

Lean Talent Acquisition: One Team's Journey of Improvement

Abstract:

Purpose

This case study describes how Lean performance improvement principles helped transform an integrated healthcare system's talent acquisition team to best in class.

Design/methodology/approach

Spectrum Health's Talent Acquisition team needed to change its functional processes to better achieve its recruitment goals. In 2013, the system's Talent Acquisition and Process Improvement teams partnered to conduct a Value Stream Analysis (VSA), followed by five Rapid Improvement Events (RIEs) and project work. Structural and institutional changes were defined and implemented. Significant cultural change toward a philosophy of continuous improvement was accomplished through the use of Managing for Daily Improvement (MDI) huddles and other efforts. The focus throughout was on Lean thinking, change management, and achieving meaningful results.

Findings

After the Lean process implementation, time to fill for open positions was reduced by 10%. The offer acceptance rate increased from 96% to 99.6%, with fewer than 25 turndowns annually. Customer and candidate satisfaction have been maintained at above 90%, and operating in a culture of continuous improvement has spawned several additional benefits.

Originality/value

Lean principles applied within Human Resources functions can drive significant business results.

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Spectrum Health is a regional integrated health system located in West Michigan. The system includes 12 hospitals, more than 170 physician practices and ambulatory service sites, and a health insurance company. With 23,000 people in total, Spectrum Health is the largest employer in the region and one of the largest in the state.

As with any large and growing organization, Spectrum Health has robust hiring needs, opening and filling approximately 6,000 positions a year. This high volume of open positions, whether through attrition or expansion, keeps its Talent Acquisition team members in high demand. In late 2012, the Spectrum Health Talent Acquisition team was functioning at a "good" level, but a change was needed. The team, which hires for positions across the organization, was focused on quantity over quality. Team metrics were becoming outdated; they did not correlate to business outcomes, and a differentiating factor was lacking. With market competitiveness in healthcare quickly rising, the team needed to stay flexible, redefine its purpose, and find a competitive advantage.

Formal Improvement Support

To help guide the team's change, the Talent Acquisition team partnered with Spectrum Health's internal Lean Process Improvement team to conduct a Value Stream Analysis (VSA). The VSA was launched in January 2013 and brought together a multidisciplinary group for a three-day event. Its goal was to develop a future-state vision for the Talent Acquisition team that would refocus the team on quality and promote nimbleness in its responses to the ever-changing healthcare landscape. The event was successful, producing an improvement plan that included five subsequent Rapid Improvement Events (RIEs) and project work. The RIEs brought multidisciplinary groups together during 2013, this time in four-day sprints where key issues from the VSA were worked on and resolved.

The VSA proved incredibly valuable, culminating with a final RIE which took place in September 2013 and completely restructured the recruitment model. That event included Talent Acquisition team

members, internal customers, subject matter experts, personnel from connected and dependent centers of expertise, and “fresh eyes” from system employees who did not have a direct stake in the process but could provide outside perspectives. The group was setting out to improve a process that was not in crisis, but instead one that was beginning to show signs of struggle to keep up with volume and customer expectations.

During the September RIE the current-state process was fully mapped. This included an eye-opening visual of the number of hand-offs involved in the talent acquisition process. These excess hand-offs were creating process delays, causing customer confusion, and introducing opportunities for error. It quickly became clear: the team’s new process must deliver both value and simplicity. With the help of the entire RIE group, a desired future-state map was created; it focused on quality and abandoned long-held activities that did not add value. In addition, experiments were conducted to test the proposed improvement ideas before moving them into practice. Finally, standard work, properly aligned metrics, and a robust performance dashboard were created to monitor progress moving forward.

Implementing Change

Immediately after completing the final RIE in September, the Spectrum Health Talent Acquisition team took the “rapid” to heart and decided to fully implement the new future-state model in just 60 days. Implementing during November 2013 was an audacious goal, but it was viewed as achievable based on the detailed plan created and tested in the RIE, and the known high-quality work of the front-line team members.

Structural Change

The first change was structural. The team reorganized the recruiting process to focus on quality instead of quantity. When developing the future-state model it was realized that a “one size fits all” methodology, although practical on paper and historically considered a best practice, was not the correct model to utilize. It was determined that a model with three swim lanes would be most valuable,

assigning open positions to each lane based on two key factors: barrier to entry and level of recruiter intervention required to fill the position. (See Table 1.) This allowed the team to set up standard work processes for positions that were higher volume and more transactional compared to those that required a more sophisticated level of recruiter management and sourcing.

Institutional Change

The next change was institutional. The team repurposed its recruiting coordinator role, which was responsible for scheduling candidate interviews with hiring managers, and converted those individuals to recruiters. This removed non-value added activity from the process. The amount of time spent by a recruiting coordinator attempting to coordinate interviews versus the time a hiring manager would need to do the same task had been staggering. Hiring managers, having the best understanding of their own calendars and greater influence over their selected interviewing panel, proved that ownership of scheduling should be their responsibility. Ultimately, by repurposing the recruiting coordinator role, the newly designated recruiters generated greater capacity and allowed the team to properly set open position volume levels. This helped to ensure more efficient use of the recruiters' time while also enabling them to better serve their customers.

Cultural Change

The final change was cultural, involving the shift to a philosophy of continuous learning and improvement. This was the most important change and the one that would take the most work. To help with culture change, a Managing for Daily Improvement (MDI) huddle was implemented.

Managing for Daily Improvement (MDI)

One highly effective tool used to support the team's cultural change and realize and sustain improvement was an MDI huddle. It was chosen as a method to rally the team, reinforce nimbleness, and bring a scientific approach to problem solving. Several large white boards, filled with meaningful

metrics, were central to the huddles, serving as a physical mechanism to support visibility and transparency.

The MDI huddles were held Mondays through Fridays between 9 a.m. and 9:15 a.m. They were primarily used to bring the Talent Acquisition team members together each weekday for a brief discussion of priorities. Ultimately, these huddles also became a time to ensure alignment and perform daily pulse checks, which proved to be an added benefit for the team members as they both experienced and brought significant change. In addition, the MDI huddles helped to transform the team, although that did not happen on Day 1. The team members went through four distinct stages in this transformation process: the MDI Evolution Curve. (See Figure 1.)

Stage 1 – Establishment

The initial MDI huddles were quiet, leadership driven, and on most days flopped. It was common for staff to comment, “Do we really have to meet daily?” They also said, “The information talked about isn’t relevant.” These comments served as a challenge to the leadership team to look beyond their own concerns. If a daily meeting was going to be held, it had to add value that each staff member could easily see, understand, and believe in; topics discussed in huddles needed to directly affect and benefit the staff. Different approaches were tested, different metrics were discussed, and different visuals were displayed on the white boards. The key, no matter how the previous day’s huddle went, was to always show up the next day. The team eventually learned that huddles were the new norm and, once accepted, the improvement started.

Stage 2 – The Climb

The climb proved to be the most difficult stage in the MDI Evolution Curve. In this stage processes became exposed, the needed changes felt overwhelming, and the team members’ self-doubts increased. To combat this, a standard discussion format was implemented that encouraged group problem solving while promoting a safe environment. The daily huddles also transitioned from being

leadership led to staff led. At that point, the team owned the huddles and any success that came from them.

During this stage, key metrics started moving in the right direction and different improvement techniques were implemented. One technique, a visual audit system, was set up to track adherence to standard interviewing techniques. These audits fed discussions around another key metric: declined job offers. Declined offers were tracked visually in an easily understood way. Each month started with a fresh calendar on one of the white boards. If the team made it through the day without receiving a decline from a candidate who had been extended an offer, a calendar square would be shaded green. If an offer was declined, a calendar square would be shaded red and discussed. “Red day” conversations were not always easy, but proper coaching turned them into learning opportunities, not problems.

Stage 3 – Improvement Plateau

After significant progress, the team’s improvement seemed to plateau. The team was now functioning at a higher level and there were whispers indicating a “the process is fixed” mentality. At this point, it was necessary for the team to stay challenged, think critically, and avoid complacency. One way the team members challenged themselves was to steer huddle discussions toward root causes, frequently using the “5 Whys” problem-solving technique (Ohno, 1988). A typical 5 Whys discussion in a daily huddle regarding a declined job offer would go something like the following actual case.

Scenario – A recruiter is reporting on candidate “Sarah,” who recently declined an offer to become a financial analyst.

- Why did Sarah decline? *“It wasn’t the right fit for her.”*
- Why wasn’t it the right fit? *“She wants to hold out for a leadership opportunity.”*
- Why a leadership opportunity? *“She isn’t being considered for leadership positions at her current employer.”*
- Why isn’t she being considered? *“Her peers are out-performing her.”*

- Why is she being outperformed? *“She has demonstrated weak decision-making skills.”*

When the 5 Whys technique was applied to this declined offer, the conversation shifted from “Why was the offer declined?” to “Why weren’t Sarah’s weak decision-making skills identified earlier?” Correctly identifying a potential root cause allowed the team to focus discussion on the real issue.

Stage 4 - Culture Change

It is difficult to identify a specific date in 2014, but after countless improvement discussions, iterations of the white board set-up, audits, and sweat equity, the improvement plateau broke and the team’s culture shifted to that of continuous improvement. The Talent Acquisition team members now take pride in their morning MDI huddles, and improvement opportunities are embraced, not feared.

Operating in a culture of continuous improvement has spawned additional benefits:

- Team flexibility has increased, course correction is taking place in real time, and change is no longer uneasy, but expected.
- Change management is driven by front-line influencers, and an improvement mentality is applied to all aspects of work. This mentality spreads to customers, suppliers, and stakeholders.
- This cascade of continuous improvement leads to high-impact results and a true competitive advantage.

Bottom-Line Results

A summary of results for fiscal year 2014 is presented in Table 2. The team’s work and results have already been nationally recognized. The Spectrum Health Talent Acquisition team was named the large company recruiting department of the year in 2014 by ERE Media, which is the largest corporate recruiting association in the United States. Past winners of ERE recruiting excellence awards have included Microsoft, AT&T, Sodexo, and UPS.

By transforming a culture, leveling open position loads, and removing non-value added work, time to fill was reduced across the organization by 10%. This resulted in an additional 21,000 days of workforce production for Spectrum Health during fiscal year 2014.

The move from a quantity to a quality based process has resulted in increases in customer and candidate satisfaction. The industry considers 80% satisfaction as being successful. However, Spectrum Health maintains a satisfaction rate above 90% for both customers and candidates.

Prior to this process improvement journey, the Talent Acquisition team averaged more than 250 declined offers per year. This equated to an offer acceptance rate of approximately 96%, which is generally considered very good. However, all offer declines create inefficiency and stress for an organization; with a declined offer the recruitment process must restart, which is costly in both time and resources. By creating visibility around declined offers on an MDI white board and analyzing root causes, the offer acceptance rate moved from 96% to 99.6%, dropping from 250+ annual turndowns to fewer than 25.

Next Steps

The Spectrum Health Talent Acquisition team continues to evolve and constantly focuses on improvement. This mentality is now ingrained in the team and has led to a strategic competitive advantage that allows for quality and flexibility in the marketplace. In an evolving talent landscape, the team is committed to being a leader. In the spirit of continuous improvement, the team members are focused on spreading lessons learned so others can benefit from their journey.

Tables and Figure

Swim Lane	% of openings	Description
A	5%	High level of recruiter intervention required and high barrier to entry.
B	48%	Moderate level of recruiter intervention required and moderate barrier to entry.
C	47%	Low level of recruiter intervention required and low barrier to entry.

Table 1. Three Swim Lane Model for Assigning Open Positions

Metrics FY 2014	
Number of positions filled	5,817
Offer acceptance rate	99.6%
Time to fill a position (approved to offer accepted)	Reduced by 10%
Days of workforce production gained	21,000
Customer satisfaction (hiring manager & candidate)	Above 90%

Table 2. Results Following Lean Process Implementation

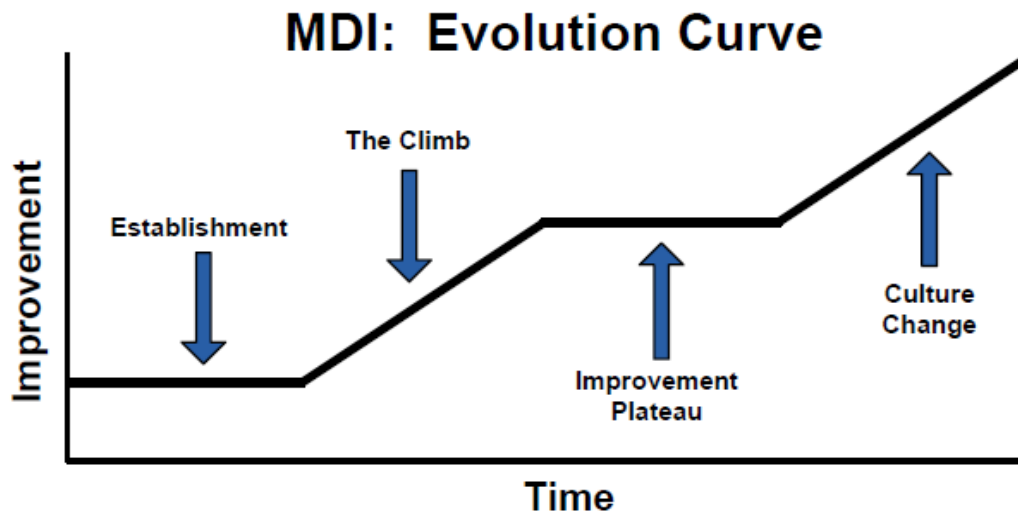


Figure 1. Managing for Daily Improvement (MDI): Evolution Curve

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