

RECRUITMENT CHALLENGES

prompt new wave of
innovation for **U.S. HOSPITALS**



Interviewees

Andrew Chastain

Managing Partner and Chair of Witt/Kieffer's healthcare practice

Craig Garthwaite

Professor of Strategy and Co-director of the Health Enterprise Management Program, Kellogg School of Management, Northwestern University

Julie Hill

Recruitment Coordinator, Tidelands Health, and President, National Association for Health Care Recruitment

Manisha Jain

Senior Associate Director, Wharton MBA Career Management, Wharton School, University of Pennsylvania

John Lacy, CHRO

Baylor Scott & White Health

Shaun Smith, SVP and CHRO

New York Presbyterian Hospital



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Julie Hill, Recruitment Coordinator for Tidelands Health and President of the National Association for Health Care Recruitment

Introduction

From rising costs to an aging population, today's hospital leaders have no shortage of concerns. However, they are all connected to a single issue—the need to acquire talent. This emerges from a new Economist Intelligence Unit (EIU) survey—sponsored by Prudential—of more than 300 executives from hospitals of different sizes, locations and structures.

The survey reveals that talent is becoming a more pressing issue. In 2015, when the EIU conducted the first survey of the sector, attracting the best talent was less of a concern than other challenges. Now it is the second-leading issue for the industry, according to survey respondents.

Part of the problem is that, in a cost-constrained environment, it will not be easy for hospitals simply to increase pay packages to secure top talent. And this challenge is being compounded by an industry-wide shortage of nurses, doctors and other clinical staff.

For many, it is a game of catch-up. “For every vacancy filled, two or more positions come open and need to be filled,” says Julie Hill, Recruitment Coordinator for Tidelands Health and President of the National Association for Health Care Recruitment.

To compete for talent in this environment, hospitals are finding creative solutions. While remuneration must remain competitive, hospitals are using other weapons in their battle to win recruits, from developing candidates internally to using social media as a recruitment tool.

The numbers crunch: Increasing demand, dwindling supply

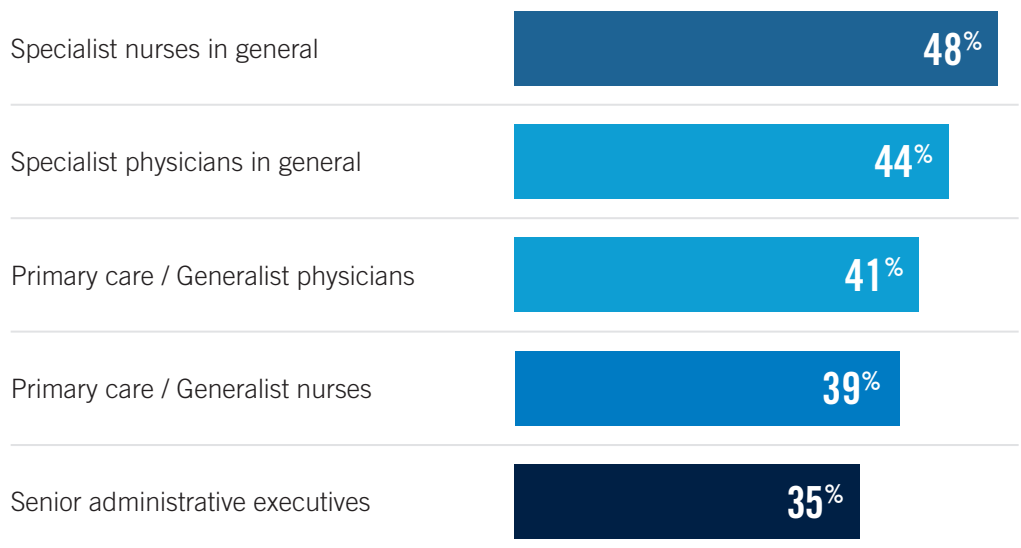
Demand for healthcare services is growing rapidly. The Affordable Care Act (ACA) has enabled millions more people to buy health insurance, and they are now using healthcare services more extensively. Meanwhile, an aging population—bringing with it a range of complex health conditions—means hospital stays are longer and more frequent.

While these factors are pushing up demand for clinical staff, supply is dwindling. “What we’re experiencing now is another cycle of increased demand and decreased supply for key clinical roles, primarily registered nurses,” says John Lacy, Chief Human Resources Officer for Baylor Scott & White Health, the largest non-profit healthcare system in Texas. “We study workforce trends with our own human resources analytics function,” he adds. “And there are more open positions posted in Texas than nurses in Texas to fill them.”

In the survey, the majority of respondents expect that, within the next decade, they will experience a shortfall of specialists, generalist physicians (GPs), nurses and other clinicians, which they say will hamper their ability to deliver high-quality care. On average, the problem is expected to become apparent in three years.

The experiences of survey respondents are reflected in the latest Talent Shortage Survey from ManpowerGroup, a staffing company, which found nursing jobs among the top ten hardest to fill.¹

In which areas do you find it most difficult to attract talent?



Source: Economist Intelligence Unit survey, February 2017

10 YEARS:

RESPONDENTS EXPECT THAT THEY WILL EXPERIENCE A SHORTFALL OF SPECIALISTS, GENERALIST PHYSICIANS (GPS), NURSES AND OTHER CLINICIANS.

Source: The Economist Intelligence Unit Survey, February 2017



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Shaun Smith, Senior Vice-president and Chief Human Resources officer at New York Presbyterian Hospital

Finding recruits for other hospital roles—such as lab technicians—can also be difficult, says Shaun Smith, Senior Vice-president and Chief Human Resources officer at New York Presbyterian Hospital. This, he explains, is because these roles are often unfamiliar to high school and college students. “So enrollments are dwindling across the country,” he says.

Some of the scarcity can be attributed to demographics—the aging population creates both additional demand for services and waves of staff retirements—and the effects of an improving economy. “There are a lot of licensed nurses who do not actively work but come back into the workforce during a downturn,” Mr. Lacy explains. “When the economy gets better and others in the household are able to work, they come out of the workforce.”

Meanwhile, new ambulatory settings of care, such as standalone emergency rooms and retail clinics, are exacerbating competition for nursing and other clinical staff. “Those opportunities draw the labor source away from the traditional hospital setting,” says Mr. Lacy.

The new hospital employee: Expanding roles require new skills

Hospitals need to do more than fill vacant posts. The shift to value-based care also means clinical staff must acquire new skills and be able to work collaboratively as a team. Meanwhile, shifts in business models and increased use of digital technology demand a broader range of hospital employees—from business leaders to IT experts.

Hospital employees also need to acquire new skills and collaborative abilities: “You need to find someone who is very service-oriented, who can communicate with patients and who can leverage the technology at the bedside with handheld devices and various communication tools—it really has changed the game,” says Mr. Smith.

For some, cutting staffing costs involves operational consolidation, with some employees given additional responsibilities, particularly those in administrative roles. For example, at Tideland Health, a provider with three hospitals and about 50 outpatient locations on the South Carolina coast, departments such as laboratories, respiratory therapies as well as some nursing units might have once had their own managers, says Ms. Hill. “We’re not having a clinical director for each of those,” she says. “We’re looking at whether one director can effectively and successfully cover more than one area.”

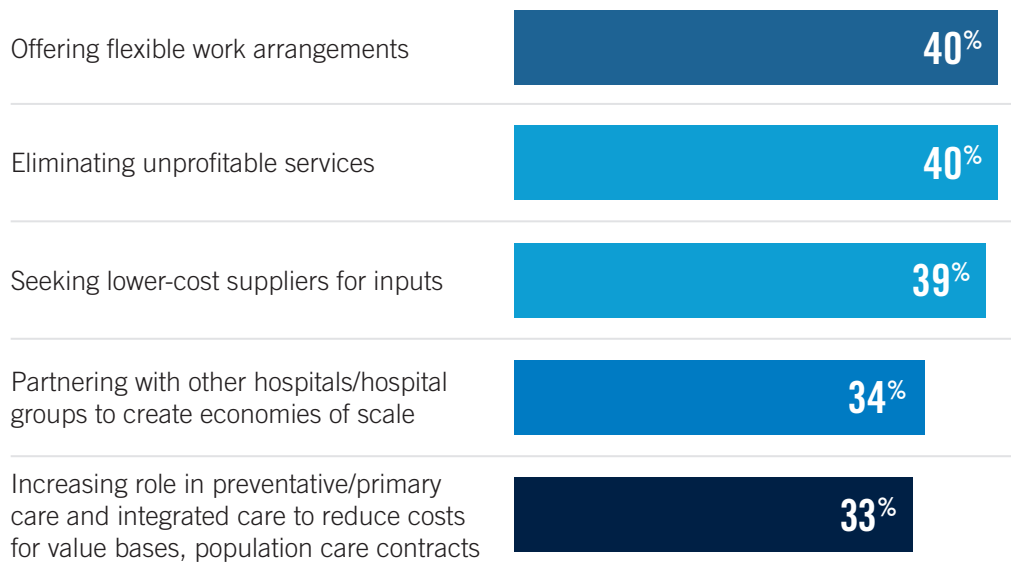
Meanwhile, given the changes the sector is undergoing, Mr. Lacy stresses the need for an adaptable workforce. “We have to be more resilient, flexible and nimble and be innovative in the way care is delivered,” he says.

Talent strategies: A focus on benefits

Hospitals are adopting a range of measures to build up their pipeline of talent, striking a balance between developing it internally and bringing it in from outside sources. Increasingly, however, hospitals are becoming more proactive, looking to develop a supply of talent they can tap into whenever positions fall vacant.

With cost constraints intensifying, increased remuneration is a tool hospitals can use only in a limited way. Offering high pay packages is still the solution for some. But focusing on benefits is now more popular, with hospitals offering employees flexible working arrangements, where possible, and training and advancement opportunities.

Which of the following strategies is your organization employing today to attract top talent?



Source: Economist Intelligence Unit survey, February 2017

This represents a change from 2015, when overall pay and market-leading compensation emerged as the second and third most common talent management strategies, respectively.

While Mr. Smith acknowledges that offering competitive pay is important, he believes compensation packages should include non-financial benefits that are tailored to individual employees. For some people, he says, this might mean offering premiums for night shifts. For others, the attraction might be that the hospital would pay for training and certification. “There are times when you have to use a sign-on or retention bonus,” he says. “But when we design compensation and benefit plans, we want to be sure we’re customizing them to offer things that are important to our constituents.”



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Technology: Driving talent management efficiencies

Technology is transforming recruitment practices. Analytics can help predict talent shortfalls, and hospitals are making greater use of online recruitment sites, job board aggregators and social media in their recruitment operations. Given the amount of time most people spend online, Mr. Smith maintains that using these tools is now essential. “Digital marketing and social media tools are a way of making sure we are in the places where candidates live,” he says.

Of course, technology requires an upfront investment. However, it also generates savings, as Baylor Scott & White Health has found. Following its 2013 merger, it created an internal and integrated human resources technology system with a dedicated IT team, saving approximately \$7 million a year on previous disparate and outsourced talent management expenditure.

Another concern for hospital executives is to ensure that their hires are in alignment with the institutions’ overall goals. And for large organizations, technology can help sift through applications to identify those that will meet validated competencies.

To do this, Baylor Scott & White Health partnered with DDI, a talent management consultancy, to customize its selection technology. DDI studied the health system’s highest-performing nurses and created a customized assessment tool for its online application process. Improving candidate selection has reduced performance-related turnover among nurse extenders at Baylor by 56%, says Mr. Lacy. “And it’s not only quality, but it’s also the efficiency and time given back to the recruitment team.”

56%

REDUCTION OF PERFORMANCE-RELATED TURNOVER AMONG NURSE EXTENDERS DUE TO IMPROVING CANDIDATE SELECTION.

Study for Baylor Scott & White Health by DDI, a talent management consultancy

Widening the net: Outreach expands candidate pipelines

While hospitals are using increasingly sophisticated recruiting tools, some are also taking a proactive approach to building their talent pipeline. Rather than waiting for positions to fall vacant, they are establishing relationships with institutions—such as schools and colleges—that are producing the next generation of talent. “Having individuals already interested and connected with you means you can cast a line to them when you have openings,” says Ms. Hill.

New York Presbyterian Hospital is espousing this idea. Mr. Smith says it is developing partnerships with schools and colleges to increase the number of internships it can offer. And through high school visits it is raising awareness among students of career opportunities in the hospital sector.

But while new tools and techniques can support their recruitment teams, hospitals also need to think broadly about what helps win talent. This means demonstrating to potential recruits (particularly those applying at more senior levels) that the organization is promoting innovation and embracing new models of care, says



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“If they believe the leadership team is not interested in innovation and just wants to maximize fee-for-service, the greatest clinical candidates will choose to pursue opportunities elsewhere,” he says. “These are generally very driven and altruistic people who want to make a difference. Muddling along is not a strategy for success in recruiting talent.”

Leadership: Developing tomorrow's hospital executive

Seismic shifts in the hospital landscape demand new forms of leadership. “The change in business model is creating organizational complexities we haven't seen before,” says, Mr. Chastain.

He lists some of the senior positions hospitals now need to fill: “Chief population health officer, chief health information officer, chief nursing information officer, chief quality officer, chief safety officer—none of those existed ten years ago.”

Meanwhile, while consolidation means hospital leaders now need experience in managing large enterprises, they must also be ready to adapt to a fast-changing healthcare arena. “I recently did a search where a board chair told us he wanted us to find a CEO who could solve problems they didn't know they had yet,” says Mr. Chastain.

In addition to using search firms, hospitals are developing leaders in-house. In a survey of senior hospital and care system executives by the American Hospital Association and Spencer Stuart, a recruitment firm, 79% of respondents said their organization had created customized in-house training programs for senior management and almost 80% said training programs were focused on developing leadership skills.²

“Organizations are filling that gap themselves by building physician leadership with education modules inside their organizations,” says Mr. Chastain. “You can't always import the talent.”

However, some leaders might emerge from the campuses of business schools. In recent years, many have launched MBA programs designed for physicians and healthcare professionals, some run jointly with medical schools. Programs include Harvard Business School's Health Initiative, the Health Care Management program at University of Pennsylvania's Wharton School and the Health Sector Management certificate at Duke University's Fuqua Business School.

“Hospitals have increasingly started to run themselves like businesses,” says Craig Garthwaite, Professor of Strategy and Co-director of the Health Enterprise Management Program at Northwestern University's Kellogg School of Management.

“We are sending more and more students from our healthcare program to the provider side.”

And as value-based care systems—requiring new revenue models—and digital technologies become the norm, demand for new types of managers will increase, says Mr. Chastain. “Hospitals have to find clinical leaders who can cross the continuum of care and informatics and economics,” he says.



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Conclusion

The changes sweeping through the hospital sector are creating talent challenges, with staff shortages starting to bite and institutions looking for employees with a far broader range of technical and management skills than in the past.

And despite increased evidence of innovation in hospital talent management, the survey indicates that for many, this is only the beginning of the journey. Most survey respondents say their organization needs to pay more attention to retaining and attracting talent.

One trend, however, could help them with talent acquisition: consolidation. While the sheer size of merged organizations means healthcare systems need new types of leaders, scale also creates opportunities. “As we've taken on more breadth in our system, we are encouraging people to think about careers across the system as opposed to individual hospitals,” explains Mr. Smith. “It offers people the opportunity to have a career within a single organization.”

As delivery and business models continue to shift, greater innovation in talent management will be essential. However, for those that can get it right, the investment will do more than simply fill vacancies. It will also build a loyal, engaged workforce capable of providing a broader range of higher-quality healthcare services. “The best thing about our industry is you have these dedicated people who are passionate,” says Mr. Lacy. “And they won't let anything get in the way of caring for patients.”

Sources

¹ManpowerGroup, 2016/2017 Talent Shortage Survey; <http://www.manpowergroup.us/campaigns/talent-shortage/>

²Health Research & Educational Trust, Building a Leadership Team for the Health Care Organization of the Future, April 2014; <http://www.hpo.org/Reports-HPOE/leadership-team-future-2014.pdf>

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