

'People Strategists' Reveal Key C-Suite Secrets to Bend the Trend

Written By **Les Meyer**



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Written By
Les Meyer

Health Care Strategist
and Vice President for
HealthNEXT, LLC

Necessity Prompts Strategic Adaptation

Since maximizing resources for enhancing worker capacity and sustaining a competitive edge is more important than ever before, HR professionals need to become “people strategists” who are capable of aligning the workforce with key business objectives. One critical mission is to tame runaway employee health care costs, but industry practitioners have found that current methods no longer work. The next generation of solutions can be found in the notion of “value realization.” Success depends on insightful decision-making and problem solving, as well as an intuitive ability to lead their strategic business unit to create self-sustaining environments and support infrastructure wherein employees and their dependents consciously and subconsciously make healthier lifestyle choices. People strategists have a unique definition of value, which they consider the glue that galvanizes the workforce. In their view, value better aligns the interests of each organization’s leadership with employees to maximize individual peak performance for results that collectively improve a company’s bottom line. The bleeding edge of this thinking can be found in the C-Suite emergence of “disruptive innovation” (DI), a business term used to describe how a more nimble or entrepreneurial approach to creating value and sustaining a competitive advantage can disrupt certain markets.

People strategists understand the power and potential of creative execution and DI, which has a new application regarding how organizations can rethink many of the age-old assumptions about the human resources business model and deepen their investment in people through high-value workforce wellbeing initiatives. The DI mindset can be used to create “People Innovation Centers” that serve as an information clearinghouse for benchmarking the business of sustainability.

People strategists strive to consistently match high-value workforce wellbeing designed to step up employee involvement in adopting healthier lifestyles with what is entrepreneurially and culturally feasible in the workplace. They know it’s not about employee behavior change. It is, in fact, about the wise health behaviors people embrace. People strategists are constantly looking for creative business models, real-world impact, farsighted risk taking opportunities and paradigm-busting execution. More importantly, they adeptly convert satisfied customer experiences, as well as valuable workforce investments and meaningful achievements, into corporate profits.

As CEOs continue to reconfigure HR seats in the C-Suite, they will be more inclined to embrace business-centric people strategists to focus on value-realization achievement. Key components will include high levels of sales, profits, customer satisfaction, production of high quality products, improved reputation and brand-equity status and business growth driven by the inextricable link between DI strategies and thriving

wellbeing people action plans to sustain a competitive advantage. Strategic Business Process Improvement

DI is the bedrock of strategic business process improvement (SBPI), an effective continuous-innovation approach to align processes with disciplined execution of an organization’s strategic goals to optimize underlying systems and structures to advance focused program integration convergence to achieve more efficient results.

Clayton M. Christiansen, M.D., defines DI in “The Innovators Dilemma: When New Technologies Cause Great Firms to Fall” as: “innovation that transform an existing market or creates a new market through simplicity, convenience, accessibility or affordability.”

To paraphrase his premise, DI is about profound change in the C-Suite. It is not just the magnitude of the advance. If it works to sustain the status quo, it is not disruptive. The key is a change in approach to one that better addresses critical business issues in the C-Suite and the demands to create and sustain “customer value.”

What’s different about DI leadership is that it moves from being an occasional episodic management by objective shortcoming to a breakthrough balanced measurement system achievement. It paves the way for the CEO to create C-Suite solidarity and a united culture of innovation and comprehensive health promotion achievement in the company.

People strategists judiciously converge on C-Suite leadership engagement techniques and incentive alignment SBPI action plans to precisely execute optimal measurement systems designed to determine gaps. This information is prioritized for a guided program planning and evaluation strategic roadmap to instate a sense of balance and achieve leading-edge best practices.

A balanced view of the business requires continuous predictive data analytics for insight. Value realization of corporate benefits administration reporting in the C-Suite has not been meaningful, far-reaching or productive. Legacy benefits administration reporting is “aggregated” but not “integrated” and includes “data” versus actionable “information.” It also is not intelligible, accessible, consistent, precise, or reliable to the C-Suite.

Susan R. Meisinger, former president and CEO of the Society for Human Resource Management and a board director for the National Academy of Human Resources, recently wondered: “Is it possible that we think we’re playing an important role in driving innovation in our organizations just because of how hard we’re working and not because we have any data to support that conclusion? Perhaps.”

The time has come for a major paradigm shift that enables pioneering employers to simultaneously realize greater employee trust, talent engagement



“People strategists understand the power and potential of creative execution and disruptive innovation.”

and customer value realization, as well as prevent spiraling health care costs and actually bend the trend.

According to Kathleen Yeager, a senior professional human resources (SPHR) specialist and leading strategist on chief organizational effectiveness: “SBPI and DI spotlight creative execution and encourage organizations to focus on critical talent management [people] challenges and related ‘customer value realization’ issues and begin to embrace proactive constructive change in the HR operating model.”

Profound change will not happen without constructive conflict. “The new value-centric HR professional who has a DI mindset would be an ideal role model and business leader in the C-Suite to promote the meaningful use of HR systematic performance improvement processes and best practices,” further states Yeager.

It is clear that C-Suite distinctive competency discussions, recommendations and value realization optimization barriers cannot be tackled or resolved if there are no solid metrics to analyze and compare valuable employee engagement investments alongside comprehensive culture-of-health programs that emphasize high-value workforce wellbeing under the health promotion umbrella.

Strategic productive advantage from comprehensive health promotion, high value workforce wellbeing improvements can be achieved only if understood and embraced at the C-Suite level. To achieve optimal engagement, people strategists have created next-generation SBPI C-Suite level benefits administration reporting dashboards and scorecards. Value realization materializes when action is taken on SBPI measurement insights.

Cracking the Code

Many ideas aimed at improving comprehensive health promotion, high value workforce wellbeing fail to deal with DI and improving the business value of health in the C-Suite.

People strategists understand and decode the inner workings of C-Suite critical thinking behaviors and linkage between employees, customers and profits by isolating perceptions and attitudes of health promotion investments and the business value of workforce wellbeing dividends that drive strategic SBPI business plans. Value realization encompasses several areas and requires relevant on-site, corporate level and company-wide reporting as defined by C-Suite leaders and front-line managers. What gets measured gets improved. The role of the people strategist is to

determine what is important for the C-Suite team to measure. The undertaking is intended to rapidly shape and mold the SBPI process created to help pioneering employers answer:

1. How are we doing (versus benchmark employers)?
2. How can we improve (to the point to “bend the trend” on curtailing employee health care costs)?
3. What if (involving simulation capabilities scenarios for planning and budgeting)?

An evidence-based measurement process provides the CEO with objective insight into comprehensive health promotion, high-value workforce wellbeing issues and processes. It also gives them the ability to objectively identify and help C-Suite leaders manage their company’s health risks, and provide an early detection mechanism and feedback loop resolution option involving identified workforce well being problems.

The Sustainability Imperative

Keeping people healthy is a critical business strategy and serious economic imperative. People strategists are adapting in the C-Suite and getting down to business. They bring together thriving wellbeing people, as well as execute strategies and action plans that result in trust, engagement, incentive alignment, use of relevant information and distinct choices by the workforce. There is a strong consensus that sustainability related issues are having a significant impact on how people in the C-Suite think and act.

Business is driven by value and value creation. No value? Then no sustainability. It’s that simple. But customer value cannot be effectively delivered without people strategists who recognize as their companies grow, they will need a SBPI system to continuously analyze, intertwine and refine their workforce engagement processes and high-value workforce wellbeing best practices.

According to Michael E. Porter, Ph.D., a Harvard Business School professor and leading authority on competitive strategy: “Value — neither an abstract ideal nor a code for cost reduction — should define the framework for systematic performance improvement. Rigorous, disciplined measurement and improvement of value is the best way to drive system progress. Yet value remains largely unmeasured and misunderstood.” People strategists realize that measuring, reporting and benchmarking results are the most important steps toward rapidly improving company value streams to help CEOs make distinct choices about improving the bottom line and sustaining a competitive edge. The Importance of Critical Thinking in the C-Suite

People are the biggest source of a sustainable competitive advantage. And people strategists realize that engaging, deploying and optimizing a fluid company-wide systems improvement initiative entails hard work. More importantly, the final step is to prepare a SBPI business plan that reinforces the company’s focus on DI and doing whatever is needed to go on delighting its customers.

If you look at the most important issues for CEOs, they reveal the need for: 1) evidence-based, high-value workforce wellbeing standards of practice; 2) proven high-touch, employee engagement (health behaviors) return on investments that are integrated

with high-value workforce wellbeing results; 3) keen insights into comprehensive health promotion and neighborhood health assurance business models; 4) know-how to replicate “experience curve” efficiency gains and bend-the-trend investment output effort; and 5) expertise of informed physician executive leaders as front-line people strategists whose integrated role enables them to be more effective and focused.

Critical thinking is not driven by answers but by questions. The driving forces in the people strategists’ critical thinking process are the questions, which can lead to a better understanding of C-Suite leadership behaviors and how to create meaningful connections between employees and customers to achieve high profit margins.

What are the secrets people strategists employ to command their CEO’s full attention? The answer can be found in six pointed questions to ask C-Suite executives in order to conform to the CEO’s reality (see Exhibit A). The CEOs C-Suite SBPI Survey Overview

For more insight about the way to assess C-Suite awareness, knowledge and engagement in a comprehensive workforce wellbeing program, consider the experience of a \$15 billion multinational manufacturer with double digit annual health care cost trend growth in self-insured plans. The entire senior management team met with HR professionals during an annual leadership conference to focus on business issues to sustain a competitive edge. That effort required gauging the team’s awareness of employee health care issues and the cost of that care. The hope was to elevate these concerns beyond the benefits department and into the C-Suite. Another goal was to provide an objective benchmarking tool to track program progress internally and relative to other employers. The initiative was based on an optional multiple-choice, self-assessment survey of senior manager awareness of the current state and impact of company health care trends. The C-Suite survey tool was designed around commonly known leadership statistics, such as annual budgeted revenue growth.

Nuggets of Perception Reveal C-Suite Realities This research process is based on a simple premise, which is that an employer’s senior management is critical in the development of an effective environment for improving workforce wellbeing corporate cultures of health in the C-Suite. Indeed, too few C-Suite executives are aware that employee health care costs have both a direct and indirect impact on profits or that workplace environment affects workforce health care costs. The message to senior leaders is that they can help reverse the health care cost trend in their organization, but that they also cannot delegate this goal or accountability to others.

A small, albeit growing, number of employers are achieving flat or declining health care cost trends — considerable achievements that not only steer clear of short-sighted, cost-shifting strategies or benefit reductions, but also by expanding access to care in some cases where such a move is warranted. One common denominator among this elite group of organizations is how well their C-Suite scored on tests to gauge their knowledge of this topic.

Key Research Findings

The large manufacturer’s findings revealed a steep learning curve among members of the leadership team, who did better at choosing the right answers for traditional business questions than workforce

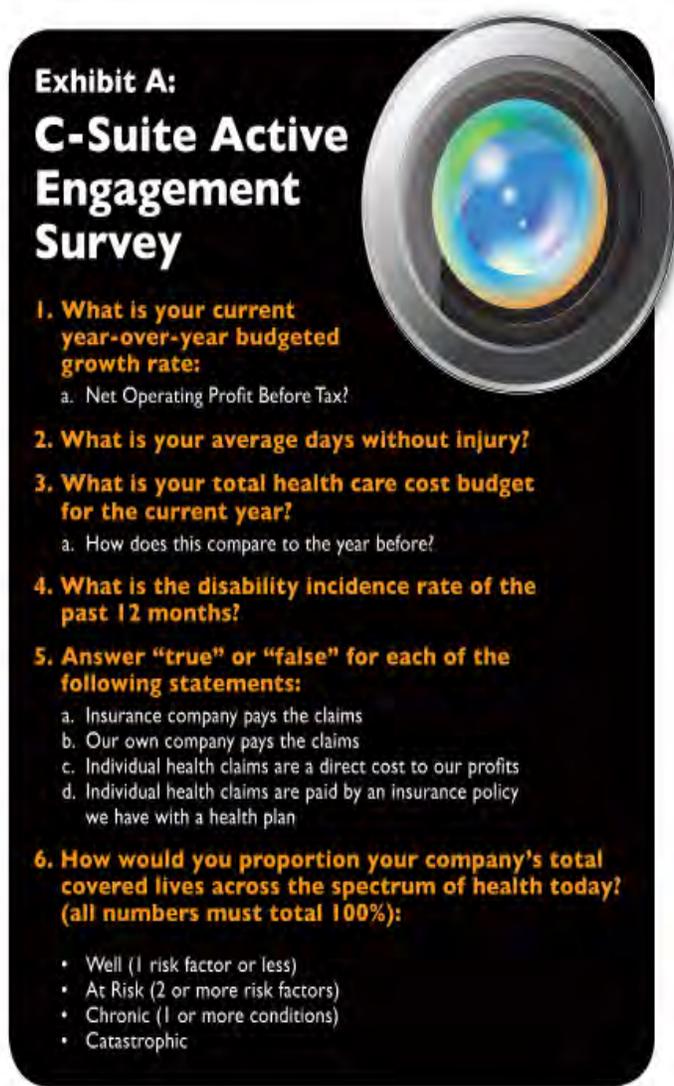


Exhibit A:
C-Suite Active Engagement Survey

- 1. What is your current year-over-year budgeted growth rate?**
 - a. Net Operating Profit Before Tax?
- 2. What is your average days without injury?**
- 3. What is your total health care cost budget for the current year?**
 - a. How does this compare to the year before?
- 4. What is the disability incidence rate of the past 12 months?**
- 5. Answer "true" or "false" for each of the following statements:**
 - a. Insurance company pays the claims
 - b. Our own company pays the claims
 - c. Individual health claims are a direct cost to our profits
 - d. Individual health claims are paid by an insurance policy we have with a health plan
- 6. How would you proportion your company's total covered lives across the spectrum of health today? (all numbers must total 100%):**
 - Well (1 risk factor or less)
 - At Risk (2 or more risk factors)
 - Chronic (1 or more conditions)
 - Catastrophic

wellbeing. For example, only 38 percent of the 56 executives and front-line managers who completed the questionnaire answered correctly how much their company spent on health care, with 80 percent of those who got it wrong underestimating that spending and more than half believing the figure was more than 50 percent below the actual tab.

There were several other indicators showing a serious lack of understanding. Just 34 percent were able to translate the number of incremental cases of product required to cover expected annual employee health care cost increases and only 20 percent were able to correctly determine how many full-time employee positions would have to be eliminated to cover those increases. Of those who incorrectly answered this question, 46 percent underestimated the number of positions that would be required. With regard to their company's disability incidence rate, a mere 16 percent gave a correct answer. Of those who guessed wrong, all of them underestimated the actual rate and 63 percent picked a rate that was less than half of the correct answer. When asked to describe the kind of health plan coverage their company offers, 40 percent gave answers that only fit fully insured programs — the implication

being that nearly half the senior management team thinks that their health care costs are not direct business expenses.

Perhaps equally egregious was the C-Suite's impression that the workforce was significantly healthier than the reality of the company's situation. Asked to estimate the percentage of covered lives considered to be well, at risk, chronic and catastrophic, 34 percent of the executives did not even bother to answer this question. And of those who did answer, the average responses were 42 percent said employees were well when, in fact, only 8 percent fell into this category. In addition, 32 percent believed there was more than one risk factor when, in fact, that number was 70 percent, nearly 18 percent chose the chronic description, a close estimate to the actual 20 percent figure, and 6 percent said there were catastrophic illnesses in the workforce, whose number was 2 percent.

Conclusion

The DI SBPI decision-making process for strategic adaptation depends on a solid understanding of C-Suite attitudes, beliefs and behavior patterns while improving the linkage between employees, customers and profits. When members of the senior management team in a multinational manufacturer do not know key health care cost statistics for their business or the fact that they're self-insured, something is seriously amiss in the C-Suite. Without a clear understanding of how to stem rising employee health care costs and what is driving such expenses in any given workforce, employers that remain stuck in neutral on this issue will suffer a competitive disadvantage.

Perhaps equally egregious was the C-Suite's impression that the workforce was significantly healthier than the reality of the company's situation. Asked to estimate the percentage of covered lives considered to be well, at risk, chronic and catastrophic, 34 percent of the executives did not even bother to answer this question — suggesting that they did not have a clue. And of those who did answer, the average responses estimated that 42 percent of the covered lives when, in fact, only 8 percent fell into this category. Collectively they believed that 32 percent were at risk with more than one risk factor when, in fact, that number was 70 percent. (They were better able to gauge the chronically and catastrophically ill cohorts with figures of 18 percent and 6 percent while the actual figures were 20 percent and 2 percent respectively.)

Beauty is NOT in the eye of the beholder. Teachable moments in the C-Suite may truly predict future bottom line profits. The disconnect revealed in the unique "C-Suite Active Engagement Survey" between awareness and understanding of traditional C-Suite critical business issues and financial key performance indicators is profound. Many times the complete lack of understanding [and engagement behaviors] in the C-Suite can be brilliantly transformed into beautiful profits, for the very C-Suite engine that powers the business might just be HR.

People strategists who embrace an HR application of DI along the road to attaining high-value workforce wellbeing will be able to help drive success in the C-Suite and reserve a permanent seat at the corporate leadership table. The secret weapon is a simple leadership survey that HR practitioners can use to highlight this issue in ways that garner much more support from senior leaders to engage in culture of health solutions the same way they would in other resource efficiency programs.

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