

## Investing In Recruiting To Reduce Costs

### A Management by Fact (MBF) Case Study - Henry Ford Health System

Henry Ford Health System is one of the nation's leading health care providers, offering a seamless array of acute, primary, tertiary, quaternary and preventive care backed by excellence in research and education. Founded in 1915 by auto pioneer Henry Ford, the health system is committed to improving the health and well-being of a diverse Michigan community. Henry Ford employs more than 21,500 employees and performs more than 78,000 ambulatory surgery procedures each year. More than 81,571 patients are admitted to Henry Ford hospitals annually.



#### SUMMARY OF SITUATION

Last year, Henry Ford Health System (HFHS) made it a strategic objective to reduce their \$30 Million annual spend on agency staffing. Specifically, they wanted to reduce all non-essential agency staffing throughout the health care system. To accomplish this goal, Scott Clatur – Manager of Talent Sourcing and Strategies – needed to develop a business case to invest in additional recruiting resources to replace 100 agency personnel in 90 days.

#### SOLUTION

Henry Ford Health System used LEAN Human Capital's Staffing Optimization Model to develop a Management by Fact (MBF) business case to quantify how an investment in recruitment resources would reduce overall health system costs. Analyzing how efficiently applicants flowed through the Staffing Supply Chain, HFHS was able to quantify the total # of sourcing hours required to hire 100 people within this job category (234).

STAFFING RESOURCE PLANNING (SRP) - ANALYSIS		Efficiency Metric	Total Activity Required to achieve hiring initiative
<b>Projections</b>			
Sourcing Hours per hiring project			<b>234</b>
Ave. # of Hours Sourcing to find one Submitted Candidate		<b>0.5</b>	468
Candidate Route to Hiring Mgr. Interview Ratio		<b>75%</b>	234
Hiring Manager Interview to Offer Ratio		<b>60%</b>	175
Offers to Hire Ratio		<b>95%</b>	105
Hiring Goal		<b>100</b>	100

Further analysis quantified that it would take an additional 468 hours to 'process' the candidates identified by the sourcing team (or 702 total sourcing & recruitment processing hours). To accomplish this hiring initiative, HFHS would need to invest \$21,060 in additional recruitment resources to reduce overall agency costs.

Recruitment Resource Planning/Allocation	SLA Days	90
<b>Internal</b>		
# of Hires		100
# of Sourcing Hours Required		234
# of Recruitment Process Hours Required		<b>468</b>
Total Recruitment & Resource Process Hours		<b>702</b>
Cost per sourcer/recruiter per hour	\$30.00	<b>\$21,060</b>

*LEAN provided us a staffing model to develop the business case required to 'cost-justify' the resources required to achieve this hiring objective. The result was significant cost savings for our system.*

Scott Clatur  
Manager, Talent Sourcing & Strategies  
Henry Ford Health System

#### RESULTS & ROI

At a cost savings of \$6.06 an hour, HFHS has successfully hired (or converted) over 100 agency hires. The ROI of investing \$21,060 in additional recruitment resources is a cost savings of **\$500,000/annually**.