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A Human Resources Teaching Case

Telecare Corporation: Putting the "High Performance" in Workforce Development

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Telecare Corporation – Putting the ‘High Performance’ in Workforce Development

A Human Resources Teaching Case

with Discussion Questions

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Abstract: Telecare, a mental health provider founded on respect and recovery, celebrated its 50th anniversary in 2015, and by 2018 it was focused on future growth. Workforce development was a key factor, and the management team had developed a well-researched plan which was authored and supported at the highest levels of the organization. It encompassed a number of state-of-the-art best practices, including excellence in recruiting and selection, along with leadership development at all levels. As senior staff moved through the implementation of the ‘Workforce Development Plan’ for its 4,000 employees in 8 states, it became apparent that they could leverage the effort to provide a foundation for continuous, long-term growth while maintaining a consistently high level of service.

Topics: Human Resources, High-Performing Work Systems, Healthcare, Expansion, Employee-Ownership

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Background of the Case

Telecare, a mental health provider founded on respect and recovery, celebrated its 50th anniversary in 2015, and by 2018 it was focused on future growth. Workforce development was a key factor, and the management team had developed a well-researched plan which was authored and supported at the highest levels of the organization. It encompassed a number of state-of-the-art best practices including excellence in recruiting and selection, along with leadership development at all levels. As senior staff moved through the implementation of the 'Workforce Development Plan' for its 4,000 employees in 8 states, it became apparent that they could leverage the effort to provide a foundation for continuous, long-term growth while maintaining a consistently high level of service. Could Telecare combine the workforce development plan with the benefits of employee ownership to promote a greater sense of empowerment among its employees? Given the strength of the organization, it seemed possible and worth exploring.

History of Telecare Corporation

Telecare was founded in 1965 by Art Gladman, a psychiatrist, Lida Hahn, a psychiatric nurse, and Morton Bakar, a businessman. This talented team was committed to one thing — the belief that people with serious mental illness were able to enjoy the benefits of rehabilitation. The company's founders established operational processes that engaged each individual customer within a specialized plan of treatment. They also focused on providing services that reinforced a real-life setting which enabled patients to live independently as much as possible. They were known for placing the client at the center of the organization and created a culture where employees and clients alike were supported in reaching their full potential. The mission of the organization was to deliver 'excellent and effective behavioral health services that engage individuals with complex needs in recovering their health, hopes, and dreams'.

The company was founded with a 96-bed hospital in Oakland, California, that was designed by a student of Frank Lloyd Wright, the premier architect of the time. In contrast with state institutions, it had a welcoming and comfortable environment. Many people with serious mental illnesses, at that time, were placed in large state hospitals, often far from their homes and families. Even people with short-term acute problems lacked an appropriate caring environment. The medications that were used to ease symptoms had significant side effects. In creating a new kind of mental illness facility, uniforms and formality gave way to clients and physicians working together to create a treatment philosophy that respected patient input and encouraged community participation rather than institutional isolation. Gladman Memorial Hospital was the San Francisco Bay Area's first freestanding acute psychiatric hospital, and the first alternative to the large state institution available to residents of the San Francisco Bay Area.

Beginning in the 1970s, legal guidelines and treatment philosophy gradually changed to allow individuals with mental illness greater rights and freedoms, and emphasized more locally-based treatment. This deinstitutionalization resulted in the closing of many state-run psychiatric hospitals. In California, thousands of individuals with the most severe forms of mental illness became the responsibility of counties that were not prepared to provide needed services. This resulted in acute hospital admissions and readmissions. Many people with mental illness landed in jails and public shelters.

In the late 1970s and early 1980s, Telecare began partnering with Alameda County, California, to address this problem. As a private company, Telecare had ready access to capital, was adaptable, and could act quickly. The partnership's goal was to develop local capacity for high-risk, high-cost, severely mentally disabled individuals that would both save the county money and provide appropriate local treatment for deinstitutionalized clients. "There was no way the county, using only county staff, could figure out how to come up with the necessary resources as quickly as we needed them," said David Kears, former Director of the Alameda County Health Care Services Agency. "We really needed private help." David Heffron, Vice President of Operations for Southern California, who joined Telecare in 1981, said, "I remember Mort (co-founder Morton Bakar) really encouraging us to create something different and new for the Alameda County customer." The result was the establishment of two inpatient subacute facilities where clients could be properly treated closer to home. Said Heffron, "All these years later, our culture still permits us to use our creativity and skills and take measured risks." Telecare's focus on responding to customers' needs, delivering excellent care, and decreasing costs, continued through the years.

In 1987, following the untimely death of patriarch Mort Bakar, his daughter Anne Bakar, 29 at the time, assumed leadership of the company. Anne brought an entrepreneurial track record from the financial sector to Telecare, along with an instinctive appreciation for Telecare's purpose, and a passion for learning and growth. By recruiting some of the best and brightest people with experience in business and clinical management for her leadership team, she focused on developing a mission-centered culture, which propelled Telecare to a new level while preserving the company's core values.

About the Employee Stock Ownership Plan

The original owners decided to sell the company to an Employee Stock Ownership Plan (ESOP) to ensure the organization would continue to grow as the owners envisioned, and to benefit its loyal employees. ESOPs were considered a 'defined contribution plan' by the IRS and carried certain tax benefits. One was the deferral of taxes on profits. Similar to placing pre-tax money in a 401k retirement account, Telecare could place its profits in a trust account, called a 401a, that contributed to long-term wealth of the employee-owners. The ESOP trust owned the company (or a percentage), and the employees owned shares of company stock through the trust. The employee-owners would then be represented by a trustee who had fiduciary responsibility to the employee owners. Employees would become vested over a period of several years, and would receive an accounting of the value of their company stocks each year when the company was appraised. In this manner, every employee gained a new accounting of the value of their ownership account.

ESOPs had various pay out clauses, but generally a person worked for the company until retirement then the shares were sold back to the company at market value, often on a schedule stated in the organizing documents of the ESOP. When an employee separated from the company, they had the option of moving the proceeds into another tax deferred account (like a 401k) or paying taxes on the withdrawal. Because the ESOP could place tax-free profits back into the trust, the Telecare employees' accounts could grow significantly over time. ESOPs were also known for being very profitable due to the 'ownership mentality' of the worker owners. One of the reasons the original owners of Telecare chose an ESOP was to provide for the long-term growth and prosperity of the organization while providing a generous retirement benefit.

Telecare Corporation established the Telecare Employee Stock Ownership Plan (ESOP) on July 1, 1981, and it included all company employees except for those covered by a collective bargaining agreement or classified as either "short-hour" or "on call." An employee became eligible to participate in the plan after one full year of employment. The company provided contributions to the plan as determined by its Board of Directors and included either cash, Telecare stock, or both. A participant was entitled to share in the allocation of the Company's contributions for each year in which the participant was credited with at least 1,000 hours of service and was employed on the last day of the plan year. A participant automatically received ESOP contributions in the event of retirement, disability or death. Employer contributions to employees were allocated based on the ratio of a participant's annual compensation to the total compensation for all eligible participants for the plan year.

Service Lines and Programs

Community-Based

Telecare provided a range of services in the community for people with, or at risk for, mental illness. These services were designed for people who could successfully live independently in the community with intensive support.

Full Service Partnerships

These California-specific community-based programs were consumer-driven and highly collaborative and provided an array of wraparound services to individuals with complex needs.

Case Management / Care Coordination

These programs provided strength-based supports with the goal of preventing readmission, including help navigating the system of care, thereby the reducing use of emergency and inpatient services.

Prevention / Early Intervention

These programs provided psycho-education, early intervention treatment, and coping skills development for people at-risk for mental illness.

Acute Care

Telecare's acute programs provided safe, therapeutic, and secure inpatient environments for individuals experiencing a mental health emergency. These programs were staffed by a multi-disciplinary team that provided assessment, symptom reduction, medication services, discharge planning, and resources.

Longer-Term Sub-Acute and Residential

Telecare's subacute programs were supportive, structured, and secure inpatient environments designed to help clients in preparation for a move to the community and/or lower levels of care. They emphasized skills-building and linkage to community supports. Skilled nursing facilities served older adults, those with chronic healthcare needs, and provided specialized programs for those with neuro-behavioral disorders. Telecare's residential programs were alternatives for individuals with mental illness who would otherwise be placed in higher levels of care, such as state hospitals.

Workforce Development

Telecare’s ‘Workforce Development Plan’ (the Plan) was a blueprint, designed to strengthen the organization while adding more than 2,200 qualified individuals to new and existing programs. A cornerstone of the Plan was the belief that existing staff could grow within Telecare, and develop into leaders who would attract like-minded people interested in joining the organization. The Plan was designed to enable employees to make significant contributions to the unique, customer-centered, and community-minded work undertaken on a daily basis. It was predicted that by 2025, the behavioral healthcare field would face moderate to severe worker shortages in nearly every sector, and Telecare alone needed to hire nearly 2,200 qualified individuals in the next few years in order to staff new and existing programs. Telecare addressed this future shortage by developing a plan based on data and research.

The Plan was a snapshot that captured metrics of the organization such as: the number of employees, certain demographics, what types of jobs were currently available, vacancy rates, turnover rates, and more. The organization then looked at how its products and services were likely to change in the future, and used this knowledge in tandem with the metrics to develop a workforce development plan. One of the reasons this plan was so important at Telecare was that the end result was excellent care for people with complex mental health and physical health needs. The workforce, especially front-line staff and local leaders, were the ones who delivered this care. Having a stable and high-performing workforce was absolutely essential for the company to accomplish its goal of creating, and maintaining measurable quality. Another important reason Telecare undertook this workforce planning effort was to more clearly see the areas where, as a company and as an industry, there may have been gaps that needed to be addressed. Two areas that were uncovered in the analysis were in the areas of peer positions and licensed professionals.

For example, Telecare’s goal was to have two peer positions (at minimum) on staff at every location, and it became apparent that California lacked standardization of peer training and qualifications. In behavioral health, a peer position was filled by a person that shared experiences or a common identity with patients. It could be someone successfully living with a psychiatric disorder or just a person with whom patients could identify in some respect such as shared culture, gender, orientation, or age. As a result, Telecare began to advocate for standardized training for peer positions, which helped attract and retain well-prepared peer staff. An outgrowth of this effort helped the overall field in California by establishing more widely recognized criteria for the roles, and provided a path for individuals to advance their careers.

The Plan also established the need for licensed professionals. In creating the Plan, Telecare included ways to maximize its ability to attract outstanding professionals who were already in the field, and to build partnerships between learning institutions and the Telecare workplace. One of the strategies was the implementation of a centralized and coordinated intern position within the organization, which facilitated a pipeline of new graduates ~~that~~ who might want to build their careers at Telecare.

In developing the Plan, Telecare discovered that, if an employee stayed with the company longer than six months, they were more likely to stay for five years or longer. One of the determining factors, therefore, was the onboarding experience. The first few days with the organization was critical in terms of communicating the culture, history, and essence of the important work undertaken and the commitment to the people they served. To this end, Telecare developed and deployed a new and improved ‘New Hire Orientation’.

In this process, the first two days of every new hire's experience at Telecare was spent with a range of leaders and facilitators who educated new staff on the scope, mission, culture, and client recovery philosophy, along with other information required to be a successful member of the Telecare team. The process featured activities that fully engaged the new hires in learning, building connections, and it provided a consistent foundation of knowledge from which they could draw as they began their tenure with the company. Feedback on the new orientation program was extremely positive, and Telecare planned to build upon the success with continuous improvements to the onboarding process.

Hiring

Telecare looked at creative ways to interview and hire as they expanded into more geographically diverse areas. For example, they implemented video interviewing as a way to increase efficiency in some locations, as well as to make it more convenient for potential new hires to apply. In addition, they explored ideas such as relocation assistance and sign-on bonuses for leadership roles in rural or harder-to-serve areas. The hope was to attract qualified people to join Telecare in areas that were traditionally more difficult to staff.

Specialized Learning and Coaching

As Telecare leadership looked to the future they were keenly aware that the best leaders historically emerged from existing staff. The leaders who had grown within Telecare become excellent ‘culture carriers’ and strong advocates. To support this growth, Telecare implemented several new tools for developing leadership. In establishing the ‘Emerging Leaders Program’ (ELP) the company sought to ‘empower, elevate, and connect’ the next generation of leaders within Telecare. ELP was a 10-month (one full day each month) program that assembled a select cohort of emerging leaders and guided them through a rigorous, relevant, and applied curriculum. Another leadership program named ‘Leadership Success Series’ (LSS) for hiring managers, provided essential Human Resources training as well as key problem-solving techniques, management coaching, and additional tips for being an excellent leader. Telecare restructured regional leadership roles, localized program oversight, and elevated key leadership staff to roles in geographic regions with which they were already familiar. This created better customer relations, deeper connections with local care systems, and opportunities for staff to grow.

Key Findings for Telecare’s Workforce Development

A number of key findings emerged during the process of creating the Workforce Development Plan. As stated earlier, Telecare needed to attract over 2,000 new employees to serve growing programs. They determined that understanding current recruiting processes and taking steps to proactively improve the process would be critical in attracting and maintaining new employees.

Staff diversity proved to be increasingly important given the diverse communities Telecare served. It was determined that, as the clients and communities also become more diverse, the workforce would need to mirror that trend. MyPath was a passionate group of people who thrived with a strong mission and culture, and they consistently regarded their experience at Telecare as strongly relate to its mission and our culture. The revamped orientation was pivotal in helping to establish culture on day one among new employees, and leadership looked for ways to reinforce this unique career experience among new hires.

Discussion Questions:

1. In healthcare industries the concept of ‘employee ownership’ has proven to be a very strong motivating force, enabling a sense of pride in worker activities which leads to better service and increased outcomes. What elements of employee ownership can be included in the orientation program that will help the company realize the benefits of the ownership mentality?

2. Review the elements of ‘High Performance Work Systems’ and delineate the specific elements exhibited in Telecare’s Workforce Development Plan that contribute to a high performing organization. How can the Plan be improved based upon common HPWS programs?

3. Based on the needs of the organization concerning peer and licensing of workers, what types of training and development programs would you recommend? How would they be deployed and managed?

Sources: Aside from the case challenge, which is purely fictional, all portions of this case were written from accounts that are publicly available including the company’s website http://www.telecarecorp.com, social media, news accounts and other readily-available sources.