

# Winning the War for Talent



By Katherine Welter, MHSA

When MaineGeneral Health (MGH) found itself in the unenviable position of needing to hire two emergency room directors simultaneously for its acute care facilities two years ago, Karen Dostie, MGH's recruitment manager, saw almost immediately that her organization would need to rethink its salary guidelines.

"Regionally, our pay scale compared favorably, but when we expanded our search nationally, therein was the challenge for us," says Dostie. "Trying to secure candidates from the West Coast or southern United States was difficult because they're very geographically different in economy and pay scales." MGH eventually raised its salary range approximately 10 percent to secure the desired candidates.

Hospitals can no longer focus on what other facilities are paying statewide or region-wide, but rather, nationwide, if they want to secure the best talent. Despite a hospital's location, the competition to secure excellent leadership is a national contest that spans all bed sizes. This fact is more prevalent than ever for several reasons.

First, more healthcare jobs are available nationwide and fewer qualified candidates are available to fill them — particularly for hard-to-fill positions such as pharmacy, emergency room, surgical services, women's care and ICU leadership. Second, the Internet has made the world a much smaller place, with candidates having access to information on job openings they would not have even known about 10 years ago.



## The Question of Salary Surveys

While salary surveys should be used as tools of comparison, remember to consider other search components as well. Here are several reasons why salary surveys should not be your only salary-determining tool:

- By the time hospitals receive formal salary reports, the information can be up to 18 months old and already out of date.
- Depending on the survey's scope and sample size, it may not be applicable to the national scale of what the market truly demands.
- Hospitals frequently rely on market salary surveys to set their salary ranges, overlooking the fact that it will take more than "the same" salary someone is making at another organization to persuade them to relocate their family and make a professional transition.
- Salary surveys often reflect compensation amounts that represent organizations continuously promoting from within. While this is a positive strategy, it is likely to require less financial output for the hospital than hiring an external candidate.

Lastly, while quality of life, family and lifestyle opportunities, and community amenities are often primary reasons people choose to relocate, the financial incentives — namely, a higher salary — must also exist, regardless of the cost of living in certain areas. Even if candidates are attracted to what you have to offer, most will not be willing to leave their established lives — and ask their spouses to change jobs and their kids to change schools — if increased pay is not also part of the package.

Directors of pharmacy have been placed in smaller, rural community hospitals for salaries comparable to what people are accustomed to seeing on the East or West Coast. The Midwest, where hospitals have historically paid less due to lower costs of living, is now competing at the same compensation levels as the coasts to get the best candidate for the job, rather than someone they can "afford."

"When I began my tenure here 28 years ago, there wasn't much 'give' in the amount of salary negotiation," says Dostie. "But I've seen a definite shift toward looking at the broader picture of how critical a role is to enhancing a service line when considering salaries."

Mercy Medical Center (MMC) in Cedar Rapids, Iowa, took nearly a year to fill a director of pharmacy position, eventually having to adjust its pay scale for the candidate to accept the position and relocate his family. "A director of pharmacy is probably the most difficult department head position to fill, and pharmacists are high-paid individuals anyway, so that's going to drive the salary even higher," says Kathy Krusie, MMC's senior vice president and operating officer. "And on top of that, you have such severe competition for those particular candidates because there aren't enough of them."

## Placing Decreasing Importance on Internal Equity?

Many hospitals are realizing that certain positions cannot be held on the same equitable compensation range, but on what the specific position and department bring to the health-care organization must also be considered — particularly in terms of revenue. Compensation should be based on the skill set required, as well as the level of accountability — which tends to be high with operating room directors, for example.

“When you look at the scope of responsibility and the organizational impact of a revenue-generating position, you realize that paying an extra \$10,000 or \$20,000 annually for a candidate who’s responsible for a multi-million budget is something you can easily recoup in a very short period of time,” says Krusie.

The concept of internal equity takes on a whole new meaning in situations where fewer qualified candidates exist than positions. “You can’t compare a director of pharmacy to other department heads, because they are entirely separate positions with differing factors,” says Krusie. “You just want to ensure that there is a distinct salary difference between the director and his or her supervisors within a department.”

Dostie agrees, saying there are some positions that simply cannot be held to the same equitable compensation range of similar peer-level positions because of demand. “There is some weight given to internal equity whenever possible,” she says. “But when all is said and done, we have to consider not only our current need but where this candidate will be able to take us in the future.”

## The Long-Run Benefits of Paying a Higher Salary

While offering a higher salary can cause a pinch in the short run, the long-term benefits can definitely have the potential to outweigh the short-term pain. Here are a few examples of why this is true:

- By offering a higher salary, it is more likely that a hospital will attract a higher-caliber candidate who can immediately step into the role with more knowledge than a less-experienced individual. That person may also bring additional processes and perspective that could have a positive affect on the entire organization.
- Great leaders are often able to draft experienced people with whom they have previously worked, thereby improving recruitment efforts for the facility.
- Employers will likely experience less turnover because people want to work for a solid leader.
- By paying a higher salary, the risk of another organization luring your candidate away is reduced. Replacing that candidate costs money and increases the chance that it will be necessary to raise the salary again to compete on a national level.

MMC was also willing to offer a higher salary to secure a director of pharmacy who believed in the organization’s values. “For us, the real difference was seeking a candidate who understood and supported our mission and values on a deeper level,” says Krusie. “During the interview process, we had to think through what we could do in the short amount of time we have



with candidates to find someone who truly appreciated what we're all about."

The hunt for qualified candidates sometimes goes international, as MGH discovered when trying to fill a radiation physicist position. "They're so difficult to find, and particularly on the physician level, we're having to expand our searches internationally to find people willing to come to Maine," says Dostie. "We hired our last radiation physicist from Russia."

Most importantly, says Krusie, healthcare organizations must be willing to think outside their comfort zone if it means securing the right person for the job. "There really is what I would call a war for talent," she says. "It's incredibly important to compete effectively and stay on top of the going rates for various positions, because the higher you go in an organization, the more impact that individual has. The financial ramifications of paying a more competitive compensation are something that the hospital will receive back in benefits many times over."

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## About the author

**Katie Welter** brings more than 12 years of experience in healthcare to B. E. Smith. With over seven years of retained executive search experience in the industry, and a background in the physician practice setting and hospital project management. Ms. Welter has a detailed understanding of health systems, finance, information technology, epidemiology, outcomes management, managed care, and other areas related to the delivery, financing and organization of healthcare services. Ms. Welter's strong knowledge of rural and urban healthcare, as well as suburban tertiary centers, complements her awareness of market trends within healthcare, and the impact of such movements upon a variety of positions and facilities.