

# Laboratory to Showcase

An Interview with Bonnie C. Hathcock,  
Senior Vice President and Chief Human Resources Officer, Humana Inc.



Bonnie C. Hathcock

**EDITORS' NOTE** Prior to joining Humana in 1999 as Senior Vice President and Chief Human Resources Officer, Bonnie Hathcock served as Vice President of Human Resources at US Airways, Inc.; Vice President of Human Resources at Siemens-Rolm; and in sales and marketing leadership roles at Xerox Corporation. Named the 2007 HR Executive of the Year by Human Resources Executive magazine, Hathcock serves on the boards of the Human Resources Policy Association and the National Business Aviation Association. After receiving a bachelor's degree in business education from Shippensburg University, Hathcock graduated with an MBA from the H. Wayne Huizenga School of Business and Entrepreneurship of Nova Southeastern University.

**COMPANY BRIEF** Headquartered in Louisville, Kentucky, Humana ([www.humana.com](http://www.humana.com)) is one of the nation's largest publicly traded health benefits companies, with more than 11 million medical members in the United States and Puerto Rico. With more than 24,000 employees, Humana offers a diversified portfolio of health insurance products and related services – through traditional and consumer-choice plans – to employer groups, government-sponsored plans, and individuals.

**At the start of your tenure at Humana in 1999, which strategies did you incorporate to set the stage for the type of explosive**

**growth the company has experienced over the past two years?**

I joined the company when Humana was confronting major challenges, as was the health benefits industry as a whole. The cost of health care was rising significantly. Our CEO determined that we needed to find a different solution that would not only serve our own associates and company, but also our customers. We launched an innovative new business model that continues to this day, developing it first inside Humana, and then later for our customers. In a word, it was consumerism.

We were so early with consumerism that, at times, we stood as a lone ranger and received a fair amount of criticism – or at least skepticism – for our stance. We believed – and mounting evidence increasingly supports our view – that the consumer is the key to addressing cost, quality, and transparency problems in what has historically been an employer-based industry. Given actionable information and guidance from companies like ours, health care consumers will choose, finance, and use their health benefits with confidence and success.

When we launched this new business model – which we call “laboratory to showcase” – we focused on efficiency, effectiveness, and empowering the consumer. Our context for this is that U.S. health spending is at the \$2 trillion level, rising much faster than the overall rate of inflation, and yet health remains the only segment of the economy in which the consumer is not fully engaged. To accomplish consumer engagement with our own associates, we focused on everything from migrating our enrollment process to an online environment, to supplying year-long guidance to help associates make the most of their benefits choices. In communicating this new way of doing business, we adopted an adult-to-adult, emotionally intelligent approach. We actively solicited feedback from our associate-consumers and refined the model based on their suggestions.

When we went from the laboratory (our associates) to the showcase (our customers), we had a system that had already performed successfully inside a Fortune 110 company – our own. Results were dramatic. Our cost trend was projected to go up between 15 and 19 percent that first year. At year-end, we had a cost trend of only 4 to 5 percent. This translates into millions of dollars in cost avoidance, and had a direct positive impact on Humana's bottom line.

**How does technology contribute to the way your role continues to evolve in the business?**

Technology is absolutely essential to consumer engagement and transparency. Real-time, actionable information is the essence of guidance, and technology is the necessary platform. Technology is also essential to associate engagement. We try to hit the sweet spot between high-tech and high-touch, keeping the appropriate balance.

On the high-tech side, we have taken paper out of the business. All HR processes, from salary increases to talent management, are now online. Simultaneously, we established a robust HR shared services center so that our associates and leaders can interact with knowledgeable colleagues for answers to everything from figuring out their vacation balances to how to deal with complex work situations.

**How do you attract top talent?**

We consider talent leadership a top priority. In a knowledge economy, it is talent that creates value in the marketplace. We keep a constant focus on talent and have created initiatives such as Infusion, an accelerated professional development program for MBAs and undergraduates. We recruit from top-tier universities, universities known for their ethnic diversity, and regional campuses. We're attempting to infuse our corporation with the best and brightest talent available. Industry experience is still valuable, but we also increasingly recognize that leadership and innovation often come from outside-in thinking – whether from bright recent grads or from accomplished professionals who have been successful in other industries.

**Did you ever imagine that you would become a leader in the HR area?**

I began my career at Xerox in sales and marketing, with the goal of advancing to the marketing executive suite. However, a top-level German executive from Siemens picked me out of a crowd, and asked me to become the top HR officer for the largest U.S. Siemens division located in Silicon Valley – one of the most demanding labor markets in the country. To be honest, I didn't want to go into human resources. But he indicated that he liked the way I think – like a businessperson – and that I was also very good with people. He saw something in this combination that he thought would be uniquely effective. So I stepped into the role in 1990, having never spent a day in Human Resources, and found my love in corporate America. ●