

Top 4 Trends Affecting Healthcare Human Resource Executives in 2015

Essential Data

- A growing number of providers are shifting compensation structures, basing it on metrics like quality and patient satisfaction
- CEO departures often cause turnover across the C-suite, specifically among CFOs, COOs and CNOs
- Identifying employees with the skills and competencies required to step into leadership roles will be key in the coming year
- The ACPE analysis noted that physician-led hospitals tend to rate high in care quality

B. E. Smith recently conducted, analyzed and compiled research for its annual Healthcare Trends white paper, identifying numerous challenges healthcare executives will tackle in 2015. Four of these trends will be especially important for Human Resources leaders to concentrate on: leadership compensation and competencies, succession planning, physician leadership and workforce engagement.

As the healthcare industry continues to shift toward performance-based care models, HR leaders will need to stay focused on recruiting, retaining and engaging their organization's executive teams and workforce this year. B. E. Smith recently conducted, analyzed and compiled research for its annual Healthcare Trends white paper, identifying numerous challenges healthcare executive teams will tackle in 2015.

Four of these trends will be especially important for HR leaders to concentrate on: leadership compensation and competencies, succession planning, physician leadership and workforce engagement. Each of these trends present unique opportunities for human resource executives to strengthen their healthcare organization throughout the year.

Leadership Compensation and Competencies

With healthcare moving toward value-based care, providers are being challenged to adjust executive compensation to more closely reflect this industry change. Research shows a growing number of providers are shifting compensation structures, basing it on metrics like quality and patient satisfaction. In late January 2014, *Becker's Hospital Review* forecast that healthcare leader compensation would continue to

rise slightly, between two and four percent - raises ended up being between two and three percent. The 2015 Healthcare Trends white paper shows that this trend in modest compensation increases will continue this year, with the average raise set to be around two percent. Patient experience and cost containment, among other elements will continue to impact healthcare executive compensation this year.

One of the biggest factors that could significantly impact organizational growth and challenge HR leaders is executive turnover. This is especially true following record high CEO turnover 20% in 2014. A recent executive survey conducted by B. E. Smith showed CEO turnover impacts the retention of other executive team members, putting organizational momentum and initiatives at risk. According to respondents, CEO departures often cause turnover across the C-suite, specifically among CFOs, COOs and CNOs.

This presents a serious challenge for human resource executives who must start the search for the next CEO right away, while simultaneously working to retain the executive team. Bringing in seasoned leaders in the interim can help HR leaders give the health organization stability during this period of transition. It keeps the leadership

team focused on their objectives, while maintaining the CEO's initiatives. B. E. Smith's executive surveys also found that CEO turnover greatly impacts strategic planning, staff engagement and the organization's overall performance.

Succession Planning

Whether members of the workforce are moving on to other career opportunities, considering retirement or seeking to expand their current roles, it is essential HR Leaders keep succession planning at the forefront of organizational initiatives. Identifying employees with the skills and competencies required to step into leadership roles will be key in the coming year. The 2015 Healthcare Trends analysis noted that it is equally important for HR leaders to develop and implement coaching or mentoring programs to build the necessary skills in these future leaders.

Despite this growing focus on leadership development, succession planning still isn't a top priority for many sitting at the executive table. B. E. Smith's 2014 executive survey found 64% of executives say their organizations don't have a succession program, even though at least 40% of new CEOs are hired from within their own organization. Implementing a strong succession program begins by first gaining the support of the entire C-suite team, an important area of focus for many HR leaders this year.

Physician Leadership

With the movement toward performance-based care models, clinicians are being increasingly called upon to take on leadership roles. HR leaders are noticing this development, and have been making a commitment to physician leadership. According to a 2014 white paper by the American College of Physician Executives, physician leaders bring their frontline knowledge of the patient experience as well as understanding of how data can be used to improve their

organizations, making them vital members of the executive team. In fact, the ACPE analysis noted that physician-led hospitals tend to rate high in care quality.

The 2015 Healthcare Trends white paper showcased that physicians are not only leading in clinical roles, but in operational and even strategic roles as well. Identifying physicians with these different skill sets and those who drive care excellence and performance improvement will be essential.

Workforce Engagement

Increasing staff engagement will be one of the most important areas of focus for HR executives this year. In a B. E. Smith survey, the majority of respondents described themselves as disengaged 45%, with some even noting they are actively disengaged 6%. Only 20% and 29% described themselves as being actively engaged and engaged, respectively.

HR leaders are finding they need to commit their efforts to boosting their workforce engagement if they want to achieve their organizations' clinical and financial goals. The 2015 Healthcare Trends white paper noted several strategies to start change, including identifying cultural norms within the workplace that impede engagement. Workforce development initiatives and cultural changes will be essential ways for HR leaders to positively improve these metrics throughout the year.

C-suite HR leaders have faced numerous challenges as the healthcare environment has transformed and evolved, and they will continue to have many opportunities to create thriving organizations this year. While HR leaders have many initiatives to focus on, fostering a culture that builds leadership skills and engages individuals across the workforce will be key to success in 2015.

About B. E. Smith

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