

MANAGEMENT

Zachary N. Besheer
Christine M. Ricci



healthcare financial management association www.hfma.org

across the generations

responding to the baby boom healthcare leadership exodus

AT A GLANCE

Healthcare organizations should take the following steps to ensure that younger generations will be motivated to become leaders in health care:

- > Foster a cross-generational culture.
- > Design the compensation package according to the individuals' needs.
- > Offer coaching for leadership development.
- > Ensure that the right lines of communication are open.

It is widely acknowledged that the U.S. labor force is aging and that health care will be one of the industries hardest hit by the exodus of aging retirees from executive leadership. Health sector workforce projections are, in fact, quite staggering: A 2009 survey reported that nearly 75 percent of healthcare organization CEOs will be retiring in the next 10 years.^a More than 60 percent of chief nursing officers will be making a job change in the next four years, and 25 percent will be retiring completely, according to a report published in January 2008.^b

But dispassionate, populationwide statistics don't begin to suggest the immediacy of the situation—the 2008 report notes that some healthcare organizations face the prospect of losing up to 50 percent of their leadership to retirement in the next 10 years—or the downstream costs of filling the executive void. At the top of the executive hierarchy, the loss of a CEO can cost a healthcare organization \$1.5 million in severance, recruitment expenses, and the new CEO's salary.

But the impact doesn't stop there, according to Dan Sinnott, president, Sinnott Executive Consulting, Wilmington, Del. Sinnott says that losing a CEO can also lead to a loss of half of the senior executive leadership and delays or outright cancellation of pending construction projects, new equipment purchase, physician recruitment programs, and new service development.^c And costs continue cascading downward: The loss of each middle manager can amount to \$250,000 or more, according to the National Center for Healthcare Leadership (NCHL) and GE Institute for Transformational Leadership (www.nchl.org).

One of the first steps for healthcare organizations that hope to dampen the effect of the baby boom exodus is to retain older executives as long as possible while they recruit younger executives. Baby boomers are motivated, loyal, and have a high degree of commitment. Retention of experienced top performers therefore

a. HealthLeaders Media Industry Survey 2009 (www.healthleadersmedia.com/industry_survey).

b. Runy, L.A., "The Aging Workforce," *H&HN*, January 2008.

c. Thrall, T.H., "Finding Your Next CEO," *H&HN*, December 2008.

reduces the effect of executive turnover on costs per discharge, and it saves money in retraining costs.

But the strategies that keep older executives on the job will not groom workers of the future. Generations X and Y, whose birth date ranges are 1965-79 and 1980-95, respectively, have markedly different attitudes and values.

Gen Xers are not loyal to a workplace. They do not seek jobs for life or the gold-watch or silver-tray trappings of longevity, but view themselves as independent contractors or free agents. Research findings suggest that Gen Xers want intensive and immediate training and at the same time want to be sure they will have a life outside of work.^d

Meanwhile, Gen Yers (also called “millennials”) have an “I want it all now” mentality and seek instant reward, recognition, and feedback. They want to know why as well as what they are expected to do, to contribute their own ideas and input, to see how their work contributes to the success of the organization. The millennials also want flexible working hours to maintain a work-life balance, according to Wynn Solutions, the Houston-based leadership consulting firm established by the motivational speaker Garrison Wynn.^e

To prevent knowledge and talent from walking out the door with the baby boomer retirees and to bring younger individuals into the healthcare executive pipeline, healthcare organizations need to become “destination employers.” Four Cs are key:

- > Culture
- > Compensation
- > Coaching
- > Communication

Foster a Cross-Generational Culture

Healthcare organizations need to convey a positive, satisfying, and inspiring image of themselves that makes people of all generations want to work for them. To this end, they should create a culture that

makes a career in health care seem attractive to prospective employees—staff members, managers, and executives, alike. Cultural branding is one way a healthcare organization can position itself as an employer of choice for baby boomers as well as for younger generations. Such branding is both an internal and an external strategy.

Internal strategy. Internal cultural branding involves adopting and inculcating practices that ensure every employee feels valued. It reflects an organizational culture in which staff members, managers, and executives, alike, believe the organization listens to, cares about, and wants to retain each of them.

Internal branding therefore requires a regular assessment of employee attitudes and satisfaction through organizationwide surveys, observation, or focus groups. The organizational brand should transcend traditional features and benefits and focus on value in a way that is realistic, tangible, and relevant. To create such a brand, the organization will need to identify employer practices that foster the hospital’s mission and values, as well as practices of its own that need to be improved or changed. To achieve the desired effect on culture, brand messaging must be consistent and ubiquitous throughout the organization, and outcomes such as productivity, retention, and recruitment efforts must be measured and evaluated routinely.

External strategy. External cultural branding should focus on demonstrating to job seekers and the community as a whole that the healthcare organization is an attractive place to work. It should coalesce in an overarching theme the attributes that promote job satisfaction of current employees and that raise positive awareness of the organization among potential hires.

This type of branding can help a healthcare organization create a culture that responds to needs across generations. The strategy can seek to maintain policies that are attractive to baby boomers (e.g., job security, salary, and commitment to the organization

d. See, for example, Cordeniz J.A., “Recruitment, Retention, and Management of Generation X: A Focus on the Nursing Profession,” *Journal of Healthcare Management*, July 1, 2002.

e. “Hiring and Retaining Generation Y Employees: The War for Talent,” Houston: Wynn Solutions (www.managing-generation-y.com) (Quick Tips for Managers).

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and the healthcare industry). At the same time, it can introduce workplace elements that are appealing to younger generations (e.g., flexible work arrangements, access to high-tech tools, an appealing environment that includes well-equipped break rooms and personalized space, and collaborative relationships with supervisors).

Design Compensation to Address Generational Differences

Compensation should take into account the preferences of each generation. While baby boomers are concerned about 401(k) retirement plans, vacation time, and benefits over the long term, Gen Yers look for signing bonuses, perks, and immediate rewards. Gen Yers tend to think that a good job lasts three to five years and therefore prefer benefits loaded on the front end or a flat salary out of which they can fund their own benefit choices. Gen Xers respond well to 15 to 25 percent management or productivity incentives and bonuses, and they relish prompt recognition even if it involves a simple card, thank you, or token of appreciation.

Work schedules also need to be tailored for different generations. Some baby boomers feel they are capable of handling normal workloads and hours, but others want to reduce the number of days or hours they work each day. Younger generations want to be able to adjust work schedules to accommodate personal activities or work from home.

INTEGRIS Health-Metro, Oklahoma City, is a case example of an organization that has effectively applied these principles. To attract and retain employees for its 11 hospitals across Oklahoma, INTEGRIS works continuously to be creative and responsive to individual markets as well as generational needs. The health system balances consideration of internal and external equity in its overall compensation plan, according to CFO Errol Mitchell. INTEGRIS uses intelligence from specific markets to identify best of class practices across the country as a whole or in a region. INTEGRIS also offers per diems for employees who want less in benefits and more in actual salary as well as flexibility in work hours. "We are continually looking at what's going on across the country or a region. We use a variety of resources to determine and implement what's best in class. It's not

static. It is a dynamic process that tries to determine the best avenue for recruitment and retention," Mitchell says.

Provide Coaching for Leadership Development

Gen Xers and Yers are the leaders of the future. Neither of these generations, however, conform to baby boomers' ways of working. To prepare younger generations to become top executive talent, healthcare organizations need to understand their motivations and views of the workplace. Gen Xers do not have a high degree of trust or loyalty to the workplace, especially after watching their parents go through corporate reductions and restructurings and working long hours. Nor do they want job security or a nose-to-the-grindstone commitment to specific numbers of hours in the workplace. Gen Yers are highly educated and thrive on learning. They quickly grasp new concepts and are avid users of technology.

These traits make coaching ideal for both younger generations. Coaching is a formalized process that uses professional expert coaches to achieve specific, measurable outcomes; holds both coach and student accountable; and focuses not only on organizational goals but also on personal development. It meets the needs of Gen Xers by providing constant feedback on performance and one-on-one time with their supervisors. And it provides Gen Yers with a rationale that validates their work and effort.

Selection of a competent coach is critical to success with this approach. Coaches should have more than 20 years of experience in role-modeling leadership behaviors for countless healthcare leaders in a variety of settings. It is best that the coach be free from the burden of operational responsibilities so he or she can focus exclusively on each leader's developmental needs. The coach's objective should be to teach and reinforce the competencies necessary for a novice leader to become an expert in his or her own work environment.

The coaching approach also should be customized to suit the organization and the individual future leader, building from a comprehensive baseline assessment to a specific development plan, learning experiences, and continuous evaluation of performance and

outcomes. In short, three things are essential to transforming younger generations of workers today into healthcare leaders of the future:

- > A trusting relationship between the coach and the developing healthcare leader
- > Just-in-time training using site-appropriate tools and teaching methods
- > Real-time feedback

As an example of the appropriate tools and teaching methods, INTEGRIS has adopted an educational strategy that seeks to optimize Gen Yers' contributions by responding to their interest in and facility with technology: The organization is making extensive use of sophisticated simulation labs for both orientation and ongoing training and development of clinical staff. Such simulation labs are increasingly being used by educators and healthcare organizations to build and enhance skills in an environment that mimics the actual clinical setting.

For example, simulation manikins have been designed to interact with learners and respond to their nursing/medical interventions. These manikins either run off of preprogrammed clinical or may be programmed by a trainer to provide a specific response to an intervention. The manikins produce palpable pulses, breathe sounds, heart tones, blood pressure, and hemodynamic wave forms. Learners use their assessment skills to identify abnormal patient conditions and are required to intervene to correct the problem. If the learner intervenes appropriately, the manikin's condition improves. If the learner responds inappropriately, the manikin's condition deteriorates.

Open the Lines of Communication

While baby boomers may be able to function effectively on their own, with little direct guidance or support, Gen Xers and Yers need extensive feedback, especially from their direct supervisors. The primary reason these younger workers leave their jobs is that their bosses do not pay enough attention to them or provide enough positive reinforcement. Wynn Solutions reports that younger employees want open and honest information about their performance and development—not old-school corporate double-speak—and they want give-and-take discussions that

promote innovative and creative thinking and encourage input on workplace decision-making and problem-solving. Gen Xers and Yers are used to and expect to be linking with one another and their supervisors with the latest in communication technology—texting, twittering, and blogging.

A healthcare organization's senior executives can help individuals of all generations provide input, participate in decision making, and have a voice in shaping policy. Using various group structures, including employee focus groups, clinical excellence councils, shared governance groups, and multidisciplinary teams, the executives can gather suggestions from baby boomers, Gen Xers, and Gen Yers alike on how to drive revenue, cut cost, improve quality, and ensure patient safety. INTERGIS's Errol Mitchell reports that, as a result of the organization's various communication forums, stewardship of resources at all levels of his organization has never been better.

The Healthcare Workforce of the Future

Healthcare organizations are in danger of falling into a leadership void unless they take steps to delay the departure of baby boomer executives in the short term while making a longer term effort to attract, develop, and groom younger workers to be the top talent for the future. Although healthcare organizations have long considered their employees to be their greatest assets, they have all too often followed traditional approaches for recruiting and retaining top performers that were reactive, narrowly focused, and ignored generational differences. Faced with vacancies in leadership, healthcare organizations should set aside conventional strategies for finding the right person to fill the position and, instead, adopt a transformational approach that takes a fresh look at organizational culture and environment, compensation and rewards, executive coaching and development, and communication. The aging of the healthcare executive pool is an approaching tsunami that will allow nothing less. ●

Zachary N. Besheer, FACHE, is regional vice president, B.E. Smith, Inc., Lenexa, Kan.

Christine M. Ricci is vice president, strategic alliance, B.E. Smith, Inc., Lenexa, Kan. (cricci@besmith.com).