Hiring and Retaining Good People

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Before business school and before working in the senior living industry, I held a job as a systems engineer at NASA in the 1980s. Although that job involved working on the high profile Space Shuttle Program, I was not happy. How can a person not be engaged and happy working on the Space Shuttle Program? Although the job was surely aspirational, it did not provide me with a sense of achievement or autonomy, two essential ingredients to an engaged employee.

Much has been written on the subject of hiring and retaining good employees. Almost every person at some point in their life has held a job that was not engaging, and every business school tries to address this subject in organizational behavior classes. In fact, in a 2014 Gallup poll, over 65 percent of workers said they are not engaged at work, and even more striking is that a large percentage of those are actively disengaged. I attended a session on “Overcoming the Staffing Shortage” at a senior living conference this year that asserted that 25% of nursing assistants are actively looking for another job and that 97% of CNA’s were open to new job opportunities at any time.

Conservative estimates of employee turnover in the senior living sector range from 45 percent to 66 percent with some studies showing ranges of 40 to 166 percent. Because the senior living industry, like other industries, is facing a staffing shortage, it is important to find ways to engage and keep employees. And there is no shortage of good ideas, suggestions and strategies to address the issue.

When I visited the Senior Housing Forum website to prepare for this paper, three of the past eight articles discussed the current staffing crisis. So why write this paper? The honest answer is that I now care as much about the caregivers working in senior living communities as the residents who are being cared for. And so I will attempt to create a framework to help organizations identify and keep talented employees based on a model I call the “Aggregate Intelligence Culture”. In doing so, I will highlight several senior living organizations who have and are developing successful cultures of employee engagement by recognizing that taking care of employees is the key to providing exceptional service and care for their residents. By putting 3I Employees into a 3A Environment, you create an Aggregate Intelligence Culture (“AI Culture”).

One organization creating an AI Culture is Williamsburg Landing, located in Virginia. Three years ago the CEO and other senior leaders at Williamsburg Landing began to think of different strategies to reduce employee turnover. Words are important, so the first thing they did was to call the process of hiring, developing and keeping talent a “Talent Management Strategy.” The Talent Management Strategy they came up with is called “Proud to Care” and was fully rolled out at the beginning of 2018. The “Proud to Care” strategy is based on the tenants of servant leadership and has five components: Recruitment, Onboarding, Retention, Education and Training. This strategy has decreased turnover by 12% in 2018 alone.

The Three “I”s of Hiring Good People – the 3I Employee

Warren Buffet is considered by many to be the greatest investor in the late 20th century. Part of his investment success was hiring the right people. When asked his secret to hiring, his response was simple. He looks for three traits - intelligence, energy and integrity. I have replaced the word “energy” with the word “initiative” - what I call the three “I”s.

Integrity

When discussing the three attributes to a good hire, Buffet mentioned that integrity is the most important. Hiring people who will always do the right thing cannot be overemphasized. As the old saying goes, it only takes one bad apple to ruin the barrel - just one dishonest person to sabotage the culture of an entire group. Like a virus, sabotage can spread throughout the entire department, or even the entire organization.

Edwin Friedman, an ordained Rabbi and family therapist, who became known internationally as an expert on organizational leadership, discusses this in his insightful book “A Failure of Nerve”. He states “Sabotage is not merely something to be avoided or wished away; instead it comes with the territory of leading, whether the territory is a family or an organization.”

Good leaders are change agents, and, many people do not embrace change. As a result, he explains that leaders need to beware of and recognize sabotage. As he says, the easiest way to derail a good leader is to undermine. Hire people with integrity and you possibly
mitigate one of the major causes of leadership derailment and dysfunctional groups.

In preparing for this paper I had conversation with a former hospital executive who asserted that social intelligence may be more important than integrity. He has a point. I agree that people with high social intelligence can be effective leaders and managers. However, those same people, if they lack integrity, can use the skill of social intelligence for social manipulation by influencing others to believe things and do things that hurt the organization.

I assert that people who have integrity have a certain amount of social intelligence - and the right kind of social intelligence, which includes self-awareness, a key trait for good leaders. If you ask most leadership experts the number one cause of failed leadership, a "lack of self-awareness" is almost always at the top of the list. I was delighted to see that Leading Age Virginia in its middle-manager training programs emphasizes development of self-awareness as an important component in its leadership program.

A senior living executive I have much respect for asked me a question on this subject. How do you determine if someone has integrity? Wow, what a great question! The answer to that question goes beyond the scope of this paper, but I will suggest the following. Check references and ask the following probing questions. Do they speak truth with compassion? Do they communicate well and assume positive intent in people? Do they like themselves? And finally, do they always do their best without being too hard on themselves when they do fail?

**Initiative**

Initiative is the second most important trait you look for in a 3I Employee. Either you have it or you don’t. I know this is a provocative statement, but after much reading on the subject and many years of managing people, I believe it to be true. This was made clear to me in a recent conversation with a close friend. We were traveling together on a long trip and we somehow landed on the subject of talents and gifts. Why do some people have more athletic prowess, others more creativity, and others more intelligence? It comes down to the fact that we are not all born of equal abilities and gifts.

During the conversation, I voiced frustration with people who appear to not have a solid work ethic or who do not have the ability to persevere through challenges or obstacles. My friend softly suggested that I should think of “high energy” as a gift. Until that moment, I had never thought of high energy as a gift, but I now believe that statement to be a powerful insight.

That gift may explain why some people have more initiative, a stronger work ethic, more grit and greater perseverance than others. Similar to dexterity, which is needed to be a good surgeon, or hand-eye coordination, which is needed to be a great tennis player, passion fueled by a high energy is needed to perform some jobs at a high level. You simply cannot force someone to have high energy if he does not have it. Let’s face it, tremendous energy is required to get through certain events and challenges.

I am reminded of an investment banker from a top Wall Street firm who came to business school many years ago to recruit talent. She said that the most important trait the firm looks for in a candidate is physical and intellectual stamina. At the time, I did not realize the significance of that statement.

Angela Duckworth, the author of “GRIT - The Power of Passion and Perseverance” has spent a lot of time studying the subject of perseverance. A Harvard graduate, she left her consulting job at McKinsey to spend several years teaching in the Philadelphia school system before pursuing her PhD in psychology. During her time teaching, she came to the eye-opening realization that the most successful students were not the smartest. The most successful students exhibited what she calls “grit.” In her book, she states that “...what we accomplish in the marathon of life depends tremendously on our grit - our passion and perseverance for long-term goals. An obsession with talent distracts us from that simple truth.” In her TED talk on this subject she admits that she is not able to determine why some people have grit and others do not. I will assert that my friend was correct - it is simply a gift. Some people have it and some do not.

I use initiative instead of energy as an important trait in good employees because I propose that one needs more than energy. This is where passion comes in. I think the combination of passion with high energy, what I call "directed energy" leads to effective outcomes. Therefore, a person should be passionate about the particular job or the skill that is required for that job or at least be passionate about the company’s vision and/or mission. **I suggest that passion fueled by high energy is initiative.** I also believe that initiative combined with aspiration creates self-actualization, the highest level of Maslow’s hierarchy of needs.

Many times earlier in my career I failed as a leader/manager because I was expecting something that some people were not capable of delivering. Although my fellow employees may have exhibited traits like intelligence and integrity, they lacked initiative. Angela Duckworth, who uses the phrase “grit” and Warren Buffet, who uses the word “energy”, both identified something akin to initiative as more important than intelligence to be successful. I now look for initiative in the people that I hire.

**Intelligence**

The third key for success in hiring good people is somewhat obvious. I do believe that most people have the intelligence to perform most jobs. Yes, there are exceptions. However, most people you interview will have the intelligence to perform the job you are interviewing for. Although a key third component to the 3I Employee, I believe integrity and initiative trumps intelligence as key traits in potential hires, especially at leadership level positions.
The Three “A”s of Retaining Good People – The 3A Environment

Once you hire 3I employees that exhibit integrity, initiative and the intelligence, the really hard work begins. Let’s be truthful here. Anyone who has managed people knows that it can be difficult to manage 3I people. They expect integrity, not just from themselves, but from those they report to. This is where the “3A Environment” is needed. Once you have a 3I Employee, you have to offer them a 3A Environment, or you risk losing them. That 3A Environment consists of Aspiration, Achievement and Autonomy for each and every employee.

Williamsburg Landing realized this. As a result, Williamsburg Landing developed a new vision as a part of its three year strategic plan, “Living Beyond Ageism.” The new vision includes a new set of core values: Passion, Respect, Integrity, Diversity and Excellence, known as “PRIDE”, which is meant to leverage its “Proud to Care” Talent Management Strategy. This vision is meant to provide their 3I employees with an environment that cultivates Aspiration, Achievement and Autonomy.

Aspiration

First, let’s discuss aspiration. Every person needs a reason “to be.” Our CEO at BB&T calls it “Your Why.” This helps explain why the book by Warren, “A Purpose Driven Life” became an international best seller. People are more motivated and persistent and will give you that special “discretionary effort” when they believe in the “why” of what they are doing. In his book “Start with Why”, Simon Sinek does a great job of explaining this simple but powerful concept. In addition, when people understand and believe in the reasons behind their effort, they display greater resilience and stamina. Just as important, people want social connection. And, due to increasing automation and digital communication in most jobs, there is less opportunity for social connection in the work place, making it more important than ever that employees find some type of meaning in their work.

Therefore, organizations that have a very powerful and poignant mission or purpose have a competitive advantage in recruiting and retaining employees because those companies offer employees a purpose. This is where non-profit organizations can and should have an advantage. Although most companies know that they need to help employees understand the company’s higher purpose, they fail to effectively do so. As one article in Senior Housing News points out, various studies estimate that between 40 to 70 percent of employees are not enthusiastic or committed to their work, mostly because employees do not understand their company’s core values and beliefs.

Helping people understand the impact of their work does not have to be complicated or expensive. However, creating aspiration needs to be personal, which means that you have to tap into a person’s passion. As discussed earlier, hiring a person with initiative means you are hiring a high energy person with passion. Make sure you match a persons passion with the job or the greater mission of the organization. Giving workers data about their customers does not work. But giving employees a clear sense of how their work directly affects specific customers is more personal and profound and it does work. Both Williamsburg Landing and LifeSpire, another senior living community in Virginia, have done this.

Like Williamsburg Landing, LifeSpire of Virginia, a not-for-profit organization that owns and operates four senior living communities in Virginia creates this sense of mission through one component of its onboarding process. To ensure that new employees know how important their jobs are in making a difference in the lives of
residents, each new employee meets a panel of existing residents. That panel of residents shares stories and explains how those day-to-day jobs, whether those jobs are in housekeeping, food service or maintenance, impact and improve their lives. This makes it personal, thereby creating aspiration, passion and purpose.

Achievement

A need we all have is the desire to achieve and to be recognized. Going back to her book "GRIT - The Power of Passion and Perseverance", Angela Duckworth puts forth the "Effort Counts Twice" theory. It works as follows: \( \text{talent} \times \text{effort} = \text{skill} \) and \( \text{skill} \times \text{effort} = \text{achievement} \). Talent alone does not create skill. Skill is created when effort meets talent. However, skill is not achievement. It takes more effort combined with the acquired skill to create actual achievement. Malcolm Gladwell drives this theory home in his book "Outliers: The Story of Success", which recounts many fascinating stories including how the Beatles became one of the most successful acts in human history partly by sheer practice and effort.

Achievement is something we all want, but it takes lots of effort. We feel good about ourselves when we perform a job well done and it is recognized as such. So, how do we measure the progress of acquiring the skills I need to perform a job well done? In other words, if a job does not provide a tangible sense of achievement, both in measuring the skills being acquired and the actual results those skills are being used for, the great hire with her initiative will use that initiative to find a new job, especially if the acquisition of those skills and tangible results are not recognized and rewarded.

Therefore, it is critical to have some basis by which to measure skill acquisition and outcomes. This makes good business sense by creating accountability, but more importantly, our psyches need it. Therefore, creating some form of outcome measurement creates engaged employees. The "art" of this exercise is making goals that are neither too easy nor too difficult and to create "buy in" from employees.

How can organizations do this? Garden Spot Village, located in Pennsylvania has created an employee turnover rate of 23%, compared to industry averages that are at least twice that by using a unique approach in fostering and measuring achievement among its employees. First, the organization eliminated employee annual evaluations and went to a coaching model. This fosters more frequent feedback which creates more opportunities to experience achievement. In addition, much of the coaching is future focused instead of the past to create a sense of potential.

Another benefit of the coaching model is that it has created a very high leadership retention rate. One theory is that it gives leaders within the organization a sense of purpose. Anyone who has coached has experienced the reward and pleasure of seeing your players do well. By adopting the coaching model, managers feel more ownership and do a better job of leading. However, it is not enough to institute systemic changes and hope that employees will rise to the task. You must equip employees to rise to the task. Of their 500 employees, Garden Spot now has 100 employees who are certified as coaches. This culture change required enormous organizational intent and effort to properly communicate and implement, especially at the middle manager level.

I want to take a moment to touch on a facet of achievement and recognition that may not be obvious. There are three psychological avenues by which we process achievement and recognition. The first is feedback from our manager. The second is feedback from our peers. The third is feedback from one's self. Most managers and leaders do not realize that recognition from one's peers means more to people than recognition from one's manager. This does not mean that feedback and recognition from one's manager is not important, it just means that as managers, we need to understand the importance of the former, and as managers, we need to create opportunities where recognition from one's peers can occur.

Autonomy

The final component of a 3A Environment is autonomy. Once we create aspiration and a platform for employees to achieve and be recognized, especially by their peers, we need to get out of the way. Many business gurus will agree that a company's greatest asset is the personal creativity of its employees. So how do you tap into this tremendous resource? One way to do so is to create autonomy.

Williamsburg Landing does this by creating a vehicle for its directors, managers and supervisors to feel free to make decisions. To empower these middle managers, Williamsburg Landing created the "I Care Leadership Academy" in late 2018 and all directors, managers and supervisors now go through the four week training module. This training was critical because many of these middle managers had never been trained on how to lead including how to help the employees they manage take advantage of the autonomy they were being given. This training is now being made available to all managers and team leaders in the organization.

Sometimes as leaders and managers we become so enamored with the processes we have developed or the systems we have paid handsomely for that we forget to listen to our frontline employees. To avoid this trap we can create a system where innovation is driven by employees instead of management, thereby creating personal growth opportunities. Williamsburg Landing in Virginia is an excellent example of creating a system that promotes innovation from the bottom up, thereby, giving employees much needed autonomy.

By hiring 3I Employees and giving them a 3A Environment to thrive, you create the Aggregate Intelligence Culture ("AI Culture"). We know
that putting smart and motivated people together in an environment that cultivates new ideas and thinking creates better outcomes and more success. It creates an environment where “aggregate intelligence” fosters solutions and creates outcomes that are impossible to achieve when those same individuals are acting alone or in silos. In addition to creating a high functioning team, the AI Culture creates low turnover.

**In summary**

Once you identify people with integrity, initiative and intelligence, you then need to effectively communicate your organization’s mission and values to recruit them. This creates aspiration and the “why” they should join your organization. This also creates organizational alignment from day one, a key ingredient to high functioning and successful groups.

The AI Culture also empowers mid-level managers to take the sorts of practical steps that help employees in their search for meaning at work. When successful, these efforts provide a road map for aligning the personal aspirations of employees with the most important goals of the organization—a combination that benefits everyone. Yet, aspiration alone is not enough. As mentioned at the beginning of this paper, employees need to achieve and need some wiggle room (autonomy) to do so. In summary, the AI Culture takes care of good employees. And as Richard Branson, the CEO of Virgin Airlines states, “If you take care of your employees, they will take care of the client.”
Presbyterian Homes of Georgia: A Case Study

Presbyterian Homes of Georgia ("PHGA"), which has been in business for almost 70 years, operates five senior living communities in Georgia and plans to open its sixth community, located in Athens, GA, in 2020.

With its strategy to create an employment environment that is caring and nurturing for its staff, PHGA currently has an 86% retention ratio, unheard of in the industry. PHGA believes it is able to maintain such a high retention ratio by treating employees like family and by embracing and rewarding loyalty and trust from the staff. For example, assisting employees by continuing paychecks after a cancer diagnoses is rewarded by those same employees returning to work and giving the extra effort or what I call "discretionary effort" to repay the kindness of the organization.

By valuing and investing in staff, staff in turn invest and care deeply for residents. This process of caring begins with the recruitment process and is indoctrinated during onboarding. PHGA prepares skill set interviews as well as conducts situational analysis and behavioral interviewing for each candidate regardless of the position. This ensures that each perspective employee shares in the values and mission of the organization and will always put the resident first. During the onboarding process, employees are taught that traits such as generosity, love, dedication and care are valued and rewarded and are necessary to be successful. In other words, PHGA embraces the concept that "heart skills" are equally or even more important than "job skills".

PHGA's motto of "Where Caring Employees Make a Difference" is put into practice every day. Staff will take personal days and sit with families who have loved ones at the end of life. Staff members truly become part of the family. It is not unusual for PHGA staff to take turns preparing meals at home and bringing those meals to a resident's family when a resident is placed on Hospice. A specific example of this extraordinary culture occurred with a couple residing in skilled nursing. Before her Alzheimer's diagnosis and his stroke, the couple spent every Wednesday afternoon at the movies. A CNA learned of this and every Wednesday for five years, she either rented a movie or purchased a movie out of her own resources to help the tradition continue. She would prepare popcorn for them and dim the lights so that their movie day continued until both passed away.

One staff member visits the hospital each time a resident is admitted and delivers a "get well" bear. Some residents have kept those bears for many years and still talk about how meaningful it was for that staff member to care enough to visit and bring a gift. A resident from outside the United States had trouble communicating. The staff learned that she loved Valencia oranges. To make her feel more included, staff had sweet Valencia oranges ordered and delivered to her. Staff members will even take residents' clothing home to mend when residents are unable to do so themselves.

Finally, the standards of quality care start at the top. All members of senior management are expected to model and communicate the culture that is expected from all staff. All business decisions and daily behaviors are aligned with the culture. Staff members feel valued because every position is treated as equally important to the caring of residents. A component of that culture is to ensure that resources are made available to staff. This can be a challenge for not-for-profit faith based communities. However, by valuing staff through consistent practices, everything else falls into place. Loyalty grows when management actually treats staff the way we all want to be treated – as a valued member of a high functioning team.
About the Author

As Head of BB&T Capital Markets’ Healthcare Finance Group (BB&TCM), Mr. Franklin is responsible for leading one of the most active tax-exempt healthcare investment banking groups in the nation. Prior to BB&TCM, Mr. Franklin was the Group Head of Healthcare and Senior Living at what is now Well Fargo Advisors and was the Group Head of Senior Living at what is now UBS Financial Services. During his 30-year career as an investment banker, John has completed over 250 healthcare and senior living financings totaling more than $6.0 billion and has become one of the leading investment bankers in the healthcare and senior living industries.

Prior to becoming an investment banker, Mr. Franklin was a general management consultant at a large accounting firm where he focused on feasibility studies, financial projections, business valuations and mergers and acquisitions. Mr. Franklin received a B.S. with honors in Mathematics and Physics from Randolph-Macon College in 1983 and an M.B.A. from the University of North Carolina at Chapel Hill in 1987.

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