

# The Systemic Impact of Healthcare Staffing Shortages on Mission-Critical Projects

**RGP** | Research

April 2023



# Mission-Critical Project Failure Rate Is High

Business and clinical staffing shortages have drained energy and revenue from all areas of the healthcare provider ecosystem. And, while healthcare organizations have undertaken digital transformation initiatives that would enable them to operate with smaller staff, the very staffing conditions that forced the need to undertake these mission-critical projects have made it challenging, if not impossible, to execute them.

RGP recently surveyed 404 companies with \$1 billion or more in revenue. These companies are headquartered throughout North America, Europe and Asia-Pacific. The goal of our survey was to discover the challenges and obstacles these organizations face in executing major initiatives that achieve their mission-critical goals.

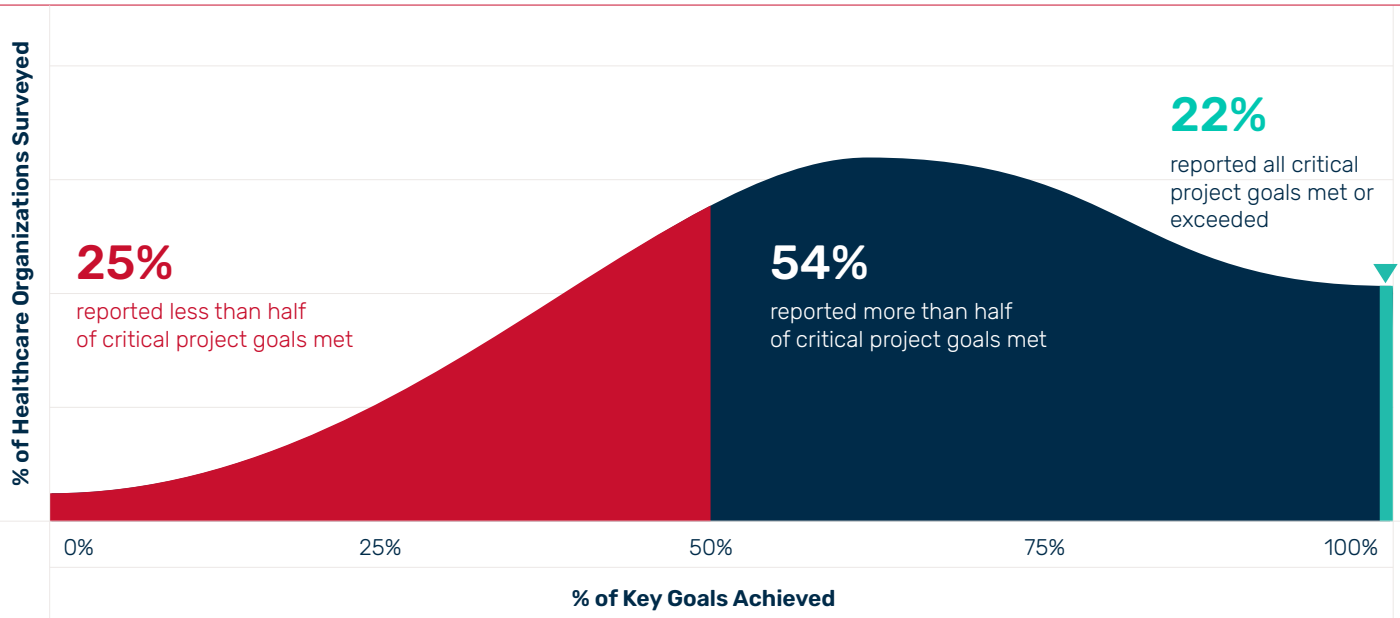
The results were particularly significant for healthcare services organizations:

- Healthcare providers are failing at their mission-critical projects, with **25% saying less than half of these projects met key goals.**
- With 20% of hospitals reporting acute staffing shortages, many healthcare organizations increased the number of consultants on their critical project teams. This trend continues as providers are seeing a growing reliance on staffing and consulting firms to fill the staffing shortage in their organizations. In fact, the average percentage of project team members who are not employees **increased from 38% in early 2020 to 42% in 2022.**

- **Outside consultants are expected to comprise 48% of the average project execution team by 2024.** Team members from staffing and consulting firms now account for 24% of the average project team, up from 18% in 2020. This figure is projected to reach 29% by 2024.

Outside consultants are expected to comprise 48% of the average project execution team by 2024.

### Percentage of Healthcare Services Organizations Meeting Critical Project Goals Since the Pandemic Began in 2020



Source: RGP  
Figure 1

## Managing Hybrid Teams for Success

The results from the survey clearly highlighted the challenges U.S. healthcare organizations face in executing mission-critical projects to achieve their goals.

Pandemic-driven staffing shortages gave rise to a hybrid model of organizationally diverse teams of employees and outside consultants in the healthcare system. These teams can be difficult to manage.

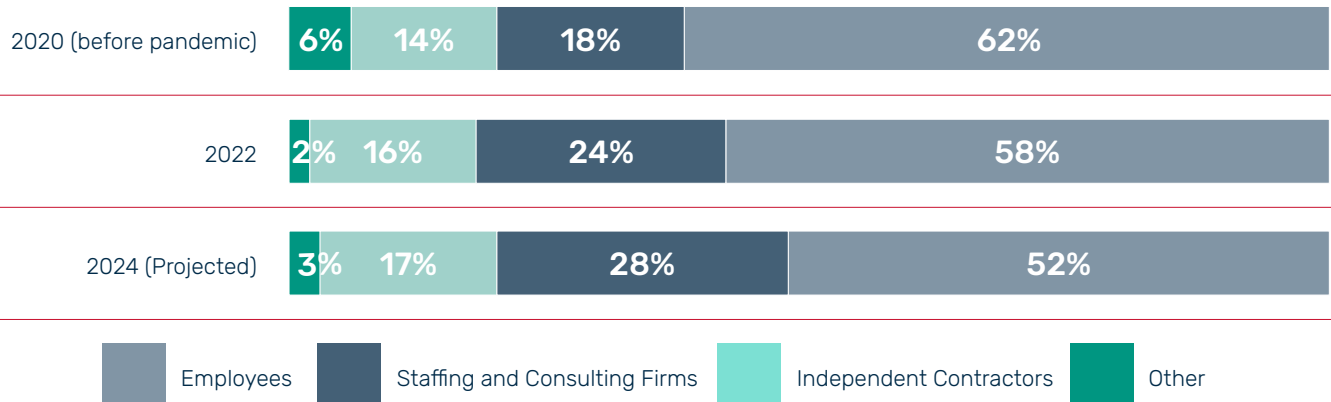
**This is one of the top challenges for managers**, according to survey results. This data points to the need for strong project and management support, something many respondents said was lacking in their organizations.

Other barriers to productivity and project completion included lack of capable talent in key roles (32%), lack of capable project leaders (29%), and lack of management support (21%).

Issues around the set-up and execution of projects themselves also emerged as problematic. These included abrupt changes in project goals (32%), poor tools for project collaboration (37%), poor understanding of project requirements (16%), and unrealistic project goals (13%).

Pandemic-driven staffing shortages gave rise to a hybrid model of organizationally diverse teams of employees and outside consultants in the healthcare system. **These teams can be difficult to manage.**

### The Changing Mix of Project Team Members in North American Healthcare Providers



Source: RGP  
Figure 2

## Keeping Critical Project Work on Track at a Major Blue Cross Blue Shield Carrier

When the enormity of COVID-19 hit home for already-under-pressure healthcare industry, anything resembling business as usual quickly became a pipe dream. Volatility became *the* industry watch word. And making sure ongoing tumult didn't undermine critical project work was a top priority, according to the CFO at a large Blue Cross and Blue Shield health insurer.

The CFO watched healthcare providers struggle as accelerating staff shortages and patient loads stressed doctors, nurses and administrators. In the meantime, healthcare providers launched a wave of operational improvement projects whose team members had to work remotely. With employees stretched to the limit, these teams also relied on a growing number of organizational outsiders, raising the risk of project failure significantly across the healthcare continuum.

Healthcare payees, this CFO noted, also had to think far more carefully about how and where they sourced talent – from rank-and-file team members through project leaders. With many more outsiders on their transformation teams, the pandemic also forced them to rethink the way they managed these projects.

### The Execution Advantage of Hybrid and Dynamic Project Teams

Turning to her own organization's critical projects, the CFO saw a noticeable productivity improvement after COVID-19 forced people to work from home. "All of a sudden, overnight, you realize 20% more productivity because your commute time and so-called lunch break [disappeared]," she told us.

With COVID's workplace impact continuing to be volatile, this insurance company CFO says keeping critical projects on track requires bringing in outside talent. She especially looks for people from staffing firms and consultancies with extensive experience working for one of the 34 Blue Cross Blue Shield organizations in the U.S. "They've lived through all the nightmares already to some extent," she said. "[If] you've set the right expectation and have the right perspective – knowing what kind of unforeseeable risk exists – you [learn how to] heighten the organization's risk management, skills, mindset and know-how."

Bringing in outside talent "allows you to manage the pace of change," the CFO explained, because you can pivot quickly without sacrificing project vision, mission and strategy.

Relying on skilled outsiders also helped this Blue's enterprise program management office (PMO) keep pace amid a leadership change. In fact, its PMO has since shifted to a mix of employees and outsiders, with half the group coming from outside the company.

### Heroism That Transcends Project Leadership

While the need for talented project managers is a given at this Blue, its culture and the ability of project team members to stay focused is equally if not more important, the CFO said. "Individual heroes must step up" to solve big project challenges or find the right people to do so.

Given continuing pressure across the healthcare spectrum, this CFO leads her team – project by project – through scenario-building exercises to identify key risks and opportunities. These come in handy when key projects careen out of control; some inevitably will go off the rails and need to be terminated, she explained.

Project leaders need to understand how the success or failure of individual projects cascade across the organization. This means continuously redirecting project teams, rebalancing the project portfolio, and resequencing project work. Project leaders must first offer a bridge solution to continue business as usual where possible, the CFO said, and then reprioritize resource deployment. This means thinking outside the box and using external talent, she noted. From there, the project leader must stay true to the organization's strategic intent. "The organization will need a defined governance body to help prioritize (work) based on business case, resource capability, execution readiness, and other criteria. Change management is a critical factor," she concluded.

## Making the Dynamic Workforce in Healthcare Work

Despite the challenges of managing hybrid workforces, half of the healthcare respondents in our survey said that allowing project team members to work from home increased the odds of project success. And an overwhelming majority (84%) said coordinating people working from home and healthcare offices and facilities was important, very important, or extremely important to critical project success. Yet about a third (32%) required project team members to return to the office when project issues emerged.

The study also found that bringing talented outsiders into key project roles in the company was essential to project success. In fact, it was nearly unanimous: **99% of North American healthcare executives surveyed said it was important, very important, or extremely important to bring strong talent from outside the organization into key project roles** in addition to the project manager. And 94% said the same thing about bringing in external project managers. Conversely, 63% said major or some changes were necessary to company policies to bring in exceptionally talented outsiders for key project roles.

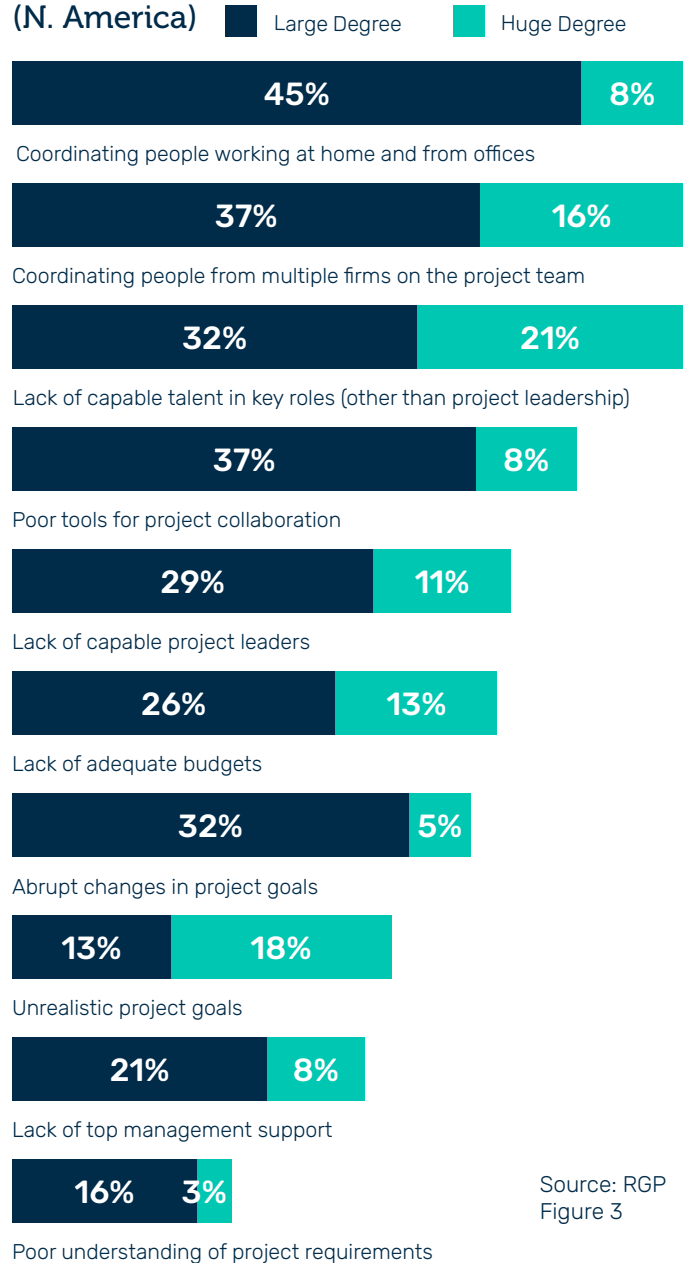
Not surprisingly, 89% of respondents said that effective project leaders, regardless of whether they are employees or outsiders, were extremely or very important to project success. In fact, nearly two-thirds (64%) said a lack of strong project leaders made critical projects more difficult to implement to a moderate, large or huge degree. Importantly, 95% said highly effective project leaders were crucial to delivering a very strong, strong or moderate competitive advantage to their organization.

Regarding project leadership improvements, the top three skills with which respondents said their organizations needed help were change management (61%), advanced project management tool know-how (42%), and project assessment/planning and strategic evaluation (tied for 39%). Perhaps surprisingly, 65% said it was extremely or somewhat important to get these project leadership skills from outside firms. Only 66% said their companies already had project leaders with these skills or will have access to them within the next year.

More than three-quarters (79%) said their project management tools were highly effective or somewhat effective. Eighty-nine percent of respondents said

such tools were very or extremely important to project success. Not surprisingly, 63% said poor project management tools made critical projects more difficult to execute to a moderate, large or huge degree.

### Biggest Challenges to Project Success for Healthcare Services Organizations (N. America)



Source: RGP Figure 3

## Getting Ahead of Operational Transformation

As healthcare companies make even greater operational changes in the next few years, these organizations will need project managers with the right mix of hard and soft skills to guide hybrid teams. These managers will increasingly come from inside *and outside* the organization and, in many cases, from multiple organizations. And they will need to have already, or significantly improve, their project execution skills and knowledge of current processes and tools.

Additionally, healthcare organizations that want to remain leaders rather than laggards will need to be more selective in choosing the mission-critical projects they pursue and the tools they use to evaluate and monitor progress. They also will need to continuously invest in project leadership development skills and continually invest in and implement next-generation project management tools.

Need expert support to achieve your mission-critical project goals? Just ask:

[partner@rgphealthcare.com](mailto:partner@rgphealthcare.com)

### About RGP

Founded in 1996, RGP is a management consulting and professional services staffing firm. Our experts help clients execute transformational initiatives across the enterprise. Today's project economy reflects our founding strategy – quickly align specialized resources for the work at hand with a premium placed on value, efficiency, and ease of collaboration.

Based in Irvine, CA, with offices worldwide, our model enables top consulting talent to work differently, with radical flexibility and purpose – features unavailable in traditional consulting firms. This winning value proposition has enabled us to become the leading provider of agile consulting services. With 4,200 professionals on staff, we annually engage 2,100 clients globally, including 87% of the Fortune 100.

(NASDAQ: RGP)