Data Shows Natural Attrition Leads to More Effective RIF—and $400,000 in Savings
Challenge
In order to meet its financial goals, a healthcare organization with over 50,000 employees needed to reduce nurse headcount in a hospital with a declining patient count. This organization also has a union agreement requiring that the last hired is the first out, which meant new nurses would be the focus of any reductions.

Analysis Conducted
The analysis was multi-pronged. The analytics team looked at the costs to acquire and retain new nurses in the affected location, as well as at retirements compared to their other locations.

Insights
They found it was more expensive to hire and harder to keep the new nurses hired in the affected location. This location also had four times more people eligible to retire than the organization’s other hospitals.

Actions Taken
Armed with this data, HR proposed that, instead of firing new nurses they had spent so much to find—and may need to hire back later when planned retirements would lead to losses—they advocated for promoting early retirements to see how much of the target reduction in force could be achieved.

Results
The direct costs of laying off the new nurses would have been $1.5 million. By letting natural attrition take place, this healthcare organization did not need to let a single new nurse go. They ended up saving $400,000 as a direct cash saving. Additionally, the overall value back to the business is substantially higher in terms of being considered a great employer and place to work.

*Fictional data used in visuals for customer privacy