experienced staff.

Reserves at the Ready is a good example of an innovative retirement program designed by the HR Division that is a “win-win” for both MITRE and its community of retirees. The program

recruits recently retired technical staff as members of a reserve workforce called upon when project leaders need short-term, skilled experts to work on complex and highly specialized projects. Reserve workforce retirees can be recalled for up to 1,000 hours annually for projects requiring their experience and expertise. Volunteers can draw down from portions of their accumulated retirement funds and are compensated as Part-Time On-Call (PTOC) employees at a salary rate equivalent to their former pay.

Within MITRE, the program is organized as a decentralized model, giving each department the opportunity to match available workload with its own pool of retirees. Departmental project leaders and retirees discuss potential assignments, work out the schedule and other requirements and MITRE's Human Resources division handles compensation.

Ron Graff's experience with the program is typical. He began his career at MITRE in 1970 and retired three years ago from a career focused primarily on advancing Global Positioning Systems technology. Since then he has been working half-time in Reserves at the Ready as a technical specialist working with the Federal Aviation Administration to improve the safety and efficiency of the nation's air transportation systems. For him, although the financial rewards are attractive, the work is the most interesting aspect of the program, offering him the opportunity to stay abreast of technical developments in his field and continue to network with younger colleagues.

Since its inception in 2001, the program has grown from about 60 participating retirees to more than 300 retirees and part time on-call employees. MITRE believes that this program has growing potential and importance in meeting the future expectations of their government sponsors as ever larger numbers of Baby Boomers with critical skills retire.

MITRE's **Phased Retirement Program** also provides full-time employees 59.5 years or older the flexibility to transition to retirement by working part-time 20 or more hours per week (but less than 40) at a prorated portion of their previous salary. Participants also are able to continue making contributions to MITRE's Retirement Plan and receive matching contributions, as well as other benefits.

Both Reserves at the Ready and the Phased Retirement Program are logical complements to the organization's focus on retaining its intellectual capital and "wisdom" for as long as possible.

Frank McGinnis would likely agree. Frank joined MITRE in 1972 and, as is the MITRE trademark, has taken on a variety of challenges. In his 35 plus years Frank has worked with the Federal Housing Administration, the Department of Defense and is now doing Civil Government work. Frank has also taken advantage of both the Phased Retirement Program, working 32 hours weekly as a tele-worker and, more recently, Reserves at the Ready to stay engaged with the work and keep in touch with friends. For Frank, these programs symbolize the high level of importance MITRE attaches to corporate memory and employee contributions. "I view all this as a way to preserve the company's knowledge which is the companies stock and trade."

As Baby Boomers approach retirement, Reserves at the Ready and phased-retirement programs are becoming more popular among MITRE staff, with the number of participants doubling since 1995.

Flexible Work Arrangements

“Other companies have job sharing and flexibility, but here people use them. It’s not just a manual on the shelf.” Lisa Bender, Vice-President and Chief Human Resources Officer

MITRE believes that work/life balance is important and empowers staff by giving them the flexibility to customize their work to fulfill both work and personal commitments. The organization’s Flexible Work Arrangement Program was established in 2001 following a survey of employees which identified the need for more work place flexibility. This flexibility also reflects the philosophy of Lisa Bender, who believes that since MITRE’s employees are professionals, they should be treated as such.

Examples of flexible work arrangements at MITRE range from those widely seen at healthcare organizations to less common programs such as “Civic Time”:⁵

- **Flextime**, under which an employee’s number of hours remains constant, but the employee and management jointly determine how much of his/her time is spent in the office.
- **Compressed Work Week**, in which employees may opt to work the same number of weekly hours but compressed to four or four-and-a-half days.
- **Telecommuting**, in which MITRE’s 170 full-and part-time telecommuters work a scheduled number of days off- and on-site.
- **Phased Return from Leave**, wherein employees returning from medical leave work a reduced number of hours.
- **Civic Time**. An increasingly popular program, under which MITRE pays up to 40 hours of leave annually to employees elected or appointed to civic positions, or interested in participating in other community activities.

These programs have proven to be a “win, win” for both MITRE and its employees. MITRE believes that flexible work arrangements have made a large contribution to the improved retention rates enjoyed by the organization since 2001. In the years the program has been in place voluntary attrition has fallen from about twelve percent to about four percent.

MITRE’s efforts have also been acknowledged by others. It has received a number of awards recognizing consistent commitment to employees and their work environment. In 2008, it was named to FORTUNE magazines “100 Best Companies to Work For” for the seventh consecutive year, and was honored by Computerworld for the fourth consecutive year as a “Best Place to Work in IT.”

⁵ *Ahead of the Curve: How MITRE Recruits and Retains Older Workers*. William D. Albright Jr. and Gary A. Cluff. The Journal of Organizational Excellence. Spring 2005.

Transferability of MITRE Programs to Hospitals and Health Systems

MITRE's successes staying ahead of the curve in retaining its highly skilled and experienced work force are based on sustained leadership buy-in, successfully demonstrating a business case for retention and creating a corporate culture valuing the contributions made by mature workers. This strategic value proposition aligns well with those in place at the hospitals and health systems featured in this case study series. They value and actively strive to retain experienced RNs for many of the same reasons as MITRE and their human resource programs reflect those priorities.

Many hospitals offer flexible work and phased retirement programs. MITRE's **Reserves at the Ready** phased retirement program has attractive features for hospitals and health systems to consider customizing as a strategy to retain experienced RNs and other shortage work force titles. In a part-time-on-call capacity, a pool of retired nurses and other shortage professionals would be available to meet short-term hospital staffing needs. The potential benefits of this program to hospitals include:

- A positive return on hospital investment, as the compensation paid reserve RNs would be significantly below nurse registry and other temporary RN staffing costs.
- The ability to retain the experience, skills and "wisdom" of mature workers already familiar with hospital and patient care service organization, processes and staff.
- Opportunities for experienced reserve RNs to mentor less experienced nurses, thereby improving quality of care and staff satisfaction levels.
- The ability to support and augment hospital surge capacity in the event of a public health emergency.

Looking to the future, MITRE acknowledges the need to keep an open mind about retention strategies as work force demographics change. Although not strictly retention focused, it will also continue investing heavily in leadership development, an underdeveloped skill set among technical staff. As noted by Bender, "We make a huge investment in leadership development and learning development. Our Technical Institute is running over 300 classes. MITRE puts out for education development."

At the end of the day, what keeps everything on track at MITRE is the alignment of the organizational business strategy with the organization's retention goals.

L.L. Bean

L.L. Bean has been a trusted source for quality apparel, reliable outdoor equipment and expert advice on hunting, fishing and other outdoor activities for nearly 100 years. 2012 will be L.L. Bean's 100th anniversary. As a well-recognized world leader in the mail order and retail industries, L.L. Bean's management faces ongoing challenges of recruiting and retaining a highly productive workforce to support its growth strategy.

Headquartered in Freeport, Maine, L.L. Bean is dependent on experienced, older workers as Maine increasingly is a haven for retirees and has one of the oldest populations in the country. In addition, as the company has grown, L.L. Bean has become one of the state's major employers.

The organization relies on Maine's ever-growing aging population and its retirees to fill positions at the organization, especially during the peak holiday season of September to December. The average age of L.L. Bean's employees is 46, and thirty-six percent of its workforce is over the age of 50.

At the core of L.L. Bean's success in recruiting and retaining experienced workers is its "outdoors heritage," which drives its culture and business philosophy. Founded in 1912 by Leon Leonwood Bean, L.L. Bean remains privately owned and was family-led until 2002, when Chris McCormick was named President and CEO. L.L. Bean was built on a strong base of values, which has defined and guided its business decisions and operations. Leon Leonwood Bean's golden rule was "*sell good merchandise at a reasonable profit, treat customers like human beings, and they will always come back for more.*" The company's values extend to all of L.L. Bean's stakeholders, including its customers, stockholders, employees, vendors, communities, and the natural environment.

In recent years, L.L. Bean also has expanded its business model to become a multi-national and multi-channel brand that includes mail order, retail, and e-commerce. This growth strategy has brought with it the challenge of recruiting and retaining knowledgeable, experienced workers across both traditional and new business lines and markets. In order to help address this challenge, L.L. Bean designs and implements programs that support the retention of its knowledgeable, experienced workers.

In 2000, Leon A. Gorman, grandson of the founder and then President and CEO, documented the company's core values. Mr. Gorman now serves as Chairman of the Board of Directors. The six core values are:

L.L. Bean is located in Freeport, Maine, the same town where the original store was opened in 1912. An outdoor apparel and equipment store, L.L. Bean has grown its annual revenues to approximately \$1.5 billion and relies heavily on Maine's ever-growing aging population and its retirees to fill positions. To ensure employee satisfaction and retention, L.L. Bean draws on its core values of outdoor activity and wellness while also offering flexible scheduling and strong employee benefits. L.L. Bean will continue to spread this culture as it operates retail locations throughout the country.

Several programs contribute to L.L. Bean's objectives of recruiting and retaining a highly productive workforce and particularly appeal to experienced workers:

1. Flexible employee work scheduling
2. Health, safety, and wellness focus
3. Generous and flexible retirement benefits

Flexible Employee Work Scheduling

For experienced workers, one of the biggest attractions to working at L.L. Bean is the flexibility afforded to employees in work scheduling. As Martha Cyr, Vice President, Human Resources, noted, *"Our business model allows us to create incredible flexibility when it comes to hiring and retaining people."* This business model includes the multi-channel brand described above, which includes a wide variety of jobs ranging from manufacturing to working at the distribution center, call centers, and in retail stores. L.L. Bean has harnessed this job diversity to establish a creative array of flexible work scheduling options and programs that benefit both experienced workers and the organization.

For example, during the week, L.L. Bean prefers to use part-time employees at both their retail stores and their call centers because business fluctuates Monday through Friday. Experienced workers benefit from this schedule by being able to work on a part-time, rather than full-time, basis, which they prefer.

From September to December, L.L. Bean's peak season, the company hires 5,000-7,000 additional seasonal workers. A large percentage are older, experienced workers who prefer to travel south during the harsh Maine winters. This seasonal position allows them to do that. L.L. Bean recruits experienced workers for these seasonal positions at experienced worker forums sponsored by the state and at annual health fairs for older citizens.

Flexible scheduling is made even easier by tools like the on-line "Swap Book," which is used by Contact Center employees across four sites. It allows them to connect with other representatives to trade, pick-up, or give away full or partial shifts. Additionally, depending on business volume, representatives may also be able to extend shifts or leave early. It is extremely popular because of the flexibility it provides and is often mentioned as a reason people truly appreciate working at L.L.Bean.

Health, Safety, and Wellness Focus

Although many larger companies have some sort of wellness program, few offer one as comprehensive as L.L. Bean. Back in 1982, Leon Gorman made the decision to offer onsite wellness programs. His rationale for doing so was simple. L.L. Bean was an outdoors-oriented company. Its core value of "outdoors heritage" encouraged people to enjoy the outdoors, but they needed to be healthy and physically capable to do that. Leon Gorman believed that L.L. Bean was in a unique and responsible position to improve employee's lives through health, safety, and wellness at the workplace.

Over the past 25 years, L.L. Bean's wellness program has grown from one onsite fitness room to 13 onsite fitness rooms, over 40 health education and activity class offerings (e.g., pilates, yoga, retiree exercise class, heart health, diabetes, etc.), tobacco-free campuses, an Employee Assistance Program (EAP), a work-site stretch break program, a Healthy Lifestyles Program for employees and spouses, and the implementation of the "safe and healthy living" core value.

According to Susan Tufts, Manager, Employee Wellness, *"You can't just offer classes and say 'Okay, we are a healthy company.' You need to look at the culture and environment, too."* L.L. Bean addressed the culture aspect by adding safe and healthy living as a core value in 2006. As for the environment, in 1993, L.L. Bean began going tobacco-free in the workplace. It subsidized nicotine patches and offered smoking cessation courses. In 2005, L.L. Bean went tobacco-free on the grounds as well. As a result, smoking rates dropped from 24% in 1985 to 8% in 2008, while the state average has remained steady at 23%.

In addition to helping its employees become healthier; L.L. Bean's smoking cessation efforts also have cut healthcare costs for the company. L.L. Bean estimates that it spends an extra \$400-\$450 in medical costs per year for a smoker compared to a non-smoker. This has resulted in savings of \$500,000 - \$750,000 per year due to these tobacco-free programs.

In 2007, L.L. Bean began offering its Healthy Lifestyles Program to employees and spouses who elect medical insurance coverage through the company. The program links L.L. Bean's highly successful wellness programs to its medical plan offerings. Employees and spouses can save \$650-\$1,600 in medical premiums by participating in a health screening, completing a Health Questionnaire, and speaking with a WebMD Health Coach to review their results.

Currently, 86% of benefit-eligible employees participate in Healthy Lifestyles. Through this high level of participation, L.L. Bean is able to assess health risks by corporate department, which allows it to target its health, wellness, and prevention efforts to those in the company who need it the most and to better manage company health care costs. Many of those who benefit the most from this approach to targeting health risks are experienced employees. A return on investment analysis is planned for the program. The analysis will examine health claim costs and health histories for employees participating in Healthy Lifestyles and compare it to those not participating in the program.

In addition to health and wellness, L.L. Bean puts a priority on safety in the workplace and views it as a responsibility it has to its employees. The Occupational Health Program at L.L. Bean was started in the mid-80s to reduce workplace injuries and workers' compensation costs. The program is focused on injury prevention and management and is staffed by Occupational Health Nurses, Nurse Practitioners, Physical Therapists, and a part-time Medical Doctor who provide treatment for employees with workplace injuries; conduct post-employment offer exams to ensure that employees are physically able to perform their new jobs; and conduct fitness-for-duty exams for employees who are injured outside of work to determine if their medical condition is compatible with the physical demands of their job. Additionally, L.L. Bean has a comprehensive stretch break and ergonomic program that focuses on injury prevention and safe work environments. This multi-faceted approach to employee health, safety, and wellness has resulted in a 57% reduction in employee injuries since 2004.

One of L.L. Bean's manufacturing facilities located in Brunswick, Maine achieved Voluntary Protection Program (VPP) status in 2007 as one of the safest places to work in the nation and the world. The VPP is the Occupational Safety and Health Administration's (OSHA) official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational health and safety. Two of the company's Contact Centers achieved VPP status in 2008, and the company's goal is to achieve VPP status at all of its U.S. facilities by 2012.

Although L.L. Bean has been providing an evolving array of health, safety, and wellness programs for more than 25 years, it's still learning from its employees and continues to fine-tune the wellness program and its offerings. One important lesson learned is that different things work for different people. According to Susan Tufts, Manager, Employee Wellness, *"You can't assume that what works for one person will work for everyone. Some people will pursue healthy habits because it makes them feel better; some do it for a financial incentive, while others will make a behavior change for a family member. The more comprehensive a program is the more chance it has to succeed."*

Thus far, employees think L.L. Bean is doing a good job. In health surveys administered to employees, one of the most common comments has been *"It's nice to know the company cares. It makes working here more than just about the paycheck."* Perhaps Bob Peixotto, L.L. Bean's Chief Operating Officer, summed it up best by saying, *"If you go to work and your life is made better by it, what more strong sense of loyalty can you have?"* And that loyalty helps translate to improved staff retention. In 2007 L.L. Bean's voluntary turnover rate was less than 6%.

Generous and Flexible Retirement Benefits

When it comes to providing benefits to its employees, L.L. Bean's philosophy is to have a long-term strategy to be at or better than the market median in order to be able to nationally recruit and retain a motivated, highly talented workforce. It does not change its benefits philosophy based on short-term events and strives to be as transparent as possible with employees to gain their trust and credibility. This philosophy and strategy is in alignment with and reinforces L.L. Bean's culture and core values.

L.L. Bean provides generous retirement benefits to its employees. Unlike many other companies, L.L. Bean continues to offer a defined benefit retirement plan. Employees can receive retirement plan payments as early as age 55. Employees may also begin receiving pension benefits at age 65 without first separating from the company. In addition, under its 401(k) plan, L.L. Bean matches dollar for dollar the first 3% of an employee's pre-tax contributions and 50% for each dollar contributed at the 4 or 5% level. Employees are eligible to participate upon hiring and are fully vested from day one.

L.L. Bean also offers retiree medical benefits, which include access-only group rate coverage. Retiree status is available at age 55 with 10 consecutive years of service. From ages 55-64, retirees are eligible for four different health plans, and at 65, they are eligible for a supplementary health plan for Medicare.

Other attractive retiree benefits include use of the 13 onsite fitness rooms for free, access to all health education and activity classes, tuition reimbursement, a 50% discount in the company

cafeteria, access to company recreational facilities, a 20-40% lifetime purchase discount, and special retiree hours for the employee store. These “softer” benefits also differentiate L.L. Bean from other employers in the state and help to recruit and retain experienced workers.

Future Plans for Recruiting and Retaining Experienced Workers

Despite the current economic downturn, L.L. Bean remains in a growth mode. It has 13 full-price retail stores and 15 outlet stores throughout the country; 18 retail stores in Japan; and sourcing offices in both Hong Kong and Costa Rica. The company is opening 2-5 new retail stores a year and opened its first retail stores in China in fall 2008.

However, with growth come new challenges. One challenge will be how to transfer the corporate culture and values and continue to recruit and retain experienced workers in these new locations. While what has worked in Freeport, Maine may have to be adapted to new national and international employment markets, L.L. Bean plans to continue to apply its successful philosophy of having a long-term strategy and benefits that are better than the local market at all times in order to differentiate itself. Given its track record, there is little doubt L.L. Bean will do just that.

First Horizon National Corporation

Established in 1864, First Horizon National Corporation (FHN) has a long history of providing financial services to both retail and business customers in Tennessee and in select markets across the U.S. and abroad. Today, FHN, an independent institution, is one of the top 30 bank holding companies in the U.S.

However, like other companies, FHN has faced challenges along the way. In the early 1990s, it faced a difficult financial environment and operated in a “buy or be bought” market. Several of FHN’s competitors were acquired by larger regional and national financial institutions. FHN was committed to remaining independent and took action to prevent its own acquisition by another institution.

FHN’s leadership began by examining its most profitable retail branches to understand why they were successful. They discovered that the most profitable branches also enjoyed the highest levels of customer satisfaction *and* employee satisfaction and retention. In other words, a strong business case could be made for improving employee job satisfaction, as satisfied employees translated into satisfied customers and superior financial performance at these retail locations.

With the revelation that employee satisfaction is directly linked to higher profitability, FHN’s leadership responded. In 1992, FHN established a new culture, “Firstpower Culture,” an initiative explicitly designed to re-prioritize corporate priorities by putting its employees first in the organization’s value chain. The company rearranged the order of its constituencies – employees, customers, shareholders, and communities – in its annual report to list employees first. FHN created an environment in which each employee was empowered to take pride and ownership in the company.

A council was established to help identify, lead, and manage corporate-wide initiatives required to fully embrace the new culture. The Firstpower Council was initially composed of executive leaders charged with setting corporate priorities for increasing employee value and loyalty, discussing opportunities to advance internal understanding of the new culture, and ensuring that employees drive the culture.

FHN held a three-day training seminar to give managers the tools they needed to advance the culture. During the training, leaders identified ways to support and empower employees in both their work and personal lives, and how to help them continuously improve in their jobs.

FHN executives also reviewed company policies and made changes as needed to ensure alignment with the new Firstpower culture. One symbolic demonstration of FHN’s commitment to putting its employees first included a ceremony in which a previously

First Horizon is a community focused financial services company headquartered in Memphis, TN, with over 6,000 employees. First Horizon has been recognized as one of the nation's best employers by AARP and Working Mother magazines, largely for its Firstpower culture. Firstpower focuses on breaking down organizational hierarchies to empower employees to freely voice their ideas and opinions regardless of formal position, and providing all with the opportunity to be high-performing team members with chances to grow and succeed.

restrictive attendance policy was burned. This ceremony was videotaped and shared with all employees.

Because satisfied employees have been shown to be linked to higher profitability, FHN is constantly working to recruit and retain a high-quality workforce. An important segment of this workforce is experienced workers who provide a combination of invaluable organizational knowledge and subject matter expertise. Twenty-seven percent of FHN's employees are 50+, and their average tenure is about 15 years.

Several of FHN's programs and human resource activities contribute to building and maintaining its workforce and supporting the needs of its experienced workers:

1. Continuous focus on and refinement of Firstpower's culture of inclusiveness
2. Dedicated Retiree Relationship Manager
3. Flex-time and phased retirement

Continuous Focus on and Refinement of Firstpower Culture

FHN's Firstpower culture sets it apart from its competitors. Many financial companies talk about the importance of their people, but FHN has proof that its strategy of putting employees first makes a difference. Since its establishment in 1992, FHN's leadership has continuously evolved the culture to reflect the behavior and values of its employees and the superior business results they continue to produce.

By 2003, FHN's Firstpower culture had evolved from its original focus on empowerment, family matters, and continuous improvement in the workplace to also highlight ownership, teamwork and inclusiveness. This meant breaking down organizational hierarchies to empower employees to freely voice their ideas and opinions regardless of formal position, and providing all with the opportunity to be high-performing team members with chances to grow and succeed.

Inclusion strategies and messages were shared with leaders through a two-day "Managing Inclusion for High Performance" workshop. Following the workshop, leaders held meetings with their employees to explain what inclusion means, and messages related to inclusion became a regular part of internal communication efforts.

In 2008, the Firstpower Council was re-structured to better align with FHN's more inclusive culture. Previously, the Council was composed entirely of executive leaders. With the re-structuring, the Council is now comprised of only three executives, with the remaining members being frontline employees. This change in Council membership reflects FHN's goal of being more inclusive and more effectively providing career development opportunities to employees.

Today, FHN's Firstpower culture continues to be a key driver in recruiting and retaining its employees. According to an experienced employee, Firstpower *"makes you feel that the company wants and values you. Not many companies make you feel that way and that's why I've been with the company for so long."* Another experienced employee noted that Firstpower *"makes you want to*

do well in your job for the organization.” Firstpower has helped FHN weather difficult times in the company’s history. For example, several years ago during a downturn in FHN’s national mortgage business, employees were genuinely concerned about not only their livelihood, but also the well-being of the company. One employee who lost his job reported not having any animosity towards the organization, because he understood that the bank had given him many opportunities and that having to let him go was a last resort for the company and something that was extremely difficult for them to do.

Despite its success to date, Firstpower has not been without its challenges. One challenge has been getting leadership buy-in to the culture. For example, when Firstpower was implemented, it was initially difficult to convince local leadership to offer employees flexible work options. Bank managers had to be sold on the idea by seeing early successes. A second challenge has been a sense of entitlement among some employees. Firstpower does not mean that employees are first regardless of how it impacts other employees, customers, shareholders, the community, and the company. FHN has addressed this issue in its communications to staff by emphasizing that Firstpower has to work for everyone and by setting realistic expectations of the culture.

FHN plans to continue to monitor Firstpower and expects to make further refinements to the culture in the future. The success of Firstpower is currently measured through FHN’s annual Employee Value and Leadership Surveys. The results of the surveys are reviewed by FHN’s executive leadership and the Firstpower Council who make sure that the company is doing all that it can to address any issues identified by the surveys.

Despite the current difficult financial environment, FHN has not seen a dilution of its Firstpower culture. In fact, FHN’s employee value and loyalty scores showed a statistically significant increase in 2008. When compared to national benchmarking provided from the Gelfond Group, FHN averaged 13 points higher than the comparative group on five key questions related to employee satisfaction with the company and its culture. FHN scored more than 20 points higher than the group on creating an environment of openness and trust. FHN attributed this success to its Firstpower culture, the company’s most powerful competitive advantage.

Dedicated Retiree Relationship Manager

Although FHN has spent years investing in its culture, the company also has developed other initiatives focused on recruiting and retaining its experienced workforce. For example, FHN has created a full-time role dedicated to serving the needs of retirees and employees approaching retirement. This position was established in 2005 when the company noticed that the unique needs of veteran employees preparing for retirement were not being met. FHN did not want these employees “falling through the cracks” or feeling that they were simply an afterthought.

The Retiree Relationship Manager works exclusively with employees age 50+ and provides counseling to help with the retirement-planning process and to seamlessly transition them from active status to retirement. For example, she conducts face-to-face meetings regarding financial issues, benefits available upon retirement, their eligibility for pension, 401(k) benefits, and phasing into retirement. The Retiree Relationship Manager also works with the company’s retirees to answer questions about their pension and healthcare benefits.

FHN currently has about 1,500 retirees, many of whom come back to the organization for temporary work assignments, consulting and contract work. FHN stays connected with retirees by communicating regularly, inviting them to the bank's events and celebrations, and providing ongoing access to retirement planning workshops and information.

Flex-time and Phased Retirement

FirstPower surveys have shown that experienced employees want a flexible work environment so they can embrace both their personal lives and responsibilities at work. As part of its strategy to retain high-performing staff as long as possible, FHN has provided this flexibility to employees through two programs: flex-time and a formal phased retirement program known as "prime time."

Flex-time at FHN is employee-specific and defined by working with one's manager to agree upon a work schedule. For example, an experienced employee shared that he works from home in Nashville and his supervisor does not question whether or when he's working. On some weeks, he works four 10-hour days and on others, he works five 8-hour days.

FHN also has a formal phased retirement program ("prime time"), which allows employees the option of working reduced work hours of 20-32 hours per week yet maintaining full-time benefits. All full-time employees are eligible to move to prime-time schedules on a permanent or temporary basis. Prime time scheduling also helps with experienced worker knowledge retention and transfer. By working on a part-time basis, experienced workers are able to contribute their knowledge and wisdom to the job, while at the same time, transferring knowledge to newer, less experienced employees with whom they work.

FHN's commitment to its employees has paid off through external recognition. FHN has been recognized as one of the nation's best employers for workers over 50 by AARP from 2003-2007 and among the 100 Best Companies for Working Mothers by Working Mother magazine from 1995-2007.

Future Plans for Recruiting and Retaining Experienced Workers

Despite the current economic downturn, like other employers, FHN continues to face the challenge of an aging workforce. In order to retain its experienced workers, FHN must continue to foster a work environment and culture that supports flexibility. FHN's Executive Vice President of Human Resources, John Daniel, sees more opportunity to expand the company's phased retirement program in the future and to provide even more flexibility. Future plans also include a continued focus on talent management, a key driver to retaining employees. FHN has a broad perspective on talent management, which includes assimilation, acculturation, performance management, planning, and creating a positive work environment. Regardless of what actions FHN takes in the future to recruit and retain experienced workers, it will continue to do the one thing that has driven its success in the past: putting its employees first.