

STRATEGIC HRM AT THE MAYO CLINIC: A CASE STUDY

Sunil Ramlall
Hamline University

Tripp Welch, Jennifer Walter, and Daniel Tomlinson
The Mayo Clinic

ABSTRACT

For many decades, Mayo Clinic has been ranked as one of the top medical institutions in the world. The entire health care industry has been experiencing immense challenges. Given the current and historic success of Mayo, what does Mayo need to do from an HR perspective to maintain this standard of excellence? This case identifies the strategies used by Mayo to achieve excellence in employee and patient satisfaction. The case describes how this complex service organization fosters a culture that exceeds customer expectations and earns deep loyalty from both customers and employees. The role of HR is analyzed to explain how strategic HRM enables the organization to achieve its strategic business objectives.

INTRODUCTION

Mayo Clinic is the first and largest integrated, not-for-profit group practice in the world. Doctors of every medical specialty work together to care for patients, joined by common systems and a philosophy that "the needs of the patient come first." More than 3,300 physicians, scientists and researchers and 46,000 allied health staff work at Mayo Clinic, which has sites in Rochester, Minnesota, Jacksonville, Florida, and Scottsdale/Phoenix, Arizona.

For many decades, Mayo Clinic has been ranked as one of the top medical institutions in the world. Over the past few years, the entire health care industry has been experiencing immense challenges. Mayo is not immune to these challenges and faces the risk of losing critical components of its culture and overall tradition of excellence that have been at the core of its success. Given the current and historic success of Mayo, what does Mayo need to do from a human resource (HR) perspective to maintain this standard of excellence?

This case study examines the core components of HRM at Mayo and details the respective HR strategies used to sustain Mayo's highly touted culture. The case describes how this complex service organization fosters a culture and practices that exceeds customer expectations and earns deep loyalty from both customers and employees. Specifically, the case will enable you to:

1. Study Mayo's organizational strategies and be able to articulate the relevance of organizational culture as part of the business strategy.
2. Understand the value of organizational culture in helping an organization to build its brand.
3. Critique HR practices using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems.
4. Identify relevant value-added strategies necessary to deliver services at the highest quality.

Currently, the HR team at Mayo is a major player in helping to maintain and build a culture of teamwork. Workforce planning, employee recruitment and selection, training and development, compensation and benefits, and performance management are key areas in which HR strategies are used to develop and reinforce Mayo's Model of Patient Care.

The founders of Mayo have established the mission to "provide the best care to every patient every day through integrated clinical practice, education and research." It therefore supports a comprehensive research department to "bring the bench to the bedside" and the Mayo College of Medicine to teach and prepare tomorrow's medical professionals. In doing so, the premise of teamwork has been at the root of the culture, and subsequently human resource management (HRM) strategies have been designed to maintain these values.

[Case begins on next page]

STRATEGIC HRM AT MAYO CLINIC: THE CASE

The role of human resource management (HRM) in organizations continues to be of stronger importance and relevance (Bartel, 2004; Becker & Huselid, 1998; Cascio, 2003). Like other progressive organizations, Mayo Clinic has created a unique organization and continues to thrive even in a challenging economy and increasing costs of providing healthcare. Not only does Mayo provide quality healthcare, but it is regarded as one of the premiere healthcare institutions in the world (Lee, 2008). Mayo may have started out as a small outpatient facility, but now, a century later, the Mayo Clinic is one of the top-ranked hospitals. Medical professionals from every medical specialty work together at Mayo to care for patients, joined by common systems and a philosophy of "the needs of the patient come first."

The Mayo Clinic is the first and largest integrated, not-for-profit group practice in the world. It is an organization where medical professionals from every medical specialty work together to care for patients, joined by common systems and a philosophy of "the needs of the patient come first." More than 3,300 physicians, scientists and researchers and 46,000 allied health staff work at Mayo Clinic, which has sites in Rochester, Minnesota, Jacksonville, Florida, and Scottsdale/Phoenix, Arizona. Collectively, the three locations treat more than half a million people each year.

Mayo's mission is to "provide the best care to every patient every day through integrated clinical practice, education and research." It therefore supports a comprehensive research department to "bring the bench to the bedside" and the Mayo College of Medicine to teach and prepare tomorrow's medical professionals. Healthcare institutions have faced significant challenges over the past few years.

A Brief Overview of Mayo Clinic

Mayo Clinic is the first and largest integrated, not-for-profit group practice in the world. Doctors from every medical specialty work together to care for patients, joined by common systems and a philosophy of "the needs of the patient come first." More than 3,300 physicians, scientists and researchers and 46,000 allied health staff work at Mayo Clinic, which has sites in Rochester, Minn., Jacksonville, Fla., and Scottsdale/Phoenix, Arizona.

As other progressive organizations, Mayo Clinic has created a unique organization and continues to thrive even in a volatile economy and during a time when costs of providing healthcare are increasing. Medical professionals from every medical specialty work together at Mayo to care for patients, joined by common systems and a philosophy of "the needs of the patient come first."

Mayo's mission is to "provide the best care to every patient every day through integrated clinical practice, education and research." It therefore supports a comprehensive research department to "bring the bench to the bedside" and the Mayo College of Medicine to teach and

prepare tomorrow's medical professionals. Healthcare institutions have faced significant challenges over the past few years.

MAYO MODEL OF PATIENT CARE

The fundamental elements of the Mayo Model of Care include:

- A team approach that relies on a variety of medical specialists working together to provide the highest-quality care
- An unhurried examination of each and every patient with time to listen to the patient
- Physicians taking personal responsibility for directing patient care in partnership with the patient's local physician
- The highest-quality care delivered with compassion and trust
- Respect for the patient, family and the patient's local physician
- Comprehensive evaluation with timely, efficient assessment and treatment
- Availability of the most advanced, innovative diagnostic and therapeutic technologies and techniques

Significant Achievements

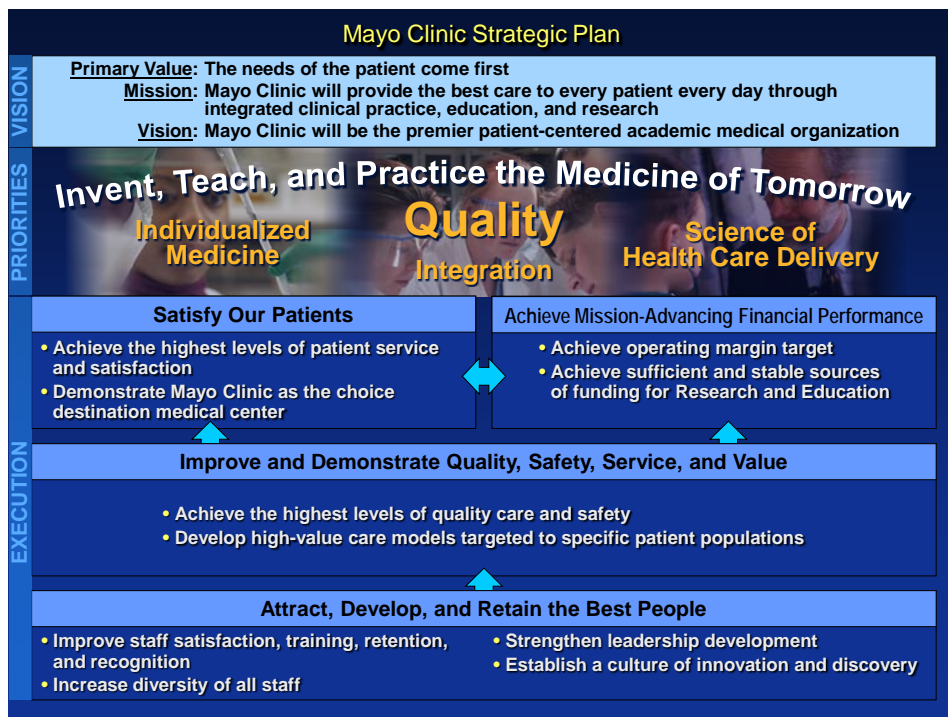
The Mayo Clinic name is so widely recognized that it may be the only true national brand name in American medicine. Rather than the result of a carefully crafted advertising campaign, its' reputation has been built by word-of-mouth on more than a century of quality patient care. It is the quality of care that Mayo Clinic patients appreciate and that makes the organization stand out from the many healthcare centers that also provide excellent care. Ever since its creation, the focus of Mayo Clinic has been on delivering the highest level of care to all patients. In achieving this dream, Mayo has steadily focused on teams rather than individual contributors. The Mayo Model of Care provides the framework in which all employees perform their responsibilities.

Aligning HRM and Business Strategy at Mayo

Mayo has accumulated many achievements over its history. Indeed, a major component of its strategies has been the workforce management. The HR function of Mayo has been a leader in helping to deliver the Mayo Model of Care. Given the trends facing the healthcare industry and the need to create and maintain high performance organizations such as Mayo, the role of the workforce and HR becomes even more critical.

The human factor is central to healthcare, yet its proper management has remained beyond the reach of healthcare organizations (Khatri, Wells, McKune, & Brewer, 2006). A central tenet of high performance organizations is the measurement of the impact of HR practices and policies on organizational performance (Godard, 2004). A major problem in the healthcare

sector is the contentious nature of the measurement of performance, with international studies attempting to link people management practices to patient mortality in acute hospitals (Bartram, Stanton, Leggat, Casimir, & Fraser, 2007). The need to always identify and implement HR practices to the mission of the organization is absolutely critical. Mayo's strategic plan identifies the workforce as the key to success. Therefore, the HR function which is responsible for the hiring, rewarding, and retaining the employees becomes a core role of the strategic plan.



Since the concept of HRM emerged in the early 1980s, two basic paths of research have been developed in investigating the relationship between HR practices and organizational performance (Chand & Katou, 2007). The first was based on the assumption that there is a direct relationship between individual HRM practices and/or internally consistent HRM systems of HRM practices, and organizational performance, e.g. (Arthur & Boyles, 2007; Huselid, Jackson, & Schuler, 1997; Jackson & Schuler, 1995).

The second was based on the assumption that there is an indirect relationship between individual HRM practices and/or HRM systems, and organizational performance e.g. (Belanger, Edwards, & Wright, 1999; Ferris et al., 2007). Similarly, critical outcomes include patient satisfaction, employee satisfaction and commitment, and operational efficiency at Mayo Clinic.

A Focus on Quality

Quality can be defined and measured in many ways. At Mayo Clinic, quality is not just a simple measure. Quality is a comprehensive look at all aspects of a patient's experience. Mayo's patients seek excellence in care, the best medical knowledge and experience, the best technology available and the kindness and hope offered by the staff. Quality can be measured in the outcomes achieved such as mortality rates and surgical infections; in the compliance with evidence-based processes known to enhance care; in the volume of patients successfully treated who have complex diagnoses and procedures; and in the safety record of the institution. Quality and service can also be measured in other ways such as the amount of time spent with each patient; making sure each patient is treated with respect, kindness and dignity by every member of the Mayo team; making sure appointments are on time and that all test results and other patient information are available to every doctor whenever it is needed. Quality at Mayo Clinic involves the totality of a patient's experience — from the first phone call to the last appointment.

Today, many organizations measure quality in health care using varying criteria. Evaluating this information can be difficult and time-consuming since not all measures reflect the same information from one report to another. However, it is important for patients to ask questions and look at quality information to ensure they are getting the efficient and effective care they need. Mayo's HR function continues to work diligently towards helping the organization to meet its mission. Following are some of HR's core strategies and priorities.

Developing Teams and a Culture of Teamwork

Quick (1992) explained that cultural values become the platform for specific and concrete actions designed to meet difficulty and challenge. The author argued that we cannot think of organizational culture as a substitute for responsible, problem-solving behavior on the part of leadership. Culture becomes the vehicle through which problems and challenges become addressed, defined, reframed, and ultimately solved. When cultural values do not work in this fashion, they must be modified or jettisoned. The culture is not the end or goal but rather the means. It may be the focus of attention, but as in the case of the magician, something quite substantive and important may not be meeting the eye. At the core of Mayo's culture is teamwork.

Because of the Mayo brothers' innovative approach to medicine, the Mayo Clinic system has also become well known for its use of a multidisciplinary model in caring for patients and finding new treatments and protocols (Strom, 2001). In the Mayo system, you're expected to try to get along and/or you're someone who has been identified as a person who can get along with the rest of the team. The Mayo brothers fostered an atmosphere of cooperation and working together with minimal squabbling. Yet again, one of the factors that help to make this happen is a salaried system without incentives. It eliminates competition among employees, while fostering a deeper cooperation for the greater good of all stakeholders.

Today, Mayo enjoys and benefits from a workforce where teamwork is the absolute norm. Typical of the Mayo Clinic is its century-old team approach to treating patients. Physicians work in teams, with each team driven by the medical problems involved in a case and

by the patient's preferences. Occasionally, a team will be expanded or even taken apart and reassembled. At Mayo, diagnosing a complex problem, proposing treatment and slotting the patient for surgery can happen within 24 hours of the diagnosis. The overall effect at Mayo is one of orderliness, function and, above all, vigor.

This is an industry that is dominated by increasingly powerful (and increasingly expensive) technology. Mayo's biggest innovation is its way of working -- especially its way of working in teams. To be sure, other medical institutions use teams. But Mayo has incorporated collaborative methods into everything that it does -- from diagnosis and surgery to policy making, strategic planning, and leadership. At Mayo, the art of medicine is the epitome of teamwork (Roberts, 1999). While most other companies focus on the bottom-line, Mayo's focus continues to be on the patient and patient satisfaction.

Employee Recruitment and Selection

Attraction and retention of employees is an increasingly significant aspect of building organizational capabilities to ensure sustained competitiveness. As practiced at Mayo, one of the most important aspects of the HR function is to select the "right" employee for every opening. Mayo uses value-based hiring, looking for team players who have the ability to advance within the organization, demonstrate empathy for others, and can handle ambiguity. Employees must be flexible, but firm when necessary. Employees must not be rules-driven and must adhere to the utilitarian principle of the greatest good.

Rather than viewing HR as a critical driver of organizational strategy and outcomes, most health care organizations see HR as a drain on the organization's bottom line. Only by aligning HR with the organizational strategy will HR leaders truly get a seat at the leadership table.

HR leaders have stated that, in hiring new employees, loyalty, a strong work ethic, and the ability to be an outstanding team player are among the criteria Mayo seeks. Mayo has subsequently benefited from incredibly low turnover rates and the ability to retain employees who possess the expertise, passion, and empathy to deliver the best patient care to all patients.

In its' 2007 Annual Report, Mayo's HR team explained that effective recruiting is vital to achieving Mayo's strategic plan and reported that 6000 allied health positions were filled in 2007. Furthermore, its quality initiative within the department resulted in a reduction in time to fill a job from a median of 35 days to 29 days. Potential increases in the number of patients, however, may provide additional increases in recruitment and labor costs.

Diversity is another area of high importance in Mayo's recruitment strategy. In 2007, 12% of the employees hired were minorities. This figure far exceeds the percentage of qualified individuals in the respective geographic locations, though Mayo continues to work diligently to increase this number.

As Mayo deals with the current industry trends and economic challenges, HR is faced with the continuing challenge of recruiting and retaining skilled employees. The health care industry, which employs more than 11 million workers, faces significant workforce challenges.

So while it is relatively easy to tout previous successes, the challenge facing Mayo is unprecedented. As a result, Mayo's HR function must continually explore innovative ways to recruit in order to meet its need for skilled professionals.

Promoting Teamwork through Strategic Rewards

An effective compensation system can lead to organizational competitiveness and higher levels of profitability. It can also help to motivate employees. Mayo emphasizes compensation strategies to foster the attitudes and behaviors that fit with the Mayo Model of Patient Care.

Mayo prides itself in hiring long-term employees who are team players. Supporting this compensation philosophy, Mayo does not employ a performance-based compensation system. Mayo argues that a standard of excellence is expected of everyone. Typically, employees are paid at the 60th percentile of the market range. In addition, employees are given a comprehensive benefits program that includes medical, dental, tuition reimbursement, defined benefit pension plan, and other retirement options.

Over the years, HR compensation professionals at Mayo have:

- Created a framework for titling management jobs and reviewed options for changing the management job salary structure
- Conducted a comprehensive market review of Administrator positions and made recommendations to leadership
- Designed leadership development programs for leadership transitions
- Focused on reviewing jobs to ensure everyone is paid at the desired levels
- Conducted internal surveys to ensure employees are satisfied with their pay

While Mayo has historically provided an outstanding example of compensation strategies aligned to business strategies to achieve a standard of excellence, the question arises as to whether this philosophy would be relevant in hiring more employees where fewer qualified candidates are available. Furthermore, as opportunities become available with greater frequencies, Mayo's HR function questions if employees are likely to leave for the opportunity to earn more through incentive based compensation.

Building and Maintaining a Highly Committed Workforce

Through deliberate efforts such as teamwork, focus on employee well-being, minimal incentive-based compensation, and providing a great work environment, Mayo has benefited from incredibly low turnover rates and the ability to retain employees who are the ones possessing the expertise, passion, and empathy necessary to deliver the best patient care to all patients. Mayo's turnover is approximately 5% annually.

A report published by the Gale Group stated that the cost of employee turnover is roughly \$4.1 billion annually and on average, there is a 45% average annual turnover rate in a long-term care workforce of roughly 2.6 million, with an average turnover cost of \$3,500 per employee, including indirect and direct costs (Edwards, 2005). The HR staff at Mayo works diligently to

support recruitment efforts through various retention strategies. The focus continues on ensuring employee satisfaction. Frequent employee surveys, meetings with employees, and observations help to gauge employee satisfaction.

As a specific means to attracting and retaining employees, Mayo has defined a Total Rewards program that is quite attractive to most. The rewards program is based on the principle that no one is big enough to be independent of others and is comprised of:

- Paid time off
- Work life balance
- Competitive total compensation
- Comprehensive benefit plans at a relatively low cost
- Retirement funded by Mayo
- Income protection
- Professional development
- Regular salary increases

Mayo has identified the personal attributes that best fit its culture and philosophy. In particular, it looks for people who are committed to high-quality care and service; convey a positive attitude; are enthusiastic, resourceful, and honest; have a strong work ethic unconnected to extrinsic rewards; demonstrate understanding of cultural diversity; and aspire to collaborative work. Mayo invests in a time-consuming, collaborative hiring process to find staff who will thrive in the Mayo system (Berry, 2004). It is through these hiring practices, its culture, and total rewards that have proven to be critical in helping to have such stellar retention rates over its history.

Challenges Facing the Healthcare Industry

There is no shortage of reports about the rising costs of healthcare. As the healthcare industry continues to grow and as more focus is placed on healthcare costs, there will be a need for more strategic models for management of hospitals, clinics, and practice groups (Wooten & Decker, 1996).

Industry Trends

A report by the American Hospital Association's Society for Healthcare Strategy and Market Development and the American College of Healthcare executives, cosponsored by VHA Inc., stated that the major trends facing healthcare organizations include the following:

- a) Providers and insurers are poised to create new, consumer-sensitive innovations designed to meet individual needs.
- b) Payers and the government will continue to push for better disclosure on what services cost and on the quality of patient care, making transparency an expectation. That is likely to be a divisive force among providers and within integrated groups.
- c) CEOs and other senior executives will be increasingly held accountable for achieving high performance with measured results.

- d) Increasing numbers of physicians will demand reimbursement for input, call and other activities.
- e) Hospitals will continue to increase the use and expand the scope of advanced practice nurses and physician assistants.
- f) Hospitals will continue to take advantage of the current period of relative financial stability to make capital investments (Wooten & Decker, 2006).

Demand for Service

Mayo is faced with the likely prospect of an increase in demand for service given the aging population of the U.S. There may even be a shortage of physicians. This is a concern for many administrators. The Association of American Medical Colleges underscored this problem in 2006 when it compiled studies from at least 16 states, citing shortages in physician specialty fields. The report highlighted that even with substantial increases in medical education and training capacity, it is unlikely that all of the increased demand for health services can be met with physicians.

Many of these reports pointed to shortages in specialties such as allergy and immunology, cardiology, child psychiatry, dermatology, endocrinology, neurosurgery and psychiatry, in addition to primary care. The bottom line is that the country is not producing enough physicians to keep pace with the demands of a growing, aging population. Given its outstanding reputation, Mayo wonders if it will be able to maintain the highest quality as more patients flock to its doors to be treated. Will they be able to adequately and effectively hire healthcare professionals who fit its culture?

Diversity

The Mayo brothers saw the value of bringing people with different skills, backgrounds and beliefs together to better serve the patient. Today, the clinic's goal is to create a caring service environment where individual differences are valued, allowing all staff to achieve and contribute to their fullest potential.

Mayo defines diversity as all the characteristics which distinguish individuals or groups from one another. Formally, the definition includes distinctions based on race, color, creed, religion, gender, age, national origin, marital status, sexual orientation, veteran's status, disability, or status with regard to public assistance. The benefits of this approach include a workforce that:

- Offers a broad pool of talent
- Contributes different viewpoints and perspectives in concepts, initiatives and decision making
- Generates energy and creativity
- Better represents and responds to our patients and our colleagues

Support for diversity is comprehensive through Mayo Clinic's structure, with broad leadership provided by the executive leaders on Mayo Clinic's Board of Trustees and the

Trustees' appointed Mayo Clinic Diversity Advisory Committee. The Diversity Advisory Committee serves as a forum for review and promotion of diversity activities undertaken at all Mayo sites. These efforts are supported at each clinic location by a site-specific diversity committee. Resources available to these leadership committees include the departments of Human Resources, Education Services, Research Services, Legal, and the Personnel Committee.

Mayo's diversity initiatives represent a cogent approach to integrate diversity into Mayo's overall strategy for growth. Collectively they contribute to a diverse Mayo Clinic. When looking at the percentage of people of color in the 18 and over population of their respective Metropolitan Statistical Areas (MSAs), the number of minorities employed at each Mayo site is more than one-half of that percentage. More importantly for Mayo, over 40 percent of these minority employees work in positions classified as management and professional, the feeder pipeline for highest-level leadership positions.

Diversity in healthcare, seen at all organizational levels, includes people from differing cultures, races, religions, gender, physical ability, backgrounds, and values (Ivancevich & Gilbert, 2000). Once an organizational decision is made to value and promote diversity among staff, the challenge lies in trying to manage this diversity through "systematic and planned commitment...to recruit, train, reward, and promote a heterogeneous mix of employees." (Ivancevich & Gilbert, 2000).

Many approaches have been used in healthcare to manage diversity. The most common are training sessions, subordinates' feedback, performance appraisals, and reward systems. Whatever strategies are used, common goals are fostering staff commitment to diversity, recruiting and empowering staff champions, identifying the value added to the system by group differences, and empowering staff through skill development.

Operational Efficiency

Several factors are forcing health care organizations to streamline their operations. These factors include competitive pressures, increased consumerism, regulatory requirements, and others. Process improvement techniques traditionally used in manufacturing and other industries, such as Six Sigma and lean processes, are gaining popularity in health care. Operational efficiency is about increasing productivity and improving quality and consistency which can seem overwhelming to healthcare facilities with declining reimbursements.

Today, Lean and Six Sigma may be buzzwords within the Fortune 500 business circles, but that doesn't mean health organizations can't leverage their principles to address their own financial challenges. Lean principles improve patient care by reducing rework and waste. Six Sigma tools are also transforming management philosophy in healthcare. Six Sigma is a statistical approach that measures process capability—mainly in terms of accuracy and standard deviation. It helps companies strive for customer satisfaction by consistently meeting or exceeding their commitments. It can reduce double payments to vendors, savings in net income and produce effective billing and collections structure. This process, while tedious, increases customer satisfaction, improves productivity and builds a quality mindset within an organization

(Holland, 2007). Healthcare organizations are leveraging real-time, web-based applications to increase operational efficiency also.

Mayo's Challenges

As HR professionals, the Mayo HR team is entrusted with the responsibility of managing the organizational culture. Mayo's core values, beliefs, and norms have long been a pride of medical excellence and have become further strengthened across generations of employees. Given the challenges the country faces, such as the current economic recession, decline of available medical professionals, aging population, and a need to utilize specific performance improvement measures, making rapid changes becomes difficult.

Hospitals, including Mayo, will soon start to feel the impact of 78 million Americans – Baby Boomers – aging into higher-risk pools. As these Baby Boomers become patients seeking care, the prestigious reputation of Mayo will potentially result in excess demand for specialized treatment. Mayo is currently operating at or near capacity so the question remains as to whether an increase in patients will allow Mayo to continue providing the highest quality of service to its patients.

Furthermore, the administration of the newly-elected U.S. president has promised additional healthcare coverage for uninsured Americans. The healthcare reform plan, as proposed, would provide affordable, accessible health care for all Americans, building on the existing healthcare system, and would use existing providers, doctors and healthcare plans to implement the government plan.

Hospitals and clinics, such as Mayo, are more frequently using performance improvement methods introduced in the manufacturing industry. These interventions are now the norm and include Lean Operations and Six Sigma. Performance improvement methods are a means to hoped-for improvements in patient access, cost reductions and improved quality of patient care.

Mayo's culture will have to change to adapt to these new methods quickly. The resistance argument, in some quarters, is that Mayo has been successful with its historic practices. So why are these changes necessary? HR will have to play a key role in championing these planned changes to improve performance.

While historically, HR at Mayo has been relatively effective and it has been viewed as a business partner, but with the many challenges facing organizations, the question as to how HR can have even greater utility must be examined. Recent writers have highlighted the need for better people management practices in health care that directly support other goals such as providing a quality and safe service and hence improving healthcare performance and patient outcome (Leggat & Dwyer, 2005; Stanton, 2002). Given all of the external challenges, including financial instability, HR executives have been asked by senior management to evaluate the effectiveness of HR practices and to determine the level of alignment between HR practices and organizational outcomes. Some critical information in this evaluation is presented in the table below.

Information	HR Threat
The pipeline of highly qualified candidates has significantly decreased.	<ul style="list-style-type: none"> • Time to fill open positions may lengthen • Lower number of candidates that meet the hiring profile for Mayo
More than 30% of the total workforce is expected to become retirement-eligible in the next 5 – 10 years.	<ul style="list-style-type: none"> • 5% turnover rate may grow
The pay of medical professionals continues to escalate, so paying at the 60 th percentile might risk the retention of employees who seek higher compensation	<ul style="list-style-type: none"> • Attractions of Mayo for core-competency jobs such as physician may have less effect when compared to opportunities for greater pay • Dissatisfaction may grow as employees struggle with pay as compared to others in their field, or as requests for discretionary spending are rejected more
Diversity of the workforce does not represent that of the patient and general population.	<ul style="list-style-type: none"> • Mayo’s diversity efforts may have to increase • Mayo may gain a poor reputation with potential employees (e.g., “chilling effect”) or customers • Groupthink may affect Mayo’s ability to be innovative, adversely contributing to the business objectives

Several pertinent questions, therefore, remain for Mayo and its HR function:

1. How can planned changes be implemented without losing the core culture of Mayo? Basically, how can Mayo change its culture while maintaining the Mayo Model of Patient Care? Should Mayo consider culture change? If so, what parts of the existing culture should be maintained? What parts of the existing culture should be released? What additions to the culture need to be made?
2. How might the recruiting strategies change at Mayo?
3. What changes to compensation should Mayo consider?
4. What metrics (qualitative and quantitative) should be used to determine the effectiveness of HR?
5. How can Mayo establish diversity goals that help the organization to be more representative? Can the diversity goals help connect to other threats to Mayo’s culture? Should Mayo expand its definition of diversity?

STUDENT REQUIREMENTS

Working in groups of 3-5, have students:

- Write a 4-5 page (double-spaced) memo to Mayo's executives providing recommendations to address the questions and issues discussed in this case.
- In the memo, be sure to incorporate the following:
 1. The specific HR strategies that have helped Mayo become so successful.
 2. The key HR deliverables?
 3. How HR can more effectively contribute to the mission of Mayo.
 4. The core competencies HR professionals need to excel in today's organizations and how these competencies are relevant at Mayo.
 5. The measures that should be used to evaluate proposed change.
 6. How you will go about implementing the recommended changes.

Optionally, if time permits, have each group make a presentation (15-20 minutes) highlighting the key features of their report. The group will function as "HR consultants" presenting their findings to the Senior Management Team of Mayo. Groups will then share and critique reports.

TEACHING NOTES

This case examines the culture of Mayo and the relevance of HR practices in sustaining Mayo's culture and Patient Model of Care. It exemplifies how basic HR practices, when implemented effectively, can be of significant value. So what makes HR at Mayo effective? While Mayo does not try to be extravagant, it focuses on ensuring it excels at all of the basic strategies that mean the most to employees.

At the core of all of its strategies are the efforts to maintain and strengthen the culture to support the Mayo Model of Patient Care. This is a powerful model that is accepted across the organization and strengthened through staffing, performance management, compensation, and other management strategies. Mayo uses a lot of data in its decision making process and relies less on instincts. Decisions are typically on the utilitarian philosophy where teams are the focus and not the individual effort. The utilitarian principle refers to creating good for the greatest number of people.

Suggestions for the Case Analysis

Instruct student groups to view themselves as "HR consultants" who have been asked by Mayo Clinic to do an assessment of HR at Mayo. Mayo would have assumed that the students do not have a lot of knowledge of their organization, except of its world class reputation. Students should assume that the information written in the case has been provided by past experts who have written about Mayo and in partnership with Mayo's executives.

The student groups will then utilize the information presented in the case to answer the questions posed at the end of the case. Here are possible issues/responses to the questions students are asked to answer:

- Write a 4-5 page (double-spaced) memo to Mayo's executives providing recommendations to address the questions and issues discussed in this case.

This is a summary of the information the group will be presenting. It is the basis for the student presentation.

- In the memo, be sure to have students identify:
 1. The specific HR strategies that have helped Mayo become so successful.
 2. The key HR deliverables.
 3. How HR can more effectively contribute to the mission of Mayo.
 4. The core competencies HR professionals need to excel in today's organizations and how these competencies are relevant at Mayo.
 5. The measures that should be used to evaluate proposed change.
 6. How you would go about implementing the recommended changes.
- Each group may be required to do a presentation. The group will be HR professionals reporting their findings to the Mayo Senior Management Team.

Evaluate for integration of course materials including texts and articles into the responses. Responses should demonstrate knowledge of HR's role in driving business success. Encourage students to do research on trends for number of MDs and nursing graduates and how these numbers compare with the need of the aging population.

Instructors can also have students compare a local hospital to Mayo. What strategies are similar? How is Mayo different? How can HR make a difference?

Students will quickly have to evaluate their own competencies and readiness to work in an organization like Mayo. Furthermore, the case reinforces the need for HR to drive organizational excellence. Instructors should highlight the need for future HR professionals to understand the business first, and then drive HR strategies to achieve those business outcomes.

Insist that students integrate metrics into their recommendations. Too often we make recommendations and exclude how we intend to determine if the recommendations are successful.

The instructor should also ask students about challenges they may experience in implementing their recommendations and how these challenges will be managed.

Sunil Ramlall is an associate professor in the School of Business at Hamline University. Dr. Ramlall holds Ph.D. and M.Ed. degrees in human resource development from the University of

Minnesota. Prior to his career in education, Dr. Ramlall had a successful career in human resources with several business organizations, including the Carlson Companies, Target Corp., and Northwest Airlines. Contact: sramlall01@hamline.edu. **Tripp Welch, Jennifer Walter, and Daniel Tomlinson** are in the human resources function at the Mayo Clinic. Contact: Welch.Thomas@mayo.edu.

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ADDENDUM

This addendum provides additional data for student use in the case analysis. Data include:

- Information on the age of Mayo’s workforce
- Headcount growth
- New applicant sources
- Employee turnover/Retention data

Changes in the age of the workforce are dependent upon the current age of the workforce, growth in the workforce headcount, age at hire, and age at termination.

Examples of influences on the aforementioned factors and sources for additional insight are provided in the following pages.

CURRENT AGE

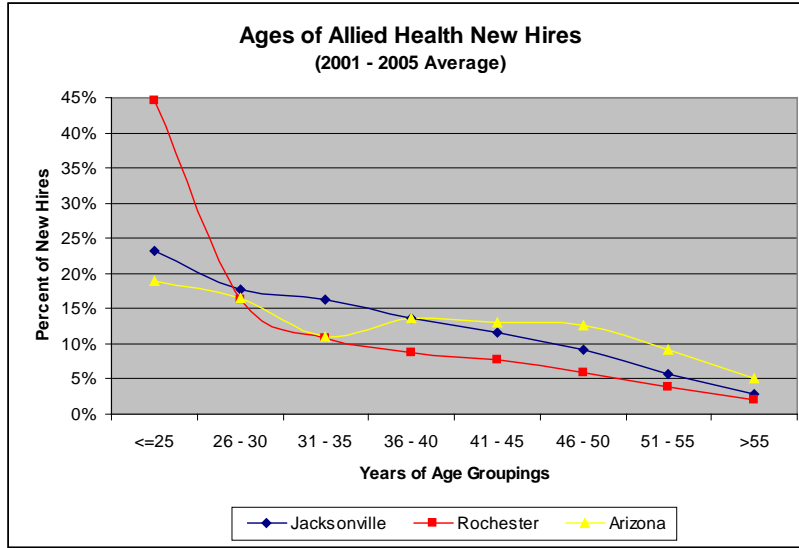
Average Ages (Active=2005 YE, Terms/Hires= 5 Year Average)

	Active		Hires		Terms	
	AH	MDs*	AH	MDs*	AH	MDs*
Rochester	41.2	47.7	31.1	38.6	39.6	48.1
Arizona	44.3	46.9	37.7	41.3	39.7	47.6
Jacksonville	41.8	47.9	35.3	41.2	39.0	46.6

*MD includes Consultants, SAC’s and MFS

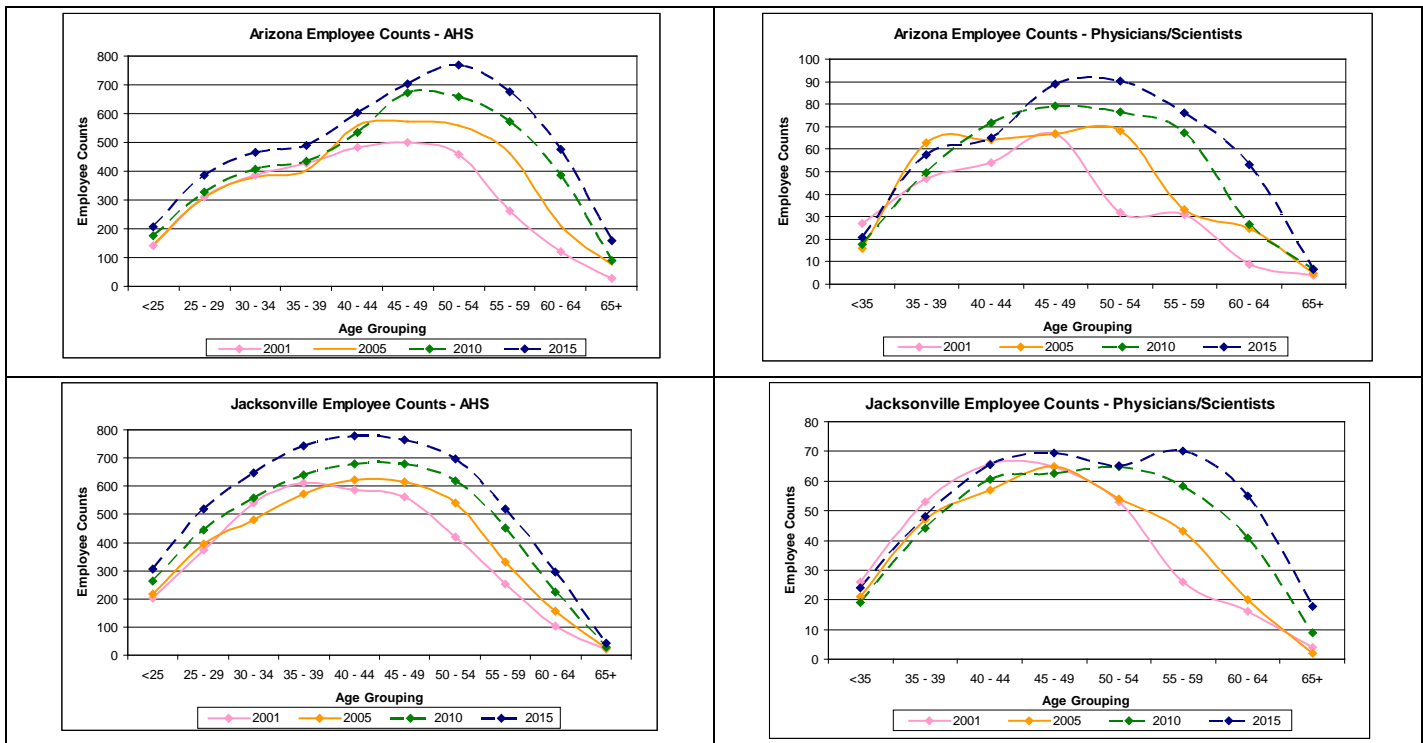
The percent hired in different age groupings over the 5 year period from 2001 through 2005 for the allied health staff at the three sites is identified in the table below.

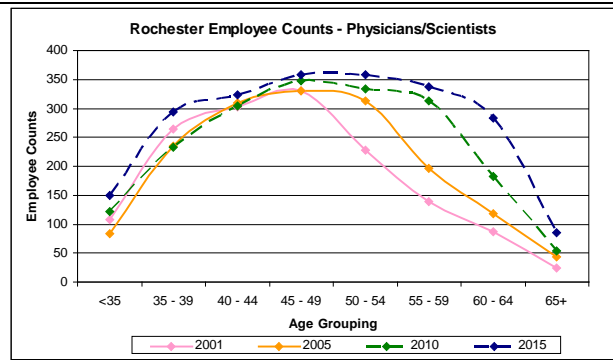
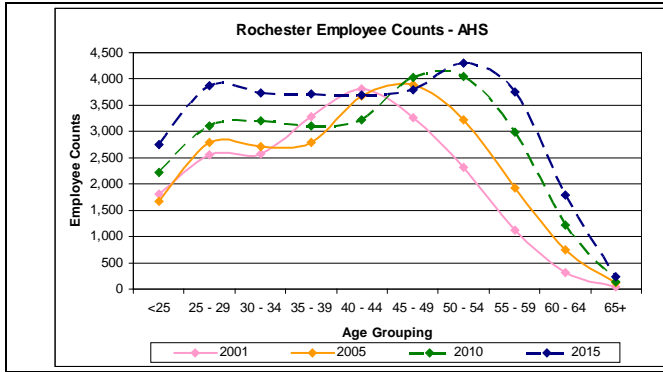
Age Group	Jacksonville	Rochester	Arizona
<=25	23%	45%	19%
26 – 30	18%	16%	17%
31 – 35	16%	11%	11%
36 – 40	14%	9%	14%
41 – 45	12%	8%	13%
46 – 50	9%	6%	13%
51 – 55	6%	4%	9%
>55	3%	2%	5%



MAYO CLINIC HISTORICAL AND PROJECTED AGES

(Projections based on continued patterns of growth, hiring practices, and termination patterns)





GROWTH IN HEADCOUNT

Site	Group	As of 12/31/2000	As of 12/31/2006	Headcount	
				Change	Growth
MCA	AH	3191	3897	706	22.1%
	CN	256	356	100	39.1%
	Total	3447	4253	806	23.4%
MCJ	AH	3434	3699	265	7.7%
	CN	283	343	60	21.2%
	Total	3717	4042	325	8.7%
MCR	AH	20455	24663	4208	20.6%
	CN	1425	1730	305	21.4%
	Total	21880	26393	4513	20.6%

Source: HR Staff Pages

MCR

AREAS OF GROWTH BY JOB TYPE, 2000-2006

Headcount	Job Type
989	Nurse
956	Lab
658	Other Business Professionals
389	Service Workers
376	IT support
372	Technicians/Technologists (less labs)
331	Physicians
301	Management
157	Craft Workers
151	HR/Finance/Business Professionals
70	Laborers
46	Sales
-136	Clerical

MCA

AREAS OF GROWTH BY JOB TYPE, 2001-2005

Headcount	Job Type
150	Secretarial
109	Registered Nurses A
102	Health Technician
71	Registered Nurses B
64	Medical Consultants
60	Orderlies & Nursing Assistants
39	Health Technologist
36	General Clerical
34	Radiology Technicians
32	Financial Rec. Process & Acctg. Clerk
31	Operational Managers & Supervisors
28	Clinical Professionals
28	Food Service
22	Lead&Asst. Supv. Clinic, Research & Health Tech.
-30	Specialized Clerical
-45	Clinical Lab Technologist
-83	Clinical Lab Technician
-91	Health Service Occupations
-134	Medical Secretary

*Several job groups were collapsed in 2003, 2004 and 2005. This accounts for some of the growth/decline in numbers shown above.

Recruitment efforts

Example of influences:

- Job posting practices (MayoClinic.org vs. Association webpage)
- Community job fairs vs. college recruitment

Examples of potential data sources:

- *E-recruiting (examining applicant pool- individuals who have expressed explicit interest in a specific position)*
- *New hire survey*
- *Search Committee Survey*

Employment contract - people's reaction of acceptance of implicit and explicit conditions of employment and their current economic situation

Example of influences:

- Total compensation offer
- Stability
- Culture
- Perceived options (e.g., RNs not employed as RN's)
- Alternative offers from other institutions

Examples of potential data sources:

- *New hire survey*
- *Turndown survey*

Type of position: Basic job qualifications/preferred requirements and exclusions

Example of influences:

- Desired skills/certifications
- Educational requirements
- Preferred experience or other criteria (e.g. established research program)
- Employment record/ criminal record

Examples of potential data sources:

- *Selection Criteria/ job descriptions/postings*
- *Hiring policy*

TERMINATION/RETENTION RATE

The termination rate is a combination of involuntary and voluntary terminations.

Site	Group	Type	2001-2005 Average Turnover	2006 Turnover
MCA	AHS	Involuntray	1.0%	1.0%
		Voluntary	9.6%	11.3%
	AHS Total		10.7%	12.3%
	MD/SCI	Involuntray	0.0%	0.0%
		Voluntary	3.3%	2.0%
MD/SCI Total		3.3%	2.0%	
MCA Total			10.1%	11.4%
MCJ	AHS	Involuntray	0.9%	0.6%
		Voluntary	11.9%	10.6%
	AHS Total		12.8%	11.2%
	MD/SCI	Involuntray	0.0%	0.0%
		Voluntary	4.0%	3.5%
MD/SCI Total		4.0%	3.5%	
MCJ Total			12.1%	10.6%
MCR	AHS	Involuntray	0.7%	0.6%
		Voluntary	4.7%	4.0%
	AHS Total		5.4%	4.7%
	MD/SCI	Involuntray	0.1%	0.0%
		Voluntary	3.1%	3.3%
MD/SCI Total		3.2%	3.3%	
MCR Total			5.2%	4.6%
Mayo Clinic Total			6.7%	6.2%

Source: Mayo HR Staff Pages

<p>Involuntary Termination</p> <ul style="list-style-type: none"> • Policy violations • Deaths • Leave of absences <p>Data sources</p> <ul style="list-style-type: none"> • <i>HRIS</i> 	<p>Voluntary Termination</p> <ul style="list-style-type: none"> • Opportunities • Family commitments • Retirements <p>Data sources</p> <ul style="list-style-type: none"> • <i>HRIS</i> • <i>Exit Surveys</i>
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Retention Rates

	Retention 5 Yrs*	Retention 10 Yrs*
Allied Health		
Rochester	60.3	51.2
Arizona	42.8	32.7
Jacksonville	37.5	27.1

* Rates expressed as a percent