CASE STUDY

Stewart Memorial Community Hospital

Passionate about People: How Culture Builds a Competitive Advantage
A constant challenge for any U.S. hospital is its ability to attract and keep healthcare professionals and staff. The 25-bed, 220-employee Stewart Memorial Community Hospital in Lake City, Iowa (population 1,700) was no exception.

By 2015, the hospital’s talent pool challenge had become critical. With the national shortage of physicians and nurses compounded by escalating retirements of staff overall, it was increasingly hard to compete with two larger hospitals that were an easy drive away and offered better pay and advancement opportunities.

Against that backdrop, the hospital’s Chief People Officer Holly Espenhover was given her charge: Create a long-term people strategy and make recruitment and retention of high performers in all functions and at all levels the top priority.

Partnering with HUB International’s Benefits, and Human Resources Consulting and Workplace Productivity specialists, Stewart Memorial revamped benefits and Paid Time Off (PTO) programs, reshaped its Total Rewards Program and developed a meaningful Employee Value Proposition (EVP).

These efforts revitalized the hospital’s culture and, as Espenhover puts it, “made our organization appealing to everyone, from young healthcare professionals to support staff, as a place that cares about and takes care of our people.”

### How Success Measures Up at Stewart Memorial

- **90% Employee Retention**  
  Beat goal of 88%

- **85% Employee Engagement**  
  Outperformed healthcare peer group by 6%

- **9% Reduction in benefits spend**  
  Despite enhancing benefits to win and keep talent

- **$270,000 annual savings**  
  In PTO accrued costs due to new flex-time program
Laying the Foundation for Attracting and Keeping Talent

Stewart Memorial’s biggest challenge was to achieve a broad, strategic and what at times felt like an overwhelming goal: Give people a good reason to want to work at the hospital — and not want to leave. The hospital wanted to make working there better for people and needed to find out what it was that made people stay or leave.

Espenhover says she and the rest of the management team believed they had a good handle on culture and the family environment that employees enjoyed. HUB’s focus group sessions with employees did, in fact, provide validation: Stewart Memorial has a great culture. Everyone cares and is supportive. It’s a top-notch organization.

But there also were disconnects that hadn’t been fully understood, such as the strong desire for a career ladder. Work life balance is positive but the benefits structure and the high cost of healthcare were a problem.

Such insights informed not only a tactical direction forward, but HUB was also able to help reshape components of Stewart Memorial’s Total Rewards Program, and develop a meaningful EVP. By capturing the essence of the hospital’s commitment to employees and keeping it front and center with a strong EVP, the hospital would have a powerful statement on its culture when engaging current and future staff.
The Stewart Memorial Community Hospital
Employee Value Proposition

Passionate About You
Imagine working for an organization that is as passionate about serving you as you are about serving your patients—a place where you are rewarded for your contributions.

At Stewart Memorial Community Hospital:
- Our people are at the heart of our organization.
- We seek out individuals that reflect your desire and passion to care for patients, which strengthens us as an organization.
- Our goal is to enhance our workforce with new talent, offer meaningful growth and learning opportunities, provide superior leadership and show our commitment to our values, patients and each other.

We strive to offer you:
- **A lifelong career with a purpose-oriented organization:** When you join the Stewart Memorial family, you immediately become part of a culture that includes individuals with diverse backgrounds and different interests working together in a spirit of teamwork, mutual trust and understanding. In fact, 34 percent of our staff has worked for Stewart Memorial for over 10 years!
- **An opportunity to make an even greater impact:** Our smaller work environment means you are able to better focus on serving patients and making a difference in their lives and the lives of those who love them.
- **Recognition for your contributions:** You will be rewarded with a generous, customized benefits program, professional development opportunities and assistance, a flexible work schedule and positive work-life balance.
- **A workplace you can take pride in:** Stewart Memorial has been voted the “Top Place to Work” by the Des Moines Register for four consecutive years. We are also nationally recognized by Press Ganey for excellence in patient safety and satisfaction.
Benefits That Support Family and Flexibility

The long-term people strategy was important, but the immediate need was focusing on Stewart Memorial’s benefits package to put it on more competitive footing. Work was needed on the hospital’s PTO program, and the insights HUB received through the focus groups indicated other fixes would help, too.

Among the changes: As of January 1, 2017, the hospital paid for short-term disability coverage for all its employees, which directly showed the workforce that the hospital had taken employees’ feedback seriously.

But that wasn’t all. The hospital’s health plan underwent a major restructuring starting in 2017 and gained momentum into 2018. Premiums were lowered significantly and money was put into every employee’s health savings account. Long-term disability insurance was paid for every employee, as well.

And then there was Stewart Memorial’s PTO program. HUB’s Workforce Productivity team reviewed PTO usage patterns, evaluated other programs, approaches and vendors, and developed a strategy and rollout plan for a new program that would support and enhance the hospital’s Total Rewards.

The new PTO program showed the hospital’s willingness to think unconventionally. Its PTO program partially provides for FTO, or flexible time off, for directors and above. And those not eligible for FTO have the option of applying their accrued PTO hours to offset their health insurance premiums.

This sort of flexibility is good for employees, but it’s also good for the organization from a financial perspective as the days that accrue carry a cost as an accounting liability. Taking this approach, resulted in $270,000 in annual savings for the hospital.
Stewart Memorial Hospital’s Total Rewards at a Glance

HEALTH
- Medical, dental, and vision coverage
- Health Savings Accounts (HSA) with additional company contributions
- Wellness benefits, including a free on-site fitness facility and complimentary annual biometric screenings
- Committed to remaining a “minimal lift” facility

WEALTH
- Life insurance (1.5x annual pay)
- Supplemental life insurance for employee, spouse and children
- Short- and long-term disability (STD and LTD) coverage
- Retirement savings plan with a company match
- Flexible spending accounts (FSAs)

ADDITIONAL
- Voluntary benefits, including critical illness plus cancer, accident and hospital indemnity coverage
- Paid time off (PTO) program, with option to use accrued PTO to offset health insurance premiums
- Flexible work schedules
- Tuition assistance
- Ongoing education and development opportunities
- Employee assistance program (EAP)
- Tax-free shopping at Stewart Memorial Gift Shoppe
- Employee cafeteria discount and healthy food options
- Pharmacy discount on over-the-counter (OTC) items
- Payroll deductions for items purchased at Stewart Memorial
- On-site UPS and FedEx shipping services
- Annual employee events (picnic, holiday party and more)
- Employee recognition rewards
How Stewart Memorial defines “winning”

Tracking outcomes in terms of employee engagement, retention and financial performance was critical to illustrate the value of Stewart Memorial’s efforts to hospital leadership and board members.

The overall retention goal was set at 88%, which Stewart Memorial exceeded at year-end 2018 by hitting the 90% mark. Employee engagement, measured every two years, has climbed from 80% in 2015 to 85% in 2017 — 6% higher than the rural healthcare organizations in Stewart Memorial’s peer group.

As the hospital works on the next phases of its longer term planning, the focus stays centered on the EVP, including career orientation, opportunities for impact, meaningful rewards and a workplace that creates a strong sense of pride. Specific future plans of Stewart Memorial include professional development and opportunities for growth, and ways to go beyond just evaluations to tie performance to rewards, all of which uphold the spirit of the EVP.

All told, the efforts have led to gratifying quantifiable and qualifiable results. As current and prospective employees learn and understand the true essence of the Stewart Memorial employment experience through the organization’s actions and through its clearly articulated EVP, it’s all coming together to make the hospital a true standout, more than just holding its own against other hospitals in the region.

Espenhover sees quite a few employees returning to Stewart Memorial, saying the tradeoff in pay for a better culture is worth it. The hospital is also participating in broader demographic shifts as its Baby Boomer-aged employees retire. They are more easily succeeded than they once might have been by a younger population that’s increasingly attracted to an organization known for supporting life inside and outside of the workplace.

As Espenhover looks back on the mindset as the journey began, she recalls that “it was no longer okay to just be okay.” Mission accomplished.
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