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PAGE 17

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GENERAL SURGERY NEWS

Workforce Shortages Are Stressing the Healthcare System

Things Executives Should Consider When Selecting a Placement Firm

By DAVID TAYLOR, MSN, RN, CNOR,
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Healthcare is the fastest-growing job sector, employing more than 18 million workers.¹ Unfortunately, staffing shortages are impacting healthcare organization's ability to employ enough qualified physicians and nurses, to meet their patient care needs.

With an ever-growing population of older Americans, the demand for anesthesia, surgical and nursing services is growing. The Association of American Medical Colleges predicts a shortage of up to 124,000 physicians across all specialties by 2034.²

In 2007, researchers estimated a nationwide shortage of 3,800 anesthesiologists and 1,282 certified registered nurse anesthetists.² The Association of American Medical Colleges released its 2021 report projecting shortages of nearly 16,000 to more than 30,000 in all surgical specialties by 2034.³

Even though anesthesia and surgeon shortages loom, none are greater than for registered nurses, which make up most of the healthcare segment.⁴ According to the Bureau of Labor Statistics, the U.S. will require nearly 195,000 RNs annually through the end of the decade.⁵

There are numerous reasons for the growing gap between healthcare provider supply and patient demand; however, the primary reason is demographics. Between the years of 2019 and 2034, the U.S. population of people who are 65 years of age and over is projected to grow by more than 42%, four times the rate of overall U.S. population growth. Simultaneously, more than two in five practicing U.S. doctors will reach the age of 65 or older within the next decade.⁶ The same is true for RNs. Current trends reveal the current workforce is aging. The median age in 2020 was 52 with 19% of RNs being 65 or older.⁷ A wave of retirements from the three professions is expected.

Effective leadership correlates with better patient outcomes, including reduced length of stay, lower rates of medication errors, patient falls, urinary tract infections and pneumonia.

As these professional staffing shortages continue to grow, access will be limited to high-quality care, especially considering the growing demand for surgical and interventional procedures for an aging population.

Understanding current and future supply-and-demand needs as they change will be critical and requires exceptional leaders to balance highly specialized medical services. Nurses believe being successful in one's career requires them to become or take

on leadership roles. However, only 6% have intentions of taking on those roles and responsibilities. Of the remaining RNs, 71% are seeking balance, greater flexibility and control of their schedules.⁸ Because many cannot find that balance within the traditional jobs, they are turning to travel and interim leadership positions posted throughout the country to regain control of their careers. This change has created an influx of placement agencies and individuals claiming to represent this workforce.

Healthcare organizations are having difficulty finding candidates who are qualified to take on key leadership, clinical and business-critical roles. Having the right people in sufficient numbers is associated with better patient outcomes, including reduced length of stay, lower rates of medication errors, patient falls, urinary tract infections and pneumonia.

No 2 Hospitals Are the Same

Every recruiter and placement firm claim they can meet all your organization's needs. Unfortunately, that could not be further from the truth. Exceptional candidates are hard to find and even harder to attract to open positions. A one-size-fits-all approach does not give healthcare executives the flexibility to choose candidates that best fit their needs, whether it be for an interim or permanent leadership placement. Many agencies tend to chase volume instead of strengthening their clients' leadership bench and understanding their dynamics as partners while developing search strategies based on their unique cultural nuances. Instead, they follow rigid processes to fill open positions quickly and moving on to their next search without considering the diversity, equity and inclusion of the candidates they represent.

When they are engaging with a talent acquisition firm, healthcare executives should consider how collaborative and dedicated those firms will be to your organization. A firm that makes it their priority to ask about your hospital's values, culture and the strategic goals of the organization is more likely to find a leader who will integrate those ideals into their practice. Other considerations that should be included are key interrelationships, resource and budget management, and the prioritization of quality, safety and ways to drive cultural change.

Ask the Right Questions

As healthcare executives contemplate their relationship with placement agencies, several questions that should be asked include the following:

- Is your hospital looking for a permanent placement or an interim leader?
- Does the agency have a history of collaborating with interim leaders?

continued on page 18

Placement Agency

continued from page 12

- What is the time frame to locate qualified candidates?
- How many years has the firm been in business, and what's their standing in the community?
- What is the firm's candidate vetting process?
- What deliverables can be expected?
- Does the recruitment team concentrate on leadership positions?
- Are expenses billed at actual cost or marked up?

Return on Investment

Reputable placement firms are well worth the expense. Partnering with the right firm often helps organizations save money and, in some cases, reap greater returns. Well-respected interim leaders command top salaries and for good reasons. They bring an unbiased perspective vested in the success of your organization. While managing day-to-day operations, reputable leaders provide innovative disruption, transforming their areas of responsibilities into profit centers while creating measurable change.

The cost of an interim leader depends on several variables. One variable is how their salary is paid. Are they contracting their services as a 1099 (independent contractor) or working as an employee (W2)? In addition, how are expenses (travel, housing, rental car, meals) managed? Is the organization direct billing or are expenses passed onto the healthcare organization? Beware, some agencies tack on added fees to those expenses and even tack on hefty penalties if a contract ends early.

Understanding the True Costs

Costs vary for each placement agency. In today's market, interim leaders can earn up to \$1,250 per day. Firms placing those individuals may charge up to twice the daily rate and must if they expect to stay in business. If the interim leader works as a contractor, they assume the income tax liability. If employed, the firm is subject to not only payroll taxes but operational and overhead costs, which can run as high as 60%.

Operational and overhead costs can include but are not limited to the following:

- advertisement and marketing;
- branding;
- professional services (accounting, billing, legal, payroll, web maintenance and hosting);
- employee costs (salary, benefits and taxes);
- office overhead (utilities, equipment and maintenance);
- information technology infrastructure (company and recruiting software);
- client processing (fees, payment delays and credit collections); and
- onboarding (orientation, background checks and drug screens).

Niche placement agencies run on tight margins. Typical W2 margins run approximately 5% to 8%, whereas a 1099 can run at 8% to 10%.

Placing an Interim Leader

Reputable firms have invested years assembling a pipeline of leaders

and have the capacity to fulfilling an organization's needs within two weeks. Less qualified firms comb job sites, hoping to find a qualified candidate to present for consideration. Not all interim leaders are as qualified as some placement agencies would want you to believe. Experienced firms have rigorous processes and should be able to offer qualified candidates for consideration within 10 business days.

Reputable firms' vetting processes save an average of 10 to 14 days' salary by working directly with human resources and ensure interim leaders have completed the onboarding process ready to work when they arrive. This process includes:

- a background check;
- a health screening;
- professional license and certification verification;
- reference checks; and
- first-day reporting details.

Lastly, the firm should ensure the organization's expectations are met and the interim is achieving the agreed-upon objectives. If not, the firm should be partnering to resolve them.

Conclusion

Finding the right placement firm that understands your organization can be daunting. When seeking out a reputable firm, healthcare executives may want to consider reaching out to niche firms that specialize in healthcare leadership. They tend to be highly focused on ensuring that right fit and following through to ensure client satisfaction and achievement of goals. This can be one of the best and most reliable ways to find a trustworthy firm. Reputation is key when considering hiring a placement agency. It is important to make sure the firm's demeanor and processes align with your organizational values. Great leaders make all the difference in terms of safe patient care, quality and improved financial outcomes. Partnering with the right firm can make all the difference. ■

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