THE CANDIDATES DON’T EXIST

LFT SURVEY:
TALENT ACQUISITION
STRATEGIES & RESULTS
(MARCH 2018)
For several years, the hospital industry has been seeing signs of a pending shortage of nurses, physicians, and leadership. Moreover, our previous survey – *Hospital Staffing & Turnover: The Other Elephant in the Hospital Room* – documented the unprecedented turnover the industry is facing in key positions, which has only exacerbated the shortages. Despite continued investment in recruiting personnel, external search firms, online platforms and new software technologies, hospitals are now beginning to face the realization that there just may not be enough qualified candidates available to meet their hiring needs.

Data from our newest survey shows that while the healthcare industry continues to have a number of challenges when it comes to staffing, the absence of qualified candidates remains far and away their loudest concern – a far larger issue than originally anticipated.

Candidate shortages, as it turns out, are not specific to hospital size or location. As part of our survey, we examined the hiring situations for hospitals across all shapes and sizes: hospitals with large numbers of beds, critical access hospitals and everything in between. While hiring strategies do vary by size, the underlying results are consistent across all types and locations. When looking to make a hire, finding enough qualified candidates is a real problem across the board.

At the most basic level, hospitals sell labor and skills as they treat their patients. When vacancies remain high, the ability to safely and profitably deliver care becomes more difficult. Instituting a more efficient surgery schedule, lean programs or a quality/safety initiative becomes increasingly challenging when key positions are left unfilled or the leader is so new he/she can barely find the way to the cafeteria.

The challenges of continued staffing shortages are far more severe than most will ever admit. As this survey demonstrates, the inability to find qualified candidates in a reasonable time frame is putting a strain on organizations.

*The LFT Industry Survey: Talent Acquisition Strategies & Results* details a growing and disturbing trend in hospital recruitment and hiring. The survey data raises questions regarding the human capital situation for typical hospitals, including:

- Why are hospital hiring cycles so long?
- What are the views of HR’s internal customers and stakeholders?
- Are HR resources being properly deployed towards the most important (i.e., highest ROI) areas?
THE FUNDAMENTAL COMPLAINT

The most telling responses in the LFT survey were around hospitals’ current recruiting dilemma. There is no way to gloss over the answers.

In total, 30.8 percent of hospitals said they could not find enough candidates. That’s a big number. Few, if any, other industries would compare when answering this question – maybe only software engineers and restaurant waiters. There are also signs that frustration is setting in and there are no obvious or easy answers to the problem. Let’s peel back some of the layers.

The second most popular response to this question, with 23.9 percent of respondents, noted a quick turnaround on candidate searches but questioned the qualifications of the candidates hired. So, are hospitals lowering the qualification bar to fill vacancies? That’s a little scary if you are a patient. Ultimately, only 8.2 percent of respondents had positive things to say about their hospital’s staffing process, and the respondents include HR professionals themselves.

It makes sense that the number of unqualified candidates is directly related to the time crunch recruiters are experiencing. Human nature suggests that the longer a search goes, the more pressure and anxiety is created to achieve a successful outcome. When asked to assess their organizations ability to find good people in a reasonable amount of time, respondents were clearly frustrated – two out of three people rated it not very good or poor.
The time required to fill vacant positions is concerning as it has a direct impact on hospital outcomes and profitability. As surgery is a hospital’s primary revenue and profit generator, consider the impact of not having the director of periop position filled. It doesn’t help that this position has proven to be one of the most challenging searches for hospital recruiters over the past few years. Being left leaderless on this front constitutes an unacceptable risk for hospitals both in terms of managing surgery throughput and infection rates. It’s not a risk hospitals should be taking, yet only slightly more than 25 percent of leadership positions are being filled within three months and more than 30 percent take at least seven months.

Closely tied to any discussion on fill time is the cost per hire evaluation. Our survey data identifies what it is costing hospitals, in general, for mid-level and senior leadership searches. This raises some questions: When the earnings impact of one surgery or one infection exceeds the cost of the search, why do hospitals continue to spend so little money and so much time to identify qualified candidates to fill key positions? If more resources were invested earlier in the process, could they reduce the fill time on key hires, or are there really no candidates out there?
WHAT IS THE AVERAGE COST PER HIRE FOR LEADERSHIP POSITIONS? (SENIOR LEADERSHIP)

DIFFERENT STRATEGIES, SAME RESULTS

There is a noticeable difference between how smaller and larger hospitals approach recruiting.

HOW MANY HR PEOPLE DO YOU HAVE ON STAFF THAT DO RECRUITING AS PART OF THEIR JOB?
Larger hospitals obviously have bigger hiring staffs. What is quite different is the number of searches that each HR recruiter is asked to manage. In large hospitals, 76.6 percent of recruiters are asked to manage over 10 searches at a time and 46.8 percent over 20, versus only 44.2 percent and 8.9 percent respectively for smaller hospitals.

Smaller hospitals are staffing at a level that is closer to their needs capacity. Fewer searches are required per recruiter, and there is a slightly lower reliance on outside help.
HOW LONG WILL YOUR HOSPITAL WORK TO FILL AN OPEN POSITION BEFORE YOU CONTACT A STAFFING AGENCY FOR EACH OF THE FOLLOWING POSITIONS?

(101 to 250 beds)

<table>
<thead>
<tr>
<th>Position</th>
<th>0–3 months</th>
<th>4–6 months</th>
<th>More than 6 months</th>
<th>Contact a staffing agency immediately</th>
<th>Never use a staffing agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Leadership</td>
<td>70%</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Mid-level Leadership</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Physician</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Nurse</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

(251 to 1000+ beds)

<table>
<thead>
<tr>
<th>Position</th>
<th>0–3 months</th>
<th>4–6 months</th>
<th>More than 6 months</th>
<th>Contact a staffing agency immediately</th>
<th>Never use a staffing agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Leadership</td>
<td>70%</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Mid-level Leadership</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Physician</td>
<td>50%</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Nurse</td>
<td>40%</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

However, whether hospitals use an approach that is heavier on the internal staffing (and higher fixed cost) or more aggressive spending on outside search help (and higher variable cost), the results are negligible. So where do they go from here?

WHICH STATEMENT BEST SUMMARIZES YOUR ORGANIZATION’S CURRENT RECRUITING SITUATION?

- Quick turnaround, but not all candidates are qualified to do the job
- We can’t find enough candidates
DO HOSPITALS HAVE A FOCUS PROBLEM?

Across all sizes of hospitals, cost per candidate was the number one concern of recruiters. There's no question that managing expenses is important, but have we hit the point of being penny-wise and pound foolish?

TOP HIRING CONSIDERATIONS FOR HOSPITALS

When asked to rank in terms of importance, respondents rated the following criteria either their first or second priority.

- **62.5%** Time to fill the position
- **50.4%** Cost per candidate
- **33.3%** Candidate experience in a specific position
- **23.5%** Building a talent pipeline/bench
- **12.3%** Candidate flexibility (work multiple positions)
- **8.8%** Potential candidate development trajectory

The lack of qualified candidates to fill critical roles in hospitals of all sizes and locations should place extra emphasis on retaining current staff and avoiding the lengthy and costly replacement process. In our last survey report, *Hospital Staff Hiring & Turnover: The Other Elephant in the Room*, we were able to quantify the turnover challenges facing hospitals.

Turnover in the hospital industry is rampant, and it's leaving hospitals and hospital hiring teams with serious problems. Alarmingly, 42.8 percent of respondents have been with their current hospital for fewer than two years and 65.7 percent have been with their current hospital for fewer than five years. The most shocking numbers? 37 percent of candidates plan to leave their current hospital within the next two years and 68.6 percent plan to leave within five years.

The survey data would suggest that employee retention needs to be a significant part of any staffing solution. Yet, when asked to rank their priorities within human resources, hospitals indicated that hiring ranked as the third most important, while employee retention and related culture and career development ranked near the bottom of the list.

“37 PERCENT OF CANDIDATES PLAN TO LEAVE THEIR CURRENT HOSPITAL WITHIN THE NEXT TWO YEARS AND 68.6 PERCENT PLAN TO LEAVE WITHIN FIVE YEARS.”
The primary focus of today’s HR departments is on what people are paid – which can be argued is perpetuating the industry turnover. Couldn’t a renewed focus on career development and culture help solve the hiring challenge?

CONCLUSION

Hospitals of all sizes and locations are in an increasingly desperate battle to find the candidates that will allow them to function at a high level of service and profitability. Stemming the flow of employee losses by understanding what is driving such high turnover rates should be a priority. Equally important is rethinking how recruitment and hiring works best in a world with a shortage of talent. The likely answer is that the best run hospitals are going to operate with a group of highly performing, low turnover permanent employees. There will need to be a continuous headcount of interim people (far more than you might think) in the hard-to-fill positions and the hospital adopts a culture whereby the permanent and interim employees embrace each other as a team – similar to what occurs across the industry with travel nurses, but at a higher level. The economics make more sense, and the results will be better.

Leaders For Today is a 15 year old national healthcare interim and permanent staffing company headquartered in Wellesley, MA.