

# LTC Leaders Learn to Live With the "Little Darlings"

**A**t the annual meeting of the American Association of Homes and Services for the Aged in November, long-term care leaders were told they must develop new skills to prosper in today's market. Among those skills, speakers said, are recruiting and retaining top-notch employees, building effective work teams, and conducting skillful negotiations.

## HIRING, KEEPING EMPLOYEES

Clint Maun, a partner in Maun-Lemke, Inc., an Omaha consulting firm, said there are two reasons why long-term care centers ought to focus on recruiting and retaining talented employees:

- It now costs an average of \$1,925 to hire and train a minimum-wage nursing home worker. At that rate, no institution can afford much turnover.

- Long-term care is an increasingly competitive business. Consumers—that is, family members of prospective nursing home residents—are becoming better shoppers. High turnover at a facility will erode the quality of a home's services, impairing the home's ability to compete.

"You can't be your area's provider of choice if you're not its employer of choice, too," Maun said.

He said that employers tend to know a good deal about hiring good workers—but, unfortunately, much less about how to keep them. This will be a self-defeating proposition for nursing homes with high employee turnover, Maun argued. "Recruitment and retention of quality employees is a science that works in reverse," he said, because employees who like their jobs will themselves help a nursing home attract and recruit new workers. And, meanwhile, the home's quality of services will stay consistently high.

Maun said this is especially true of the employees he described as the "little darlings." "Little darlings," he said, are persons who were born in 1964 or later—that is, the vast majority of the

people now entering the work force. "Unlike you and me," Maun said, "the 'little darlings' grew up in a world of choices. When you and I ate ice cream, we got either chocolate, strawberry, or vanilla. When we watched TV, we got either NBC, ABC, or CBS. But the 'little darlings' are used to having lots of choices, in ice cream flavors, TV channels—and in jobs too."

Just as consumers now shop among nursing homes, Maun said, those "little darlings" who are long-term care professionals shop among the nursing home jobs available to them. And they tend to change jobs often, Maun added. "If you don't make your jobs attractive to them, they'll quit and go work for someone who will," he said.

Maun urged long-term care leaders to conduct exit interviews with at least 70 percent of all employees who leave their jobs for others. He said nursing home employers often object, arguing that their typical workers are "gypsies," difficult to locate for such interviews. "That's just an excuse," Maun said. "Studies show that somewhere around 96 percent of all U.S. workers receive the W-2 forms mailed to them in January. That means you *can* locate and interview 70 percent of your former workers."

He added that organizations wanting to retain high-quality employees must commit themselves to doing *honest* interviews. "Otherwise, what are you learning?" he asked. "And if you're not learning anything, how are you going to make your institution more attractive to employees?"

Long-term care workers especially like to have a say in what days and shifts they work, Maun said. "Now how do you keep the dominant, aggressive persons from running the show?" he asked. "I've got news for you: The dominant, aggressive persons are running the show *now*." But, under a self-scheduling system, co-workers will have an incentive to police them, Maun said.

"Try employee involvement and you'll make some horrible mistakes in the beginning," he said. "But your employees will eventually see to it that it works just fine."

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## CREATING TEAMS

Like other businesses, long-term care centers are trying to reorganize their employees into high-performance work teams, said Elizabeth Jeffries, a consultant from Lexington, KY. Such teams, she argued, must pass through certain unavoidable—and often uncomfortable—stages before they achieve effectiveness.

**Forming** A new work team is ordinarily a gathering of strangers, Jeffries noted. “People will be asking themselves: How do I fit in?” They will be testing the waters, looking for leaders.” At this stage, she said, team members are generally friendly but their interactions are superficial. The team is still orienting itself and is not yet ready for real work.



Jeffries

**Storming** Because creatures that find themselves in new situations have a tendency to form a new “pecking order,” Jeffries said, the team’s initial superficial friendliness will soon give way

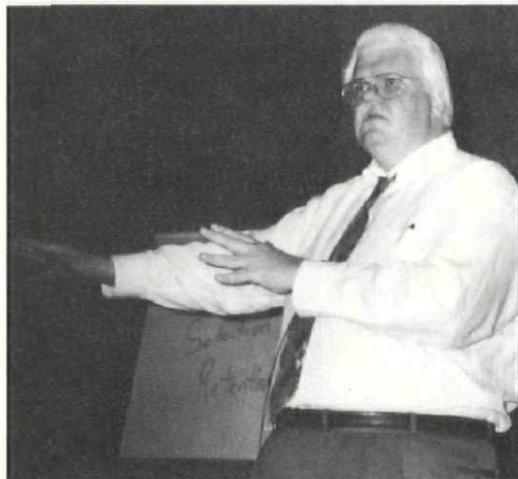
to distrust and fear as some members try to take control and others resist them.

A leader will appear more or less naturally during the storming stage of team formation, said Jeffries. He or she will then *sort*—not *solve*—the team’s divisive issues. Jeffries described the process this way: “After listening to an argument, the leader says, ‘We’re having trouble reaching decisions today. What’s going on?’ Then the leader must be silent. It will take no longer than 21 seconds. Someone *will* speak up—and then the issues will get sorted.”

**Norming** Once the issues are named and sorted, team members begin to relax, said Jeffries. “People start giving and getting feedback. They begin to respect differences among them. At this stage, you’ll even see some playfulness and humor. The team is becoming cohesive. Its norms are being set.”

**Performing** Once they reach the performing stage, team members will have established a high degree of trust in each other. This will allow them to focus on their project and freely contribute ideas toward its success. “Team members become open to experiment and risking,” said Jeffries. “Now

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Maun

they take great pride in their ability to solve problems. They have become a high-performance team.”

## CONDUCTING NEGOTIATIONS

Conducting effective negotiations was termed an “essential” leadership skill by Mary Gail Biebel, PhD, a principal in Carwile Biebel Consulting, Pittsburgh.

Biebel stressed the need for openness and honesty in negotiations. “Effective negotiators begin by putting their cards on the table,” she said. “Unskilled negotiators hold their cards close to their chests.”

That, she admitted, is not the way most people understand the negotiating process. “Most of us fear negotiating because we think it means that someone will try to put something over on us,” said Biebel. “But truly skilled negotiators start out by exploring their common interests. They are very clear about their goals.”

Biebel listed four principles practiced by effective negotiators. (Her principles, she said, were adapted from Roger Fisher and William Ury, *Getting to Yes*, Bantam, New York City, 1991.)

**Separate the People from the Problem** “Skilled negotiators know that the process by which an agreement is reached is as important as the agreement itself,” Biebel noted. Agreements often unravel because one of the parties disliked the negotiating process. This is the main reason why negotiations should

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## **"LITTLE DARLINGS"**

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### **N**egotiations can be tense even for skilled players.

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be open and honest, she said.

**Focus on Interests, Not Positions** Positions tend to represent deep psychological needs, said Biebel, and this can be confusing, even to the person taking the position. For example, she explained, a worker asking his boss for a raise should decide beforehand whether he primarily wants the raise for the actual money involved, for recognition, or perhaps for some other reason. Negotiators who are unclear about their interests are likely to meet frustration and deadlock, she said, but those who understand their own motives may accept more than one solution.

**Generate a Variety of Options** The demands of clear-headed negotiators can be met in a variety of ways, which Biebel called "currencies." Thus a cash-strapped boss might offer his worker a more prestigious title or a company car instead of a salary increase. Skilled negotiators are creative with their currencies. In fact, she noted, really good ones approach negotiations as if they were games.

**Insist That the Result Be Based on Some Objective Standard** On the other hand, Biebel said, negotiations can be tense even for skilled players, so players should be specific about the particular currency they are discussing. By naming some objective criteria—a salary increase, say, or a new job title—negotiators depersonalize the negotiating process and relieve the tension involved in it. —Gordon Burnside

## **IRS GUIDELINES**

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the possibility of overvaluing the practice if income projections are not consistent with the current and future market conditions in the area. Consequently the IRS will scrutinize valuations based on the income approach for consistency with market realities.

**Valuing Intangible Assets** Section 6(J) of the textbook analyzes the valuation methods for several common intangible assets found in a medical practice: goodwill, medical records, assembled work force, going concern value, covenants not to compete, managed care contracts, and trade names. The IRS suggests using the cost approach to value intangible assets such as medical records, assembled work force, and computer software. It recommends the income approach for valuing goodwill, noncompete covenants, managed care contracts, and trade names.

**Allocation Technique** The allocation technique values assets according to the most appropriate method, rather than rigidly applying only one method. The allocation technique values assets under either the cost or market approach whenever possible, but uses the income approach when the assets are not subject to valuation under either of those approaches. The figure obtained by the aggregation of all these variables becomes the value of the enterprise. The IRS indicates that using this technique to allocate the asset value of a medical practice results in verifiable information that facilitates an IRS review.

The IRS's level of knowledge and sophistication are rapidly increasing with respect to modern healthcare and integrated delivery issues. The textbook is an example of how IRS agents will analyze transactions involving the purchase of physician medical practices by tax-exempt hospitals. Managers, financial staff, and legal counsel for these healthcare organizations should refer to the textbook for guidance when planning to purchase a medical practice. □