



## Close teamwork between Sanford Health leaders and GE Healthcare creates a smooth transition to outsourced biomedical and radiology device service

Sanford Health has a long tradition of delivering services of all kinds with in-house teams. In considering outsourced service for its biomedical and diagnostic imaging devices, the health system's leaders moved carefully.

While they needed to reduce service-related costs amid the same cost pressures facing healthcare providers nationwide, they wanted assurances that the excellent service provided for decades by the in-house biomedical team would continue. They also insisted on working with GE to ensure that as many of the

biomedical team members as possible would remain employed, with GE or with Sanford, at equivalent or improved wages and benefits.

After lengthy discussions with GE Healthcare that featured close communication between the respective human resources and other departments, the parties in May 2014 reached a comprehensive service agreement that enabled Sanford to focus on expanding its healthcare capabilities while GE Healthcare will work with Sanford to deliver \$44.6 million in operational savings over the full term of the

contract by optimizing clinical assets and increasing efficiencies.

Nearly all of the Sanford biomedical team members became GE employees, still serving the hospitals and clinics in the Sanford Health network. A few senior employees chose instead to take other positions with Sanford. "For the most part, we have the same stable workforce we had before the transition," says Orlen Tschetter, Vice President of Facilities and Planning with the Sioux Falls (South Dakota) Region of Sanford Health. "I think that speaks volumes that GE was watching out for these folks, just as we were."



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**Karla Haugan,  
Executive Vice President of  
Human Resources and Support Services**

Karla Haugan, Executive Vice President of Human Resources with the Sioux Falls Region, observes, "We truly appreciate how GE asked about culture and our process with our employees and tried to mirror that approach. They treated our employees like family which is one of Sanford's core values. The fact that GE did what we asked in communicating with our employees was very important to us. It was about our process and the total rewards package and keeping those employees whole and making sure they all felt good about the transition."

### **Leader in rural healthcare**

Sanford Health, the largest rural, not-for-profit health care system in the United States, more than doubled in size after a 2007 merger with Fargo-based MeritCare, with plans to invest significantly over the next decade to expand care for cancer, heart disease and orthopedics.

Under the outsourcing agreement, GE and Sanford Health work together to increase productivity by integrating multiple biomedical engineering and radiology departments and several fleets of clinical equipment, with the goal of right-sizing the fleet across the network.

Sanford's history included growth by merger and acquisition and typically did not include outsourcing. "It was much more common for us to hire content experts and bring the work in house," noted Tschetter. "During our internal discussions, we needed to ask ourselves, 'Why would we consider an outsource relationship in this instance?' But as we looked more closely, we discovered that GE Healthcare had a service model and cost savings that would have been difficult for us to accomplish on our own. The proposal included guarantees of cost savings and no indication of any decline in service quality."

A site visit to another health system, that had outsourced service to GE, reassured Sanford leaders that service quality would be sustained and employees treated well.

### **Breaking the news**

Once the agreement was signed, effective communication with the Sanford employees was critical. GE and Sanford followed a process proven in numerous other GE outsourcing transitions. It included:

- Announcement of the agreement by a GE and Sanford team, with full presentation of benefits and the transition timeline and a question/answer session.
- A transition period including regular meetings between the parties and informational discussions with each Sanford team member moving to GE employment.
- A startup period with benefits enrollment, career coaching, orientation and training.

"One thing we agreed upon with GE was to follow the Sanford philosophy that when we acquire a company, we acquire every single employee," says Karla Haugan, Executive Vice President of Human Resources and Support Services. "So we were able to tell our people that everyone was going to have a job. They may not have the same job, but they would have an opportunity for employment, with GE or Sanford."

Crucial to the initial presentation was a side-by-side comparison of Sanford and GE benefits. "We listed all our benefits in one column, and then asked GE to fill in their side," Haugan says. "Then we held a conference call and walked through it, benefit by benefit. We then told our people, 'Here is what the GE benefits look like.' The comparison was positive."

GE honored Sanford employees' years of service for paid time off and 401(k) vesting – important because Sanford had many long-tenured biomedical team members. Base pay remained intact, and employees with five or more years of service received modest increases.

## Positive feedback

“One thing our people really liked was that as we went through the transition, we let them send us any question they had,” Haugan says. “Then we formulated an FAQ and shared our answers with GE to make sure we were answering properly. For questions related to specific employees, we gave answers in private.”

Sanford leaders emphasized several ways team members and the organization would benefit from GE employment, including:

- GE management expertise, best practices and leadership and technical training
- Quality improvement tools like Six Sigma and Lean
- Technology to increase productivity and improve equipment uptime

## A career path with a globally admired company

They took pains to reassure team members that they weren't being outsourced because they had failed to perform. “In our discussions, we emphasized what a good job they had done – that they were great people who had developed highly effective programs, systems and practices,” says Tschetter. “We also asked them to look at the next page and see something bigger and better: opportunities to interact with a company that has vast resource, and for all of us to excel to the next level.”

Those messages were reinforced during the individual informational discussions. Haugan observes, “GE was impressed with the talent of our biomedical team members, and told them so. My office was right near where GE talked to our people, and they came out with smiles on their faces.”

*“My personal job satisfaction has gone up. I feel like every day I'm contributing something of value, and I like that.”*

**Greg Baete,  
Biomedical and Technical  
Services Department**

## A view from the front line

In some 40 years with Sanford Health, Greg Baete started, built and led the Biomedical and Technical Services department. When discussions of outsourcing began with GE Healthcare, he was concerned for his team members and his own career.

He reports that the GE team and Sanford leaders quickly put him at ease. Now, as Manager of Clinical Engineering with GE, he still serves Sanford Health, with essentially the same team but with more resources than ever before.

“One concern I had was that my staff was going to be OK,” Baete says. “We had a lot of long-term employees. I worried that some might be so upset and fearful that they would leave. I also wanted to be sure that the customers – our clinicians – would get the same quality service they were used to. My original fears have been laid to rest and then some.”

“I have to credit Sanford's executive team for the admirable way in which they mentored me through the process and explained the reasons behind the outsourcing, much to my satisfaction. Then I got the same explanations from the GE team. They were definitely on the same page, and that made a huge difference.”

Baete notes that he and team members who transitioned to GE employment were pleased with the compensation; some younger team members were excited about prospects for advancing within the GE organization.

Meanwhile, he says, GE has delivered better pricing on parts, and the asset management team is helping to eliminate surplus device inventory. “One goal of any biomedical department is to provide high-quality service at the lowest possible cost,” Baete observes. “There are things GE can do that we would have taken us years on our own. This way, Sanford can have the savings now instead of waiting 10 or 15 years.”

## Seamless transition

The changeover to GE employment was uneventful, Sanford leaders agree. Tschetter recalls, "We went into the first few days prepared to deal with any kind of issue with equipment or service that might arise. The best assessment about how it went was that we hardly heard a thing. It was almost silent in terms of people recognizing that anything had changed. For the most part, all that changed were people's shirts and name badges. The department directors and clinicians who look for service just kept calling the same people, asking for the same things, and getting the same responsiveness."

Haugan adds, "We didn't have our biomed staff come back and say, 'It's different working for GE.' There was no noise from our departments saying, 'Our service has lagged.' It was a very smooth transition."

Haugan notes that a key to the successful outsourcing was Sanford and GE team members reaching a philosophical agreement up front on how to approach the transition: "It's important to establish that partnership and that relationship as early as possible."

Tschetter observes, "We've had opportunities to meet some wonderfully talented and capable people on the GE side who are now our colleagues in making this arrangement work. We've been able to experience a number of new concepts and deeper relationships than we previously had. Overall, it has been a very positive experience."

## About Sanford Health

Headquartered in the Dakotas, Sanford Health is one of the largest integrated health systems in the United States, with 43 hospitals and nearly 250 clinics serving vast rural areas in nine states. Its 27,000 employees, including 1,400 physicians in 81 specialties, make it the largest employer in the Dakotas.



## About GE Healthcare

GE Healthcare provides transformational medical technologies and services that are shaping a new age of patient care. Our broad expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, drug discovery, biopharmaceutical manufacturing technologies, performance improvement and performance solutions services help our customers to deliver better care to more people around the world at a lower cost. In addition, we partner with healthcare leaders, striving to leverage the global policy change necessary to implement a successful shift to sustainable healthcare systems.

Our "healthymagination" vision for the future invites the world to join us on our journey as we continuously develop innovations focused on reducing costs, increasing access and improving quality and efficiency around the world.

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