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# Employee voice: Foundation to the scaffolding of CHG Healthcare's culture journey



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Organizational culture is once again a key focus of managers' and academics' interest. The Deloitte 2015 report on Global Talent Management found that, based on the responses of 3000 CEOs and VPs of HR, "culture" was the number one issue on their minds. When it comes to understanding outstanding organizational cultures, though, we are often drawn to stories of organizations like Google or W. L. Gore & Associates, that may be called DNA cultures—or organizations that were, in some sense, born with an outstanding culture. In these organizations, the founders often have some basic premises that guide their early actions and decisions. Larry Page and Sergey Brin famously wanted work at Google to be like the best graduate school projects they ever worked on. Bill Gore wanted his organization to be like the informal task forces of DuPont where people were energized and got things done quickly.

But most organizations that want to have an outstanding culture were not born that way. And so the issue arises: how do we change a traditional bureaucratic culture into a high performing organizational culture?

Drawing on Bruch and Ghoshal's (2003) well-known metaphor, we offer an interesting pair of contrasting approaches to organizational change that we refer to as either "slaying the dragon" or "wooing the princess." Clearly, most of us are familiar with the slaying the dragon approach. It is the basis for most of the guidance available to managers on making change. First, create a sense of urgency! People need to feel there is a burning platform before they will do anything. Articulate a grand vision. Enlist support. And so on.

The wooing the princess approach is less familiar. It eschews the burning platform and presumes that, if the prize is great enough, patience and persistence (and maybe even a little gentleness) is better than trying to ram down the castle gates. The research we report in this case study takes a look at the path(s) less chosen. The company, CHG Healthcare, was a typical hierarchical organization with a bureaucratic, command-and-control culture. And, CHG's approach to improving their culture was not a burning platform/slay the dragon approach. Yet, over the past 15 years CHG has transformed itself by building a people-first culture that prizes above all, an ongoing conversation with every employee that is two-way, open, honest, and focused on continuous improvement. Over that time the company's annual turnover rate has dropped from 49% to 14.5%, and every year since 2009 CHG has been named one of Fortune's 100 Best Companies to Work For (ranked no. 20 in 2016). (See Fig. 1 for an overview of the Fortune data underlying CHG's 2016 award.) In CHG's 2015 Employee Engagement Survey, 97% of its employees agreed with the statement, *CHG is a great place to work*. At the same time, CHG has been a growth machine, with 19% compound annual growth in operating performance (measured as EBITDA) since 2003. Fig. 2 maps job satisfaction, turnover, and EBITDA growth against one another over the period since the company first began its evolution toward the current culture. Behind these extraordinary results is an amazing story. This article describes what CHG did to dramatically transform its culture and details the lessons learned at CHG that can guide managers and firms to woo the princess.

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Figure 1 Fortune’s 2016 100 Best Companies to Work, CHG’s Employee Ratings

### CHG HEALTHCARE: AN OVERVIEW

CHG Healthcare is a 38-year-old healthcare staffing company. It has no proprietary technology, has a traditionally hierarchical structure, and is based not in Silicon Valley or Cambridge, Massachusetts, but in Salt Lake City, Utah.

CHG primarily places doctors, nurses and allied healthcare professionals (nurse practitioners, physician assistants and therapists) in temporary and permanent positions within hospitals and healthcare facilities—addressing the well-documented provider shortage across the U.S. Bringing healthcare service to underserved areas of the country, such as rural areas or in places like the Navajo reservation, significantly impacts these communities and is a source of motivation and pride for those at CHG.

Additionally, the need for more healthcare coverage in more places means that CHG has consistently grown, boast-

ing more than 2200 employees across six states that help place over 12,000 healthcare professionals each year—producing revenue now exceeding more than \$1 billion annually. The staffing business is relationship driven with trust building between recruiter and client over time, placement by placement. Yet, industry averages for employee turnover range from 50 to 60%. Healthcare staffing companies, including CHG, accepted this as a cost of doing business and simply recruited new recruiters to replace the clients lost each time a recruiter quit a firm (CHG estimates this to be 30–35% of clients).

In 2002 (the starting point of this case study), CHG’s annual turnover was 49%. Although this was substantially lower than industry averages, management thought it could possibly be lowered and perhaps even generate a strategic advantage for them in the industry. What they did not know at the time was CHG was about to embark on a multi-decade journey, not just to tweak a turnover issue, but to transform a culture they had not planned on transforming.

### EXAMINING THE CHG PEOPLE-FIRST CULTURE: UNCOVERING THE SCAFFOLDING

We present CHG’s culture journey as a series of sequential initiatives in which each initiative lays the foundation for the next initiative as well as builds upon and extends prior initiatives. (See Appendix for a description of the research methodology used in this study.) Importantly, the complete set of initiatives was not known to CHG in advance, or planned from the beginning, but rather evolved from what was accomplished and what was learned from the preceding initiatives. Fig. 3 is a visual representation of the sequential transformational process that CHG has been through. This

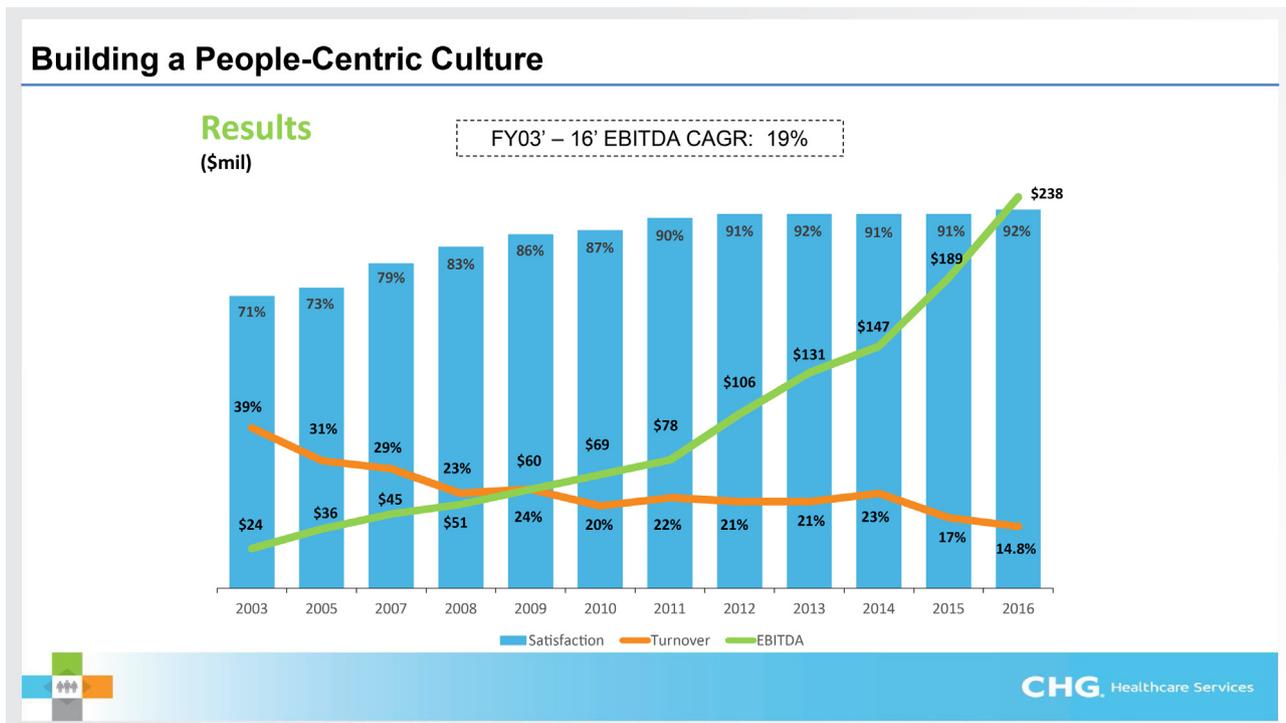


Figure 2 CHG’s Job Satisfaction, Turnover, and EBITDA Growth (2003–2016)

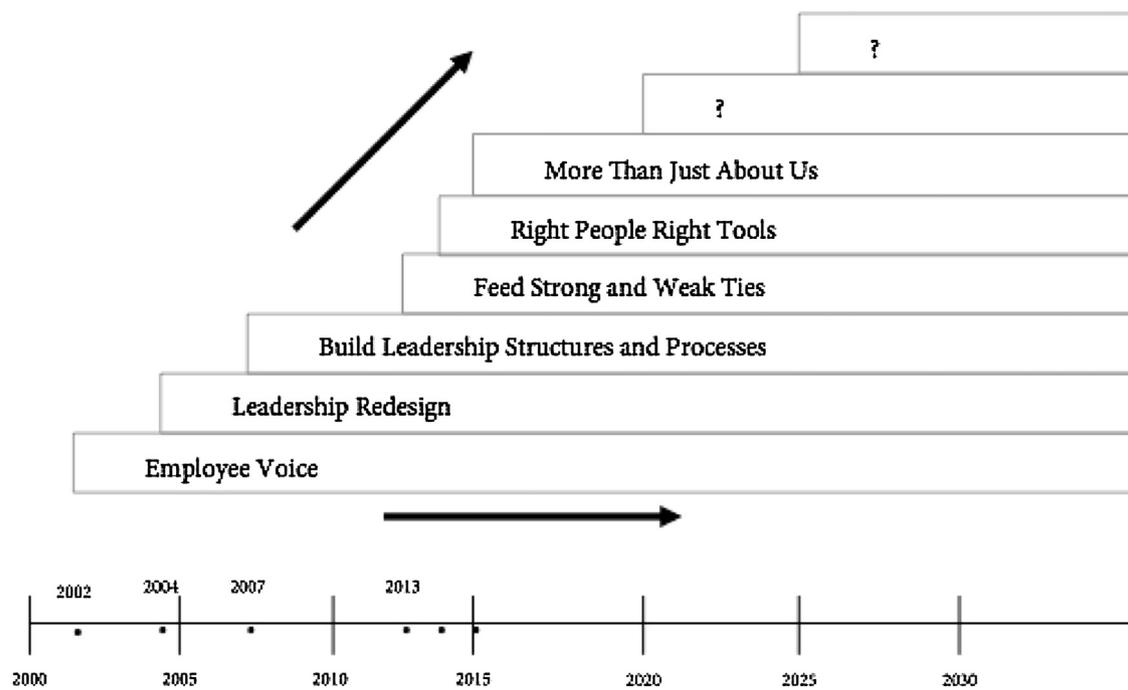


Figure 3 The Scaffolding Underlying CHG's Culture Change (2002–present time)

“scaffolding model” captures several key features of the culture journey: (1) each stage creates a foundation for the stage that follows (a vertical dimension); (2) each stage continues and does not end (a horizontal dimension), and (3) there is no defined end point yet, so the future stages are “blank”—yet to be determined. Table 1 is a chronological listing of organizational initiatives within each of these stages.

### Employee Voice: Involve Your Employees Through Open, Honest Two-way Communication

CHG leadership never gave a mandate to its managers for sweeping cultural changes. Rather, in 2002, Kevin Ricklefs, then the HR Director, was simply tasked by CHG's top leaders to investigate how they might reduce their turnover. As Ricklefs recalls, he quickly found that the company's front-line and mid-level leaders had no idea of how to reduce attrition. Indeed, just like senior management, they hardly even considered turnover to be a problem.

Having run into this dead-end, Ricklefs made what proved to be a significant decision: he turned to the employees themselves for ideas. He began with a series of focus groups in which employees shared their thoughts about why people were leaving. Feedback ranged from a hot button issue about worn-out furniture to a general feeling that people were leaving because some of the managers were not very good leaders. This leadership issue would not be an easy fix, but Ricklefs wanted the employees to know that providing feedback was worthwhile and would lead to change. So, CHG looked for an immediate, direct action that could be addressed from these focus groups, and found one: replace worn-out chairs.

About half of the employees had really old chairs. The feedback from the focus groups was clear: the old chairs

were dis-satisfiers. So, CHG bought new chairs for everyone who had one of the old chairs. This simple action communicated to their employees that they were heard, understood, cared about, and that action would come from their feedback.

Over time, CHG has continued this trend to look for one hot button issue a year and address it with a new perk suggested by employees. This has led to a wide array of perks and benefits that are highly visible components of the CHG culture. These include: free on-site healthcare services, wellness programs, and fitness facilities; tuition reimbursement up to \$5250; break rooms with the full complement of pool tables, ping-pong tables, pinball machines, etc.; work-life balance programs such as flexible schedules, job sharing, lactation rooms, telecommuting; excellent health insurance coverage; and generous maternity leave. Ricklefs comments that leadership does not do and cannot offer everything that employees suggest, but that each of these perks concretely demonstrates to employees that they are heard, understood, cared about, and that things change at CHG.

During this time period of the initial focus groups, Ricklefs also commissioned the company's first employee satisfaction survey in 2003. This survey grew from the decision to engage employees to find out what was important to them and how they might shape the business around those themes. CHG shares the results of the survey across the company, including any comments, critical or otherwise, about members of the leadership team. The survey typically generates some 3000 comments, and top leaders read all of them.

Initial results from the first survey reinforced what was coming out of the focus groups—CHG's leaders were not very good people leaders. Like the chairs, CHG would demonstrate to its employees, through action, that their feedback on this survey would make a difference. Over time, the resulting employee input has fed directly into executive

**Table 1** Chronological View of CHG Culture Journey and Organizational Initiatives

Culture journey	Organizational initiatives introduced	Key elements of initiatives
<i>Employee voice:</i> Involve your employees through open, honest two-way communication 2002–present	Employee focus groups	Connect with front-line employees to engage in conversation that gives these employees voice. New organizational initiatives tend to come out of these focus groups. Large scale initiatives such as the massive leadership redesign programs as well as small perks and benefits such as wellness programs, fitness facilities, lactation rooms, pin-ball machines, etc.
	Annual Employee Satisfaction Survey	Annual 60-item satisfaction survey. CHG demonstrates through their actions that feedback on the survey would make a difference with immediate and visible changes
<i>Leadership redesign:</i> Require leaders to live the culture 2004–present	In-house leadership training programs	How to cultivate an environment safe for people to speak about emotionally charged issues as well as how to lead the way individual employees wanted to be led and not how a leader may want to lead
	One-on-one coaching	Model includes Status Assessment, Diagnosis, Feedback, and Development. Ensures all leaders have the training and support they need to develop and be successful
	Annual Leader 360 Review	Every manager annually engages in 360 Review process, results forming the basis of the manager's performance evaluation and development plan. Follows a three year cycle, moving from purely informational feedback to creating a developmental plan for lingering issues
	Leadership Engagement Scorecard One-on-one leader/team member meetings Formalized core values	Focuses on items from annual satisfaction survey that leaders could address with their direct reports Required meetings between manager and direct reports, employee-driven agendas, held 1–2 times a month CHG articulated its core values for the first time, specifying what it means to “put people first” so that leaders could be trained accordingly and held accountable to a well-defined standard
<i>Build leadership structures and processes:</i> Two critical lessons 2007–present	Tracking ratio of employees to leaders	New employees require more time to manage/develop, during high growth, aim for a 5:1 ratio between employees and leaders for maximum employee engagement
	Leadership Readiness Assessment (LRA)	360 review for employees considering transitioning to leadership, realistic preview of feedback process they will experience as leaders, identify gaps in capabilities and begin development process. Successful employees progress to LEAP program
	Leadership Evaluation and Assessment Program (LEAP)	Three-month leadership course taught by top managers covering meaning of CHG culture and a leader's role within it. Successful employees progress to PCL Course
<i>Feed weak ties:</i> (affinity groups) 2013–present	People-Centered Leadership (PCL) Course	Course focusing on tools of situational leadership and communication skills such as “Crucial Conversations”
	Employee Network (Affinity) Groups/“Free to Be Me” Campaign	Groups formed (either formally or informally) around a shared interest or common goal. Goal is to foster connection and belonging for employees at work
<i>Right people, right tools:</i> Hiring for culture fit is necessary but not sufficient 2013–present	Hiring for cultural fit/emphasis on employee referrals	Interview assesses cultural fit, includes culture activity working with a team, looking for team players willing to work together and engage discussion and feedback. Emphasizes employee referrals as current employees should have a good sense of who would make a great cultural fit
	Creating Optimal Results Education (CORE)	Employee development programs providing lessons and exercises covering such topics as The CHG Culture, Making a Difference, The Anatomy of CHG's Business, How We Connect, Building Relationships, Active Listening, Discovering Objections, and Self-Leadership. Employees average 100 training hours per year

Table 1 (Continued)

Culture journey	Organizational initiatives introduced	Key elements of initiatives
<i>More than just about us:</i> Seeking a higher purpose 2015–present	Expansion of Putting People First to those outside CHG  Employee-driven charity/ Employee Compassion Fund Purpose Statement  Difference Maker Awards	Focus on connecting work to a higher purpose, expanding focus on making a difference to outside of the organization into the community  Formal organization support for employee-driven charitable events (blood drives, charity races, United Way campaigns, etc.) Focused groups worked to create CHG's first purpose statement: "CHG makes a difference in the lives of those we serve — our people, our providers, our clients and our communities" Four employees annually recognized for outstanding humanitarian contributions. Winners accompany CEO on a company-sponsored humanitarian trip to Kenya

team decisions about new enterprise programs and policies that have shaped the current “people-first” culture. This started to build trust with the employees that they did in fact have a voice and that a new pattern was developing—management would listen, understand, and then act. In a way then, CHG’s change strategy was a combination top-down/bottom-up effort, with top leadership initiating and sustaining change, but with the continual involvement and solicitation of ideas and input from the bottom.

### Leadership Redesign: Require Leaders to Live the Culture

In direct response to concerns voiced by employees about CHG’s managers, the company started redesigning their approach to leadership throughout the organization. CHG leaders were technically proficient, heavily focused on meeting financial targets, but they did not have sufficient people or soft skills.

The leadership redesign began with developing an in-house leadership curriculum (developed by CHG’s top leaders) focused on engagement, communication style, and basic people leadership concepts, supplemented with third party leadership courses. The resulting curriculum taught CHG managers how to cultivate an environment safe for people to speak about emotionally charged issues as well as how manage individual employees the way they wanted to be led and not how the manager may prefer to lead—in short, how to put people first.

CHG’s approach to performance management also evolved during this time—moving from a model of static reporting of performance to developmental insights for how leaders can develop further. Components such as one-on-one coaching, 360° feedback reviews, and leadership engagement scorecards have been critical to these efforts and effectively complement and support the leadership redesign training.

Rachel Klemens, CHG’s Director of Learning and Development, describes the CHG coaching model as:

“ . . . a four-part model where we talk about Status Assessment, Diagnosis, Feedback, and Development. How do you assess where the person is now? What are

their skill gaps? Looking at where they are now, what do they need, do they have the skills they need to improve? If not, we train them. If they do, is it an attitude gap? How do we help that person? Can we help that person? Go through the feedback step — talk to them about it. Get them the training or whatever it is that they need”.

Every leader in the company became subject to 360 assessment with the introduction of CHG’s *Annual Leader 360 Review* in 2004, the results of which are the basis of the leader’s performance evaluation and development plan. Each leader is held accountable for responding to and dealing with the issues raised on his or her 360. Employees are also encouraged and expected to provide ongoing feedback to their leaders. As one leader commented, “If I am doing something that is not aligned, it is up to anybody in this company to give me feedback.” At CHG, the level of trust is sufficiently high that people believe the primary intention of the 360 process is indeed to help people improve by giving them information on their performance as leaders, and not as a weeding out process.

The review process follows a recurring three-year cycle: The first year a leader has a 360 review the feedback is purely informational. CHG reviews the data with the leaders, helping them interpret it and identify possible problems to address. They ask the leaders to generate ideas for how they could improve. In the second year, if the review reveals that the same problems remain, CHG asks the leaders to write a formal development plan to address these issues. Then in the third year, if these problems are still not resolved, the leader’s leader writes a formal development plan on how to help the leader improve. It is only in the fourth year that a leader may be removed from leadership or the company if sufficient progress has not been made, although some leaders may self-select to step down or move out earlier. CHG’s top management minimized possible resistance from middle managers by in essence by-passing them and going directly to the front-line workers; first with the focus groups and then later with the 360-degree engagement surveys.

Supplementing the 360 Review process, is the annual *Engagement Scorecard* leaders receive annually. This scorecard is derived from the satisfaction survey results

described in the previous section. The scorecard focuses on a subset of items from the survey that leaders could personally address with their direct reports.

These formal feedback instruments are buttressed by both the ongoing focus groups regularly convened to collect employee input on emerging issues, and one-on-one meetings between employees and their leaders. Every leader is required to hold these one-on-one meetings with his/her team members. These meetings are to be employee-driven in terms of the agenda. Whatever the employee wants to talk about is discussed and the meetings are held at least once a month, with most leaders holding the meetings every two weeks, and some holding the meetings every week. These one-on-one meetings have become a critical component of the leader-employee relationship, as it is in this setting that CHG leaders come to understand how each employee wants/needs/likes to be led, and they themselves gain insight into how to respond most effectively.

The leadership redesign efforts also required that CHG articulate their core values for the first time. What it meant to “*put people first*” had to be translated into practice and into daily actions so that leaders could be trained accordingly and held accountable to a well-defined standard. In the second and third years of the leadership redesign (2005–2006), CHG began to formally articulate those values. And once they did, CHG realized that critical elements of the culture needed to change. This awareness shifted CHG's focus from increasing retention and building trust with employees to transforming the culture. But the transformation would be a journey and not a destination for CHG—a continuing process of cultural development. CHG wanted their culture to be fundamentally built on trust such that leaders and employees alike would seek feedback and use it to guide their behavior, increase their skills, and ultimately be accountable for their own and the organization's performance.

### **Build Leadership Structures and Processes: Two Critical Lessons**

CHG experienced significant growth during the early days of their cultural transformation, requiring both substantial hiring and the development of new leaders (promoted from within when possible) to shoulder the management burden. During this time, CHG learned two critical lessons about employee potential and making sure that leaders are set up for success.

First, hiring significant numbers of new employees and then attempting to grow the required number of leaders to manage these new hires put considerable strain on existing leaders. These leaders were simply being asked to manage too many employees to truly put people first. Leaders need a lot of time with new employees—coaching and mentoring them, helping them understand the business, and sometimes helping them develop basic skills. If leaders have too many employees reporting directly to them, especially new employees, then it is hard to find the time to lead effectively.

A rule of thumb developed over time about the ideal ratio of number of employees to the number of leaders. When CHG first started keeping track of the ratio, they averaged about eight employees to every leader (8:1 ratio). CHG has found a

5:1 ratio to be ideal for leaders engaging employees. Once CHG gets to a place in which growth is slowing and fewer new employees are coming on board, this ratio may be relaxed, as more senior employees take less time to manage at CHG than new employees. This slowdown has yet to occur, so they continue to aim for a 5:1 ratio between employees and leaders. This low “span-of-control” works at CHG to empower employees rather than micromanage them because the primary function of leadership is not to control, but to serve and help employees be successful, often through coaching, mentoring, and open-ended conversation.

CHG also learned during this time that many of the employees they had been encouraging to move into leadership roles had no idea of what they were getting into as they transitioned from non-managerial positions to leadership positions. And, unfortunately, some of these new leaders ended up being not very good at it—despite CHG's leadership training. This often caused problems for employees long before issues were identified. Thus, in 2007, CHG began developing a series of training programs for employees that *might* have a desire or opportunity to take on a leadership role. This training was essential to ensure that potential leaders had a solid understanding of what leadership is all about, that they have the right mindset to lead in a people-first culture, and that leadership is really something they want to pursue.

Employees considering or being considered for a transition to leadership first complete a *Leadership Readiness Assessment* (LRA), a 360° review by peers and leaders. This initial assessment is the beginning of a journey of very direct feedback “from anyone, about anything, directed upward.” The feedback is tailored to an assessment of their people skills as a rough indicator of how they would do as a leader at CHG. The employee reviews this feedback with their leader to identify gaps and begin the development process.

If and when it is determined that an employee is ready to go to the next step, they then go to a three-month leadership course called *LEAP* (Leadership Evaluation and Assessment Program). Taught onsite by senior leaders and trainers, the course covers the meaning of CHG culture and a leader's role within it. As one would expect at CHG, *LEAP* also provides the leadership candidates with still more feedback. Assuming the candidate is successful in the *LEAP* program, the next step is the *People-Centered Leadership* (PCL) course, focusing on tools of situational leadership and communication skills such as “Crucial Conversations.”

Sometimes people choose to drop out of leadership consideration with the realization that “this isn't for me.” Other times, CHG has the problem of having to talk them out of leadership consideration based on peer feedback. CHG has found it is much better to deal with these problems from the start instead of after the person has been an ineffective leader for a year or more.

### **Feed Weak Ties: Build Bridges Through Affinity Groups Across Teams, Groups, and Businesses**

Fostering connections and a “sense of belonging” while at work later emerged as critical initiatives to the culture transformation. In 2013, CHG introduced *Employee Network Groups* based on the concept of affinity groups—that is,

groups formed (either formally or informally) around a shared interest or common goal. To launch these groups, CHG started a campaign called “Free to be me.” Initially there were approximately 12 groups that formed, but over time that has swelled to at least 75 groups. Kevin Ricklefs explains:

“Book clubs, pool club, cancer survivors, movies, LGBT . . . it’s all employee-driven. It’s another connection point. If you think of the core premise of giving people a voice and making them feel a part of it, that’s another way of doing that.”

CHG provides \$500 per year to fund each employee affinity group. These groups have helped to build an environment where people could connect with the company and feel comfortable and for creating culture that is truly employee-focused.

CHG admits that they failed to anticipate the popularity of these groups. Scaling this initiative while keeping the original intent of the groups has proven difficult. They continue to consider whether additional guidelines or restrictions should be put in place to ensure that the groups remain in alignment with the core values of putting people first.

### **Right People, Right Tools: Hiring for Culture Fit is Necessary but Not Sufficient**

One of the biggest challenges posed by the CHG culture is undoubtedly its emphasis on frequent, straightforward feedback. One employee discussed how he faced this challenge when he first joined the company:

“I thought I was good at receiving feedback but I was not. Where this became apparent was in my first 6 months. What others said about me was that ‘He will listen to the feedback but it feels that he will get defensive.’ It took me awhile to understand that when people are giving me feedback that no one is doing it maliciously. I knew this but it took a while for me to feel it.”

CHG began to deeply appreciate the cultural struggles that many new employees experienced. Hiring people that did not fit the CHG culture was setting people up for frustration and eventual failure. In 2012, the turnover rate was only 22%—not even half of what it was initially when CHG held their first employee focus groups. However, among new hires, turnover was still high—close to 50%. This was a significant number of employees to lose as they were still growing rapidly, perhaps as many as 200 new hires a year. Recognizing the importance of identifying potential employees with the mindset necessary to thrive in the CHG culture, the company revamped their approach to talent acquisition to hire for culture, train for skills.

According to one member of the talent acquisition team, this process begins with the first review of a potential employee’s resume:

“The resume helps us understand if they are aligned with quality and professionalism . . . identify how people might have been part of making something grow. Could be extra-curricular. What kind of associations are they part of? Maximized profits by cutting costs and laying off this division probably doesn’t fit with our core values.”

The manager of one of the provider-recruiting teams described how the hiring process then proceeds, again with an emphasis on culture fit:

“The first 40-minute interview, every question is about culture fit. I ask . . . what does ‘putting people first’ mean to you? Great fits show they’ve looked at our web page. They can talk about our culture and what they bring to it. I have questions based on every one of the core values for the 40 minutes. Then we have them do a culture activity. They’ll be part of a team. Maybe they have to pass a ball around, and everyone has to touch it. We give them some time to figure out how they’re going to do it. Then we watch to see if they’re willing to be part of a team. We watch to see who is willing to speak up, who will encourage others. How did your team do? Who was the best on your team? If everything they say is ‘I,’ that can be a deal breaker.”

Another component of CHG’s talent acquisition is its emphasis on employee referrals. The idea is simply that current employees already understand the culture and what it takes to be successful at CHG, and are very cognizant of whether a referred candidate will also fit into the culture. For the last several years, over 60% of new hires have come from employee referrals, and many of those hires are spouses or other family members, a practice that is considered taboo at many other companies.

Beyond losing employees due to poor cultural fit, CHG realized that they lose people they do not give them the right tools to succeed. CHG introduced an employee development program to directly address this issue. *Creating Optimal Results Education* (CORE) starts with Cultural Foundational Training—a one-week group training program at company headquarters in Salt Lake City. This program includes an introduction to the CHG culture and what it takes to succeed in that culture, as well as an overview of the recruitment/placement process and the company’s service delivery model. CORE also focuses on sales or Business Partner training for new hires through their second month and continuing education for those in their third to 24th month.

CHG takes development very seriously, as indicated by an average training time per employee of over 100 h per year. One new employee, barely four months into her time at the company, commented that half of that time had been spent in training, which was “more training than I’ve had in the past decade” at two other firms. Virtually all of the company’s training programs have been developed in house, because, it is difficult to find third-party programs that match their culture.

### **More than Just about Us: Seeking a Higher Purpose**

In 2015, CHG named Scott Beck as CEO. One of Beck’s immediate concerns was about the importance of connecting work to a higher purpose. He felt that CHG was too inwardly focused. All of the efforts on putting people first were focused on the people inside the organization. Beck thought this emphasis needed to be complemented with more of a connection to CHG’s customers (clients) and to their communities.

CHG knew that it did not want to change its core values as they had served them well. But the perspective on those core values expanded during this time. CHG came to realize that the core values were really about *making a difference*. And that is how they started to talk about it with their employees. *How do we make a difference for our employees? For our communities? For our clients and providers?* Articulating all the great work CHG was doing for these stakeholders made the theme of *making a difference* really resonate. It also helped CHG realize it had to get closer to their customers. Customers had expectations that were bigger, more demanding.

CHG is not an innovation-driven company. Employees do not go to work every day fired up about inventing some breakthrough new technology that will have a totally disruptive impact on society. While CHG employees certainly demonstrate a capacity for creative thinking as they seek to find the perfect placement for every client, it seems fair to say that success at CHG is more about doing what the company does best, over and over again. It's about execution more than innovation. Thus, explicit focus on the difference that employees make is essential.

CHG's culture and its institutional vocabulary shifted to foster a strong sense of higher purpose that could permeate the workforce, a sense that working at CHG is about more than just collecting a paycheck. To quote from one of the lessons in the Cultural Foundational Training program: "We make a difference. We have an individual and collaborative positive impact on communities across the world."

This idea of making a difference, and the related mantra of *We save lives*, is continually reinforced by the sharing of stories, both oral and written with titles like "A simple act of a CHG therapist touches a patient;" "CHG team steps in to help a grieving Texas hospital;" "CHG physician dedicates career to rural communities and children worldwide."

As one long-term CHG employee explains:

"It's more than just a job. I've been able to tap into the noble purpose of what we do — providing healthcare for people — and it makes coming to work so much easier to see it as a service. People deserve high-quality healthcare, and if I have anything to do with helping them get that care, I know I am providing a service to the world."

Another says: "I am so proud to say I work at CHG. I love the work we do . . . I feel that we really make a difference in the world."

CHG adds another dimension to the idea of *making a difference* through its support for a host of employee-driven charitable events—blood drives, charity 5K races, United Way campaigns, and so forth. The company also offers every employee with at least six months tenure up to eight hours per year of paid Volunteer Time Off to serve non-profit organizations and projects of their choosing. Internally, the *Employee Compassion Fund* gives employees a way to help colleagues who are faced with unexpected illness or other life challenges.

In 2015, CHG took another step forward in this area by developing its first-ever purpose statement. In true CHG fashion, Scott Beck conducted 15-20 focus groups with employees to get their help and perspective in crafting the statement. The final statement, "CHG makes a differ-

ence in the lives of those we serve — our people, our providers, our clients and our communities" was rolled out by Beck in his annual in-person employee road show.

To align employee programs to the new purpose, CHG has begun to recognize employees within CHG who make a difference in their communities. In 2016, four employees received a Difference Makers Award for their outstanding humanitarian contributions. The prize for this award was each employee and a guest accompanied Beck on a company-sponsored humanitarian trip to Kenya.

It is interesting to note that some 45% of CHG employees are under 35 years old—a set of people typified for seeking work that fuels a sense of purpose and importance. And according to Klemens, "Finding a way to engage that workforce is completely different from engaging people who are 10–15 years older or even more." CHG's focus on making a difference is part of its effort to address the millennial challenge.

### CHG's Culture is Its Main Business Strategy

All organizations have a culture—that is, their own unique style and environment that reflects the experience of that particular organization in its attempts to meet the challenges of external adaptation and internal integration. An organization's culture enables some things to happen, and constrains other things from happening. A good culture generally does more enabling than constraining, but it must be enabling or constraining toward a particular strategic end.

At CHG, it is clear that the organizational culture is driven by a business imperative. CHG puts people first not because it is morally and ethically the right thing to do (or at least not primarily so); CHG puts people first because CHG believes that is the best way to gain a competitive advantage and optimize business results.

CHG understands that its success depends on long-term, trusting relationships with both its client (healthcare organizations) and the healthcare professionals it provides to those clients. Its people-first culture is designed to foster those relationships by reducing attrition and increasing engagement. In this context Beck often says, "Building a great culture is core to our business strategy."

CHG's culture also places great stress on accountability and performance. Employees have considerable latitude in managing their daily schedules and they are encouraged to maintain a work-life balance (the lights in the company's offices are turned off at 6 p.m. every night); but they are also expected to set and achieve their performance metrics. For example, as Ricklefs notes, "[CHG] is basically a sales organization," and like every sales organization, performance is about making your numbers. CHG recruiters have many targets including calls-per-day, provider/client days worked, and gross margin earned per day and their success in hitting those targets is closely monitored. CHG views its 19% compound annual growth rate (CAGR) in EBITDA since 2003 as an indicator of how well the company has integrated its culture with its business strategy. Further, CHG's 2016 turnover rate of 14.5% is now more than 35 percentage points lower than the industry average. CHG interprets this metric, as well as ongoing annual employee survey results (see [Table 2](#)) as some indication that these changes are having a desired effect on the organization, its culture, and the employee experience.

**Table 2** Annual Employee Engagement Survey Results

Survey item	CHG	National benchmark
<i>Leadership measures</i>		
My immediate leader treats all team members with fairness and respect	88%	78%
I trust my immediate leader	89%	76%
I feel I can openly share my ideas and suggestions without fear of retribution	86%	62%
My immediate leader regularly coaches me and helps me grow in my position	86%	67%
Overall, CHG senior leaders live our core values	93%	78%
<i>Commitment and belonging measures</i>		
If I had the opportunity to work for another staffing company with comparable benefits & compensation, I would still choose to remain here	92%	70%
I feel a strong sense of belonging to CHG	88%	76%
<i>Purpose and meaning</i>		
My work gives me a sense of purpose and meaning	89%	77%
I fully support CHG's new purpose statement, "CHG makes a difference in the lives of those we serve — our people, our providers, our clients, and our communities."	98%	n/a

## TRANSFORMING CULTURES INTO HIGH PERFORMING WORK CULTURES

The story of CHG illustrates how one company transformed itself into a high-performing work culture, absent of crisis or burning platform. Herein, we focus on highlighting some important themes and levers for transforming a traditional bureaucratic, even command-and-control culture into a vibrant high performance culture, consistent with much of the research on culture change.

### Align Culture Initiatives Around Strategic Intent

Culture serves to help organizations adapt to internal and external challenges and opportunities. Functional cultures help organizations thrive while dysfunctional cultures can inhibit success. There is no "one-size-fits-all" culture as each organization is operating with a different set of internal and external challenges and opportunities as well as different strategic intent. Culture initiatives, therefore, need to address internal and external factors and be tailored to the strategic intent of the organization. A culture that is good for a relationship-based organization like CHG may be entirely inappropriate for an organization whose strategic intent is always introducing leading-edge innovation to the marketplace.

The success of copying best cultural practices in other organizations (e.g. Google feeds employees 24-7, everyone at W. L. Gore is called "an Associate", CHG runs constant 360° feedback surveys on leaders) depends on the strategic intent and the specific internal and external challenges and opportunities facing the organization. CHG's story underscores these principles found within the academic and practitioner literatures on culture and change. Kevin Ricklefs explains:

"We are a relationship-based company. Our relationships with our providers and our clients are at the heart of our success. And so it's no surprise that we have invested in building solid relationships within our employee base, as it is their relationships with the providers and clients that make us special."

Employee voice is the foundation of the relationships within CHG's employee base. It is not possible to have a solid, strategic relationship if the voice is only one-way or top-down. To CHG it has to include open, honest, two-way communication.

### Create Synergy Among Multiple Initiatives

This case study also illustrates the value of stitching multiple initiatives together ("scaffolding") that synergistically work to produce an effective culture. CHG did not stick with just one initiative—like holding focus groups to understand employees' perspectives, problems, and suggestions. Rather, focus groups complemented engagement surveys. Engagement surveys were complemented with 360° leadership feedback instruments. Leadership feedback was complemented with coaching and training. These "Employee Voice" initiatives were the foundation for other initiatives like the "Leadership Redesign" and "Right People, Right Tools." The entire hiring process was engineered to find leaders, leaders-to-be, and employees who would thrive within the CHG culture. In sum, each initiative lays the foundation for the next initiative that builds upon and extends it—a journey with both vertical and horizontal dimension—and no defined end point.

Equally important as the number of initiatives CHG used in developing and bolstering their culture was the breadth and depth that these initiatives were deployed. It was not enough that leaders could volunteer to be part of a 360° feedback process, or that senior leaders would be encouraged to meet with their reports regularly, or that a week-long cultural orientation program was made available to CHG new hires. These sorts of things were expected and supported by all, from the CEO Scott Beck down to the newest employee.

Within these expectations, there can be latitude in terms of actual practice. Some leaders meet with their direct reports weekly. Others bi-weekly. Others monthly. It all depends on the specific leaders, direct reports, and the feedback that emerged from the 360° process. But the expectation of regular meetings is clear and universal.

Contrast this approach with what happens in many organizations where there are clear examples of leadership or hiring “best practices” and yet people are free to do whatever they want. In almost every organization, there is some identifiable culture leader who creates a pocket of high performance. Yet too often these individuals operate as isolated entities. This case study illuminates how achieving critical mass around cultural practice pays huge rewards because such a strong scaffold allows the organization to evolve whatever is next needed to adapt to the challenges of changing internal and external environments.

## Be Patient and Persistent

Instituting a “good” culture is not done overnight. CHG has been on the journey for more than a decade, and they will tell you they are not done yet. If you are going to stitch together multiple initiatives, and drive them across and through the entire organization, it will take time. There is some trial and error involved. Not everything will work out as planned. CHG has made mistakes along the way. Reflecting back on this journey, CHG realizes that often they tried to do too much at once, comprising the effectiveness of their initiatives. At other times they have underestimated the implementation and change management requirements of new initiatives. For example, CHG attempted to adopt a learning culture based on employee driven, leader guided development plans via a new on-line development system. They did not anticipate the difficulty employees and leaders would have understanding what “employee-driven, leader guided” meant nor did they anticipate that not all employees wanted to own their development plan. Several years later they are still working to fully implement this new system and will at some future point reintroduce the concept and process to the organization.

Yet, because CHG has clarity around their purpose, and commitment to that purpose, persistence through missteps can be allowed. Remember too, at least with respect to the presenting issue of retention, the CHG experience has shown a small improvement every year — but for 15 years! What was a 49% annual turnover rate is now down to 14.5%. Imagine what would have been lost if CHG decided that going from 49% to 36% (the first three years) was all they had the stamina for. Patience and persistence is required for building the scaffolding for change.

## CONCLUSION

Most major organizational change initiatives fall short of their goals or slide back to the pre-change status in a fairly short period of time. Change is hard, and sustained change is even harder. CHG has succeeded in accomplishing what it set out to do more than a decade ago, and indeed to surpass its original objective of reducing its employee turnover.

CHG is certainly not a perfect place to work. The 2015 employee engagement survey asked *Is there anything currently dissatisfying you at CHG? If yes, please explain.* The major themes that emerged in response included some dissatisfaction with benefits and compensation, and perhaps more surprisingly, feedback and expectations, e.g. that feedback can sometimes lack honesty and sincerity. In response, Ricklefs admits:

“We still have many of the same issues all company’s face. We have leaders who are not very good people leaders, we do wrong things, and we treat people poorly every once in a while. During your interviews, you will hear all that. If you didn’t, I’d be a little surprised.”

But CHG keeps working at it. Each year, employees provide CHG leadership hundreds of pages of ideas, suggestions and areas where their employment experience or the culture can be improved. By using specific recommendations from this list, i.e. listening to their employees, CHG has realized new and innovative ways to engage their employees over the last 15 years.

CHG believes that this long-term people-centric cultural approach is the business strategy that will lead them into the next 20 years. As Ricklefs stated: “We think in terms of continuous evolution of our culture, not revolution. If we focus on creating a great place to work for our employees, and get a little better each day, they will drive our business to success.”

Every organization must develop its own unique culture in its own way. The CHG journey may point us in some unexpected directions on how to go about this task. Yes, burning platforms, crises, sense of urgency and slaying the dragon may satisfy managerial penchants for decisive action and moving on. But patient and persistent work on the hard people stuff that really makes a successful organizational culture may be more important. Wooing the princess may be, ultimately, a more satisfying accomplishment. And even though the princess may never, ultimately, be won over, the journey of building the scaffolding to reach the princess’s tower is itself filled with sweet enough moments to keep up the pursuit.

## APPENDIX

### Research Methodology

Our research team included students, professors, and academic professionals, some with a very extensive background in high-performing organizational cultures. Disciplines of team members included biology, accounting, community leadership, education, management and marketing, which added to the depth and breadth of the exploratory process. Regardless of discipline, all had a keen interest in organizational culture.

We attended initial sessions to orient ourselves to the research, meet with CHG management, and determine our research protocol. Our semi-structured interviews, conducted in pairs, gave respondents the freedom to tell their own story and provided an opportunity for our research team to deviate from the interview guide, to ask follow-up questions, and to invite the participant to lead the interview in the direction that made sense for them (Holstein & Gubrium, 2011; Lindlof & Taylor, 2002).

For our data collection, we interviewed 15 demographically diverse CHG employees who were at various stages of career, length of employment and levels of responsibility at their offices in Salt Lake City. We also observed CHG employees in collegial situations as well as in professional meetings with employees from other companies. The artifacts we analyzed included over eight items ranging from the results of the yearly company-wide Culture Survey to an example map of team relationship and reporting structure.



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