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Client: Tenet Healthcare

Tenet Employees Help Themselves to Referral Rewards

Web technology allows employees and recruiters to work together so everyone profits

Tenet Healthcare managers knew that their employee-referred hires stayed longer on the job, but they didn't by how much until 2004 and 2005 hiring statistics were reviewed. They discovered that employee-referred hires had a 21 percent longer retention rate than any other hiring source in Tenet hospitals. Even more compelling, our chief nurse officers (CNOs) preferred employee-referred registered nurses to any other hiring source by 67 percent. The CNOs experienced that nurses referred by employees understood their respective departments better, which led to decreased adjustment time and greater productivity. And in most cases, employees knew the behind-the-scenes goings-on in the hospital and communicated this to the applicants they referred, so the new hires had few illusions. Equally important in the referral equation was the empowerment experienced by employees when they were allowed to be more involved in staffing their work environments.

There was ample evidence that Tenet needed to encourage more employee referrals, not only from the employee perspective, but also from the recruiter's point of view: There is only one recruiter in each Tenet hospital, each typically working on over 80 open requisitions. Cash-flow issues and hospital divestitures company-wide prevented hiring more fulltime recruiters, so it was clear that help was needed from our employees to create a recruiting culture in each hospital.

To serve the needs of employees, prospective hires and management, a unified program had to be developed. The result is Tenet Healthcare's online employee referral program, which is now in place in 12 hospitals in two markets in South Florida. The South Florida hospitals were chosen to test the program because those markets face two special challenges: high employee turnover rates and compensation that is at or below the fiftieth percentile.

Build it and they will come

To build the program, we purchased a software package with a database from our advertising agency and customized it to work behind the scenes of a core Web site, located at www.HospitalReferralReward.com. The implementation budget was \$80,000, which included customization, Web site and database development, and collateral materials.

Software customization for the site included a micro-branded mini-site for each of the 12 hospitals, auto-response e-mails to recruiters when applications are received, a feedback loop, full database search capabilities, date- and time-stamping, and workflow status changes. The system was designed without password protection, making it open to everyone.

The branding for each hospital's mini-site is an adaptation of the micro-branding campaign for all Tenet advertising. The main site and mini-sites feature welcoming colorful illustrations, and many of the mini-sites also have testimonials from new hires and existing employees. The recruiter from each hospital adds, edits or deletes featured jobs, and manages applicant workflow for his or her facility, so each mini-site has listings for only one hospital. The other 11 mini-sites are all easily accessible from each page, however, so an employee can refer to another hospital if the referral candidate isn't a good fit for the jobs offered at an employee's facility. Recruiters post only featured jobs, which are the positions that most need to be filled.

These are the only jobs that qualify for referral awards. This keeps the system focused on immediate staffing needs.

Only eight fields have to be filled in to make a referral, which eliminates the barrier a long form would create. More in-depth application information isn't required until later, after the recruiter has established a relationship with the potential employee either by phone or in person. The application is configured so that an e-mail address isn't required for someone to enter a referral. Our data indicated that 13 percent of all applicants — which equaled 16,988 people company-wide — did not put e-mail addresses on their applications. This was particularly important data, because the South Florida markets had the highest number of applications without e-mail addresses. Our CNO community expressed great concern over the number of nurses who didn't have e-mail addresses or who had e-mail addresses but used them so infrequently that they would have to make a special effort if they were to be contacted in this way. The solution was to configure the site so that once we proved an employee was using his or her e-mail address, we could easily mandate that field in his or her account.

Any time a referral is made for a featured job, the recruiter and the referring party receives an instant acknowledgement e-mail. As a recruiter interviews and hires (or doesn't hire) a candidate, a status e-mail is sent to the referring party to keep him or her up-to-date. The system has three pre-loaded e-mail templates that allow recruiters to easily customize e-mail messages and send them to all users. In addition to acknowledging referrals, the templates are used to advertise new positions, announce lunch meetings or send out other program communications.

All 12 hospitals have agreed to pay the same cash awards to employees. An employee who refers a registered nurse, physical therapist, occupational therapist or a pharmacist that is hired for a fulltime position will receive \$3,000 per hire. The award is \$1,500 for those positions if the new hire works part time. Each hospital also has a reward of \$1,500 for hard to fill positions, such as radiology technicians, medical lab technologists and credentialing coordinators. Each facility's recruiter decides which positions are hard to fill and thus worthy of the cash reward. The database date-stamps all positions so hard-to-fill rewards can be restricted to select periods, allowing flexibility if circumstances change. Employees receive their awards in two installments: half at 90 days after the hiring and the remainder upon the one-year anniversary of the referred employee.

All recruiters can view every referral online, thus encouraging cross-selling within the 12 hospitals. A recruiter must release an ERP candidate to the other hospital, however, before a referral can be worked by another facility. Being referred by a recruiter from another Tenet hospital allows recruiters to move quickly on referrals before other hospitals can court the candidate.

Promoting the program

We launched the program in all 12 hospitals by creating a party atmosphere and talking up the site's ease of use. We went from floor to floor, passing out cookies, candy and pastries, along with recruiting collateral material, such as referral business cards, flyers, posters and table-tents. The referral business cards, which list the hospital name and Web site, were distributed so that employees can remind themselves of the site or hand them to applicants. The posters, flyers, table-tent signs and business cards continue to be displayed in the human resources and recruiters' offices. Additionally, each of the 12 hospitals has a column in their employee newsletter dedicated to ERP announcements, events and the names of employees who receive referrals awards.

Database information also has proved useful in marketing the program. The "employees" field in the ERP database is particularly valuable because it's used to obtain lists of employees with hired referrals. These

people are then invited to luncheons to discuss their successes. Feedback from these luncheons is used to further develop the training program that will ultimately help all employees understand how to approach friends or acquaintances about referrals. These “super knowers” who have already referred people become ERP ambassadors who help educate employees on the program.

Candidates also yield referrals, sometimes before they’re even hired. All recruiters are trained through role-playing to use scripted questions and organization charts to elicit three referrals once candidates have been interviewed. As applicants proceed to the hiring process, they are provided with ERP business cards to give to friends. And when they become employees and go through orientation, they are shown seven slides that walk them through the process of referring on the Web site.

Rules have been established to make sure the ERP is being promoted at every opportunity: Recruiters are required to promote the ERP with e-mails or other communications to all users, attend department staff meetings and replenish ERP cards in break rooms every two weeks. Recruiter cooperation with the program is further encouraged through controlling the supply of collateral materials. When recruiters request additional postings, ads or collateral, the ERP is always emphasized first. Also, ERP activities will be on the recruiters’ scorecards this year, creating incentive for them to focus on the program.

The bottom line

In general, employee referrals comprised 28 percent of our total hires before this program. Based on statistics tracked by source codes in ATS (Taleo) and ERP database reports, we have a 35-percent increase in ERP applications (based on 189 applications) since the program launch. At a cost-per-hire of \$380.63 in 2006 for an employee referral, the program has given us not only our second lowest cost-per-hire, it also has the highest tenure of any hiring source.

Before the ERP, we hired 14.34 percent of our employee referrals. With the online program, we hire 36 percent of all referrals. In 2006 we increased our employee referral hires by 17.4 percent (118 additional ERP hires). Interestingly, 65 percent of the online referrals are for hard-to-fill positions. Before the online system, only 29 percent of the applications were for these positions. This is an unexpected and powerful benefit, because the online program is drawing more applications for positions that hospitals have a pressing need to fill.

Our goal is to generate 35 percent of hires from referrals within the first six months of 2007. By continuing to encourage employees to help themselves to referral rewards, Tenet will be positioned to achieve 40 percent of our hires through the online program by the end of the year.