



CASE STUDY | Reducing Employee Turnover

Reducing Employee Turnover in a Hospital System

The Problem

A three-facility hospital system was facing a challenge with employee turnover. Statistics showed that almost 50 percent of terminations were employees in the first year of their employment, a number that was more than 20 percent higher than the national average. The hospital system estimated that terminations cost as much as \$2.2 million annually, and that reducing terminations could have significant impact on its bottom line by eliminating rework inside the hospital's HR department.

A problem-solving team was brought together to examine the situation. After deciding this was a top priority for the organization, the team began work on a Six Sigma project to see how they could save the company time, money and effort by reducing employee turnover.

The Solution

To scope the project, the team first reviewed the path that the hiring process follows by examining how employees were being interviewed, selected, hired and trained. The goal was to determine where the major problems could be stemming from and what might be causing them.

An attribute Gauge R&R study identified that human resources recruiters often considered applicants they would have otherwise considered unqualified due to a low applicant flow. Also, managers were often selecting candidates against HR's recommendation because they felt pressure to get the jobs filled rather than to find the most qualified people.

Lastly, the team found a number of hidden factors, such as recruiters keeping the "best" applicants in their office for future openings rather than filling them immediately. These issues indicated to the team that there wasn't a good process in place for pooling qualified candidates when openings became available.

The project team used Failure Modes and Effects Analysis (FMEA) and survey analysis tools to narrow the project focus to four key areas: manager interviewing techniques, job preview, cultural fit assessment, and HR screening techniques and knowledge of the jobs to be filled. Analysis work indicated a number of key statistical differences in the retention

rate between different types of jobs and even between different recruiters. Surveys and interviews indicated to the project team that job shadowing was a practice some departments used to give candidates a realistic picture of the job, and that this practice had a significant impact on reducing job turnover.

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Based on this, the team made a number of recommendations to improve the hiring process including:

- ▶ Modifying HR recruiter performance evaluations to include ratings related to prescreening, learning more about the jobs for which they are recruiting and turnover.
- ▶ An applicant screening sheet to minimize the number of unqualified applicants and to more clearly define each candidate's qualifications.
- ▶ An interactive workshop for managers to show them how to use proper interviewing guidelines and screening criteria for all vacancies.
- ▶ A standardized list of "cultural fit" questions. The organization also decided to implement job shadowing in the department where there was the highest turnover rate as a case study to support the future recommendation of job shadowing across the organization.

The Results

After an initial five-month adjustment period, the team found that first-year employee turnover rates decreased from 50 to 35 percent as a result of the organizational changes. Financial savings were calculated to be upwards of \$42,000 after just a few months, and are projected at \$300,000 annually for each year thereafter.

Summary

Industry

Healthcare

Business Problem

High employee turnover

Methodology

Six Sigma - DMAIC

Solution

Adjust the hiring process

Benefits/Results

- ▶ Estimated annual savings of \$300,000
- ▶ 15% turnover reduction

Key Tools Used

- ▶ FMEA
- ▶ Fishbone Diagram
- ▶ Process Flow Diagram
- ▶ C&E Matrix
- ▶ Attribute Gauge R&R
- ▶ Capability Analysis
- ▶ Binary Logistic Regression
- ▶ Control Plan