An Approach to

Retaining Valuable Human Resources

Concept Paper

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INTRODUCTION/BACKGROUND

As is the case with most businesses currently focused on maintaining their leadership and competitive advantage in the marketplace, BCBSF is moving toward a more program and project focused work environment. For this environment to be successful, we must have a method of rapidly identifying and deploying highly competent human resources to the right initiatives at the right times. This method must also include an effective and seamless process of redeploying employees who have completed work on their current programs/projects to meet the needs of subsequent initiatives.

The VO initiative has exhibited remarkable progress toward the appropriate identification, deployment and redeployment of the human resources necessary for the support of its program development and implementation. Until now, the deployment processes used to meet the VO program needs have been exclusive to VO and have sufficiently met VO needs.

The reorganization of human resources assigned to VO associated with the recently finalized agreement with Andersen may result in the availability of competent employees for the support of additional BT initiatives or other BCBSF program/project work. While the number of these available employees is projected to be relatively small at this time, circumstances creating the availability of additional competent employees will recur periodically as the VO projects are completed, especially as the effort moves from release to release.

Other critical BT initiatives will reach stages where competent employees are either needed or made available for redeployment to other initiatives. In addition, the initiation of future program/project efforts will create an ongoing need for appropriately skilled employees to accomplish their goals.

Our current Human Resource policies and procedures, while well positioned to handle situations involving ultimate reduction of staff, do not entirely support circumstances involving the human resource ebb and flow created by the beginning and ending of programs and projects contributing to our corporate success. Nor do they fully support the need to retain and effectively deploy those talented individuals to subsequent initiatives. Additionally, we currently have no corporate mechanism in place to effectively arrange the movement of employees between the program/project teams and existing operational structures.

Moreover, the job market for employees possessing strong project related competencies (skills, knowledge, and commitment) is very tight and is projected to be so for at least the next several years. BCBSF's inability to attract this kind of talent as rapidly as needed has led us to a heavy and costly dependence on contractors and consultants to support our project requirements *(see Appendix A).*

The following outlines an suggested approach to meeting BCBSF's need to address these matters. The approach has been developed by a workgroup comprised of representatives from Human Resources, Capability Development, Corporate Communications, and Legal Affairs. This approach would allow us to more appropriately manage these situations and provide a number of opportunities for decreased project costs, increased retention of appropriately skilled employees, and more timely availability of required project resources.

GOALS OF THE APPROACH

When the workgroup met to discuss the potential of VO releasing project employees, it was decided that we should consider the future environment as indicated above as well as the current VO situation. The following goals were laid out by the group:

- we need a methodology which is not paternalistic but values our employees based on their competencies
- we need to build in retention strategies which will help to maintain our valued employees
- we need to send a clear message that this is not a staff reduction situation and that these employees are valuable and need to be retained
- the methodology needs to be supportive of our on-going program/project environment as well as the short term situation associated with Virtual Office
- the methodology must be cost effective

THE APPROACH

The approach developed by the workgroup calls for the **establishment of an on-going consulting center of excellence for employees with the required minimum project competencies and experience**. This organization would be operated as a business and expected to provide a positive ROI. The center of excellence would be the home base for these employees between projects, and their "job" would be as a team member of this organization. The team members would then be shared/loaned out for various project "roles" based on availability and a competencies match with project needs *(see Figure 1).* Additionally, the center could take on consulting projects fully staffed and managed by center employees.

Upon completion of their project/consulting assignments or whenever they were not fully utilized, center employees would return to the home base where career planning, development, coordination of performance reviews, promotional opportunities, and related processes would be handled. Employees assigned to the center could continue to maintain a job in this organization (assuming continued growth and acceptable performance and utilization) following the related career path or opt out for more traditional jobs through the job posting system.

APPROACH OVERVIEW

Figure 1
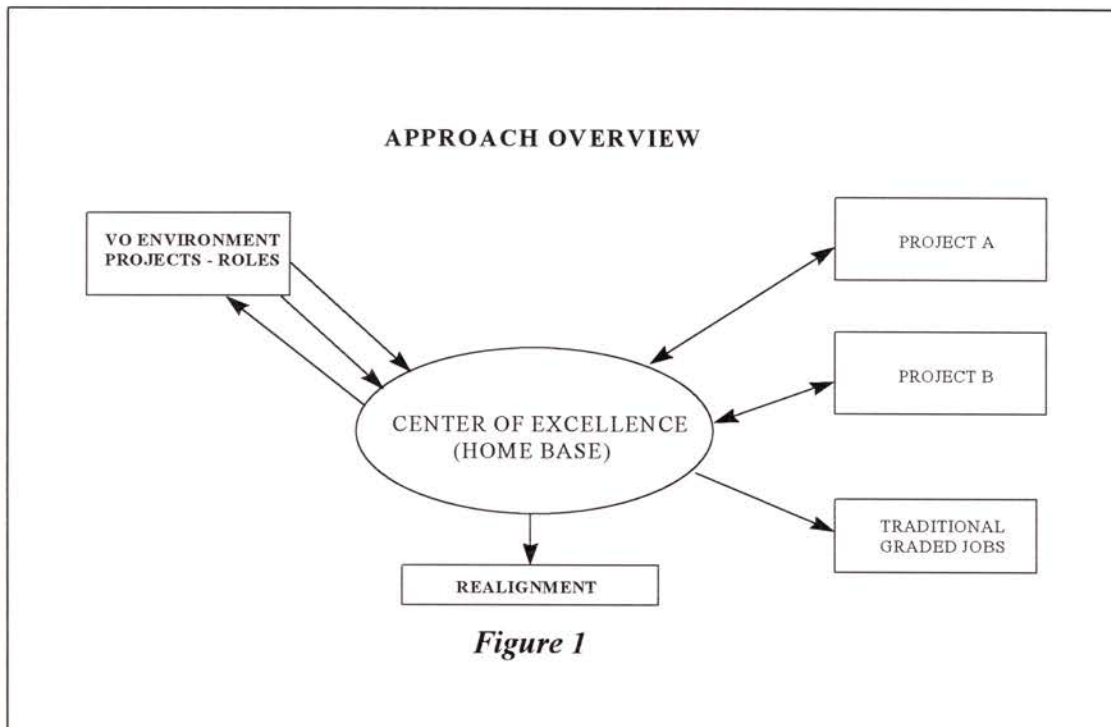
LEADERSHIP

In order to be successful, this approach must have a Champion at the senior management level who:

- can clearly articulate the vision for this approach and differentiate it from previous efforts
- will embrace the concepts and be a true corporate cheerleader for the approach
- should be at the Senior Vice President level and, preferably, be associated with Business Transformation
- will promote the individuals in this center of excellence as valued, key corporate consulting resources

The Human Resource Integrators would be counted on to be the advocates of this center of excellence approach, understand the various project needs, and influence their business partners to utilize the center employees.

A center leader, director level or higher, would be needed to handle the day to day operation and administration of the center, lead development of the supporting processes, and insure the center meets its ROI goals .

STRUCTURE

The structure of this organization is envisioned to be very flat with minimal hierarchy. Over the last several years, Capability Development has done pioneering work in such an organization with their Business Change team. This group of business analysts, consultants and subject matter experts was headed by a director, and all of its 90+ team members administratively reported directly to that director. A number of processes were put into place covering performance reviews, promotions, coaching, resource/skills/ assignment tracking, and development. These analysts and consultants were loaned out to the various VO, Illness Management, and GAMSU teams in a manner similar to the proposed approached. Team members played various roles within the team including coaches, facilities coordinators and resource managers depending on assignments, competencies and availability (*see Appendix B).*

PEOPLE

It is envisioned that employees who join this organization will be primarily business/non technical (e.g., those without heavy IT skills) that meet certain minimum project and consulting related competency requirements. It is further envisioned, based on the current shortage, that technical employees (e.g., those with IT related skills) could be absorbed directly into the IT organization based on their need requirements. Other employees, freed up by the various project efforts, that do not meet the minimum requirements for either organization or who have documented performance or behavioral problems will be handled through our current redeployment policies.

The intent is to attract high potential, self-motivated project oriented professionals who will want to work in a variety of roles and continually develop their project related competencies. These employees will see this as a specific career path and not merely project work. Over time, this organization would be seen as a primary location for highly skilled internal consultants.

PROCESS

In order to effectively operate in this environment, a number of supporting process will be required. This includes such processes as:

- competency tracking
- assessment of employee competencies
- career pathing / promotion guidelines
- developmental programs
- matching employee capabilities with project needs
- cost allocation / chargeback mechanisms (as appropriate)
- coaching / mentoring
- business practice guidelines (i.e., run like a business)
- communication strategies
- interfacing with customers (e.g., BT projects, PMOs, etc.)

Based on the work previously done by the Business Change Team and refined under the current Capability Development Program Management Office (particularly Resource Management), a good foundation for most of these processes already exists *(see Appendix C)*. We currently have a number of excellent tools available corporately to further assist in these areas including: **Business Engine** *(resource tracking)*, **Success Factors** *(competency tracking)*, and the **HR Integrators** for help in interfacing with the customers.

CULTURE

The addition of this organization would bring some changes to our existing corporate culture, specifically in the area of project oriented work. Employees would be valued based on their competencies and their ability to get results. In order to obtain these resources, more disciplined program/project management techniques would be required to identify and estimate the specific project resource needs and timeframes. Project management will no longer feel they own these employees and will have to learn to share and leverage their availability. Management would have to get timely project results or risk loosing these project employees. Development of project employees would be a commitment rather than an afterthought. A straight forward career path would be available for employees who go from project to project.

EXPECTED BENEFITS

If this approach is properly managed and supported, the corporation should achieve a number of significant benefits. The company should see a positive return on investment that more that pays for the costs involved. This would be obtained through savings realized from decreased recruiting expenses, decreased use of more expensive contractors and consultants, and savings from the internal consulting projects conducted. It should also see: reduced staffing times and expenses for many projects; more employees interested in volunteering for project assignments and decreased turnover due to a more project friendly career format, and easier tracking of related EEO/AAP tracking due to separating jobs, promotions, etc. from project roles. As indicated previously, this approach would facilitate the development of a more disciplined project and program management environment and, subsequently, more timely project results. In addition, this approach could yield a number of other potential benefits as outlined in *Appendix D.*

CURRENT ACTION

VO management is in the process of identifying project resource needs and is matching them against current VO resources. They will identify the employees which can be freed up for other assignments. The HR Integrators are currently working with their related client areas and PMOs to identify any current resource needs/position openings. In addition, the Integrators and other workgroup members are working to identify existing and planned contractors and consultants who may be candidates for replacement by appropriately skilled BCBSF employees. A key messages communication strategy is being developed around the current efforts. The processes and policies developed for the Capability Development Business Change and Resource Management teams are being shared with workgroup members as a foundation for related processes in the proposed organization.

NEXT STEPS

The workgroup is currently working the proposed approached though corporate management for feedback and support. If this approach is supported, it will be presented to the Human Resource Committee (HRC) for approval to move forward with development and implementation.

APPENDIX A

Current Labor Market

Jacksonville is currently experiencing a very tight labor market, currently 3.2 % unemployment rate. This rate is also below the national average. Employment and business experts are predicting this trend to continue for the next two+ years, especially with the continued growth of the US economy, which is not expected to slow down any time soon. BCBSF, along with other major companies, is competing for talented, highly skilled professional employees to assist in the company's growth in the next millennium. (source: Florida Times Union)

BCBSF Consulting and Contracting Expenses
Corporate Totals for 1998

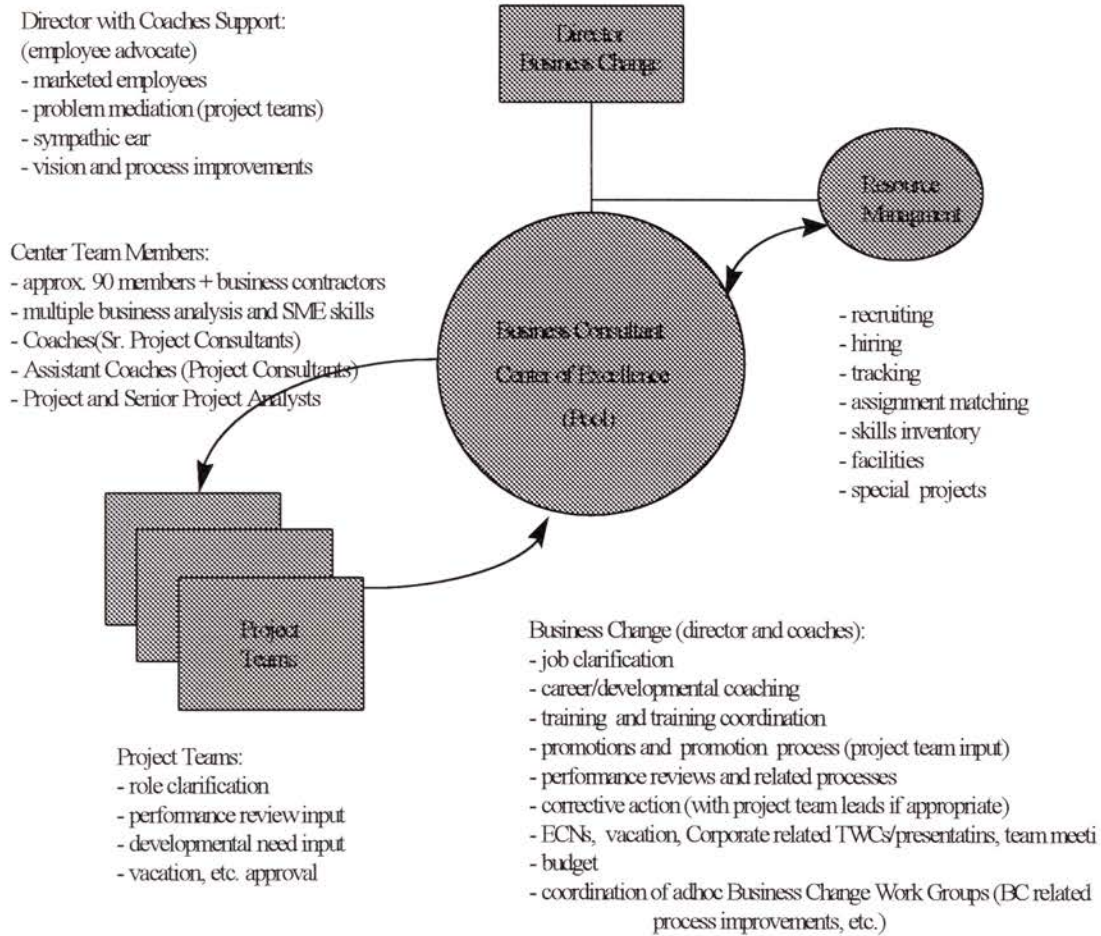|	
Consulting Services [1]	$ 13,541,091
Outside Service Agency [2]	$ 31,231,381
Data Processing [3]	$ 96,532,749
Total	**$141,305,221**

[1] *Consulting Services includes true consultants, i.e. Boston.*
[2] *Outside Service Agencies is a catch-all, including temps, etc.*
[3] *Data Processing is Andersen and other I/T contractors*

APPENDIX B

Business Change Organization and Functions

Director with Coaches Support:
(employee advocate)
- marketed employees
- problem mediation (project teams)
- sympathic ear
- vision and process improvements

Center Team Members:
- approx. 90 members + business contractors
- multiple business analysis and SME skills
- Coaches(Sr. Project Consultants)
- Assistant Coaches (Project Consultants)
- Project and Senior Project Analysts

Director Business Change

Resource Management

Business Consultant Center of Excellence (Pool)

Project Teams

- recruiting
- hiring
- tracking
- assignment matching
- skills inventory
- facilities
- special projects

Project Teams:
- role clarification
- performance review input
- developmental need input
- vacation, etc. approval

Business Change (director and coaches):
- job clarification
- career/developmental coaching
- training and training coordination
- promotions and promotion process (project team input)
- performance reviews and related processes
- corrective action (with project team leads if appropriate)
- ECNs, vacation, Corporate related TWCs/presentatins, team meeti
- budget
- coordination of adhoc Business Change Work Groups (BC related
  process improvements, etc.)

APPENDIX C

Capability Development Processes

Capability Development has significant related experience and has developed a number of processes related that would be helpful as a basis for the development of the processes needed to operate under this approach. These include:

- Assignment Tracking Process

- Resource Reassignment Process

- Project Skill Needs/Requisition Process

- Broadbanding (Career Path)

- Coaching Process

APPENDIX D

Other Potential Benefits

1. *Introduction of new corporate talent* - If structured properly, this organization could be an excellent corporate starting point for the introduction of new MBA's, Healthcare Professionals, and/or other high potential employees. They would have the opportunity to work on a number of corporate efforts, receive specialized training on our approach and methodologies, and have a known project related career path (via broadbanding).

2. *Retention of talent* - Employees who have the competencies needed for the on-going support of our corporate program and project efforts, would be able to follow a known career path, receive related career and developmental opportunities, have the opportunity to work on various project and program efforts, and still have the opportunity to "post out" internally if they desire. In addition, this area could be used as a temporary assignment for highly talented employees who are temporarily between jobs due to abolishment of their current job or a mismatch with their current role.

3. *Developmental opportunities* - For those highly talented employees who are in need of some experiential learning and related training in the project environment, an assignment to this area for six months or longer could prove an excellent part of their career development plan.

4. *Creation of additional Subject Matter Expert (SME) talent* - In addition to the possibility of becoming a SME while working on a related project, it may be possible to work out rotational assignments between this area and other corporate organizations where we are experiencing a shortage of this kind of talent. In this situation, the areas could potentially "swap" employees for a period of time so that the work can get done while the learning is taking place.

5. *Contribution, positive ROI* - In addition to the potential savings from the use of employees instead of some the more costly contractor and consulting resources, this area could be structured to temporarily rent out team members to other companies or to provide consulting services for non-BCBSF efforts.

This could help offset the cost for these employees during slow periods and potentially add to the bottom line.

6. ***Continuous Improvement/ Process Improvement*** - With the advent of major corporate projects such as VO, Illness Management, Y2K, etc., the availability of employees to conduct process improvement related studies has become scarce. During slow periods for major corporate projects and/or if the ROI warrants, this area could provide the capability to conduct improvement studies throughout the corporation.

7. ***Temporary Backup*** - Occasionally, when one of this area's team members is between assignments and has expressed interest in learning about another corporate area, a short term assignment in that organization to fill a current vacancy or temporary opening could be a win-win proposition.