

# Prescription for Healthy Hiring

Hoag Hospitals needed to fill critical jobs and deliver the full value of a salary package. Total compensation statements were just what the doctor ordered.

Hoag Memorial Hospital Presbyterian may be new to total compensation statements, but the California healthcare network is already enjoying a healthy dose of cost savings and a speedier hiring process.

Hoag's Southern California network includes two acute-care hospitals, seven health centers and five urgent care centers, treating more than 300,000 annual patients with a comprehensive blend of services. Hoag's Newport Beach hospital has been part of the Orange County community for more than 60 years and it's consistently named the best hospital by local newspaper surveys.

Yet like most healthcare employers, Hoag faces a constant challenge in attracting and hiring people who meet the provider's specialized needs – and who are willing to live in expensive Orange County.

"Although Newport Beach is a lovely place to work and it's sunny, 70-degree weather almost year-round, that can only carry you so far," explains Michael Krug, Manager of Talent Acquisition at Hoag. "A candidate may have a 4,000 square foot home overlooking the Appalachian Mountains, but here they're lucky to get an attached home for the equivalent price."

The hospital employs a workforce of over 5,000 and contracts with about 1,700 physicians, as well as 850 contract employees. In fiscal year 2012, Krug and his team of recruiters hired over 1,400 employees. He says their greatest challenge is negotiating with candidates for specialized manager and executive-level positions.

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—Michael Krug

"Everything about our health care industry is evolving. The way we search for and attract highly specialized candidates is also changing," he explains. "Our recruitment team is challenged on a regular basis with targeting the best and brightest candidates within competitive market rates. So when the specialized labor supply is low and the demand is high, the top candidates we target have certain expectations from a compensation standpoint. The difficulty is getting them to look outside of the true dollar value of their base salary, and broaden their perspective on what a total compensation package means."

Hoag began working with Total Rewards Software in 2011 to deliver print and webbased total rewards statements to their current employees. In the summer of 2012, Hoag slowly began to roll out Total Rewards' personalized candidate solution. The immediate savings of cost and time quickly became obvious. So far, total rewards statements have been used for five critical/difficult/visible candidates, and all five accepted the first job offer. By avoiding a second round of counteroffers and not requesting higher salaries, the hospital has already saved \$60,000.

Previously, Hoag had to manually enter data into spreadsheets and Word documents...now, they simply choose and print the appropriate statement.

"It's exceeded my expectations so far, especially during the negotiating process," Krug says.

Once Krug and his team get a sense of a candidate's desired compensation and the hiring manager's budget, they plug the numbers into the Total Rewards Software system – a process that takes only minutes to complete. Previously, Hoag's Director of Compensation Debbie Davis had to manually enter data into spreadsheets and Word documents – including a candidate's base salary, target bonus, benefits and more.

Not only did each spreadsheet have to be tailored for a specific job category, but it also needed to reflect the various facilities and affiliates within the Hoag network – each having subtle differences in compensation packages. It was a manual and time-consuming process that usually required a half hour to complete, in addition to back-and-forth conversations between Davis and the recruiting team.

Today, statements have been designed for each job level and location, so the Hoag team simply chooses and prints the appropriate statement.

"Before the Total Rewards program, we didn't have a formal way of detailing all of the benefits, insurance information and perks that we provide in a single package," says Davis. "Now we have a consistency that wasn't there before . . . in less than five minutes, we can have a complete compensation package entirely mapped out."

The system sends an email link to view a total rewards statement, but if a candidate has flown in for an interview, Krug works to hand them an offer before they leave. "You can imagine the surprise of a candidate when they get this detailed statement, with a complete breakdown into a visual picture of how wonderful the offer is," says Krug. "When they are seeking a particular salary level and the total compensation value comes out to 40 percent higher than their base salary expectation, they can't believe it."

"Based on the savings we've experienced so far, we're easily looking at a six-figure savings for the fiscal year, just based on the ability to visually articulate our total compensation package," Krug points out. "Further, you can't put a dollar value on a good candidate experience. Companies would pay for the ability to deliver a good experience and that's what we're getting thanks to Total Rewards. Our candidates' eyes light up when they see the total comp statements, and they're so impressed that we prepared this detailed information."

In addition, the program's Recruiter Dashboard provides tracking and analytics reporting such as how many times a candidate logged in, plus the time and length of their visit. This "digital body language" allows the Hoag recruiting team to glean valuable information as to what compensation and benefit programs are valued most by candidates.

This business intelligence provides a distinct advantage over other hospitals pursuing the same candidates. “When a Total Rewards statement is utilized properly, we’re able to paint a more dynamic picture of the value we bring to a candidate,” he adds. “And not just from a pure monetary standpoint, but also by showing compensation, benefits, 401(k) contributions, potential bonuses, relocation costs, and more. It provides a clear and comprehensive picture.”

The Total Rewards program not only ensures a positive on-boarding experience, says Krug, but it will also have an important downstream effect on future hires. “When these managers, executives and directors are interviewing people, they’ll be better equipped to articulate the value of our compensation packages.” Hoag plans to expand the program to include additional offices and develop a universal hiring process. The team originally planned to limit the use of Total Rewards statements to only specialized roles, but now they will be used for a wide range of positions. Total Rewards Software will soon add a feature that compares estimated and actual hiring costs – detailing what each candidate originally asked for in base salary, what the hiring manager’s budget allowed, and the final agreed-upon salary – to measure cost savings as the program is used on a wider scale.

For now, Hoag’s HR team is enjoying the benefit of using total compensation statements as a differentiator against competing medical facilities. “Surprisingly, the candidates I’ve engaged with have never seen these statements before” says Krug. “It’s refreshing to be in the drivers’ seat and offer something that isn’t widely used yet.”

The Hoag recruiting team is able to glean valuable information using Total Rewards Software... giving them an advantage over other hospitals pursuing the same candidate.



Based in Rocklin, California, Total Rewards Software is a private company founded by business and technology professionals with a mission to deliver high quality and cost-effective total compensation software solutions to employers worldwide. The cloud-based application creates statements for employees in more than 40 countries across five continents, including industries such as retail, manufacturing, construction, non-profit, education, financial, insurance, professional services and technology.

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