Physician Talent Management:
The Special Challenges *and Rewards* of Engaging, Retaining, and Integrating Physicians in Today’s Healthcare Organizations

A complimentary whitepaper
from CTI’s Physician Leadership Institute

Physician Leadership Training and Development Services from The Physician Leadership Institute™ have earned the exclusive endorsement of the American Hospital Association
Healthcare Help Wanted

Healthcare CEOs are concerned about the lack of bench strength in their organizations. They are worried they lack sufficient "ready now" physician candidates to replace both planned and unplanned losses of key leaders. Without physicians who are prepared to step into leadership positions, the continuity and future performance of the organization is at risk. Consider these key contributing issues:

1. Healthcare is a high turnover industry. Medical executive leadership positions are planned for short tenures, usually assuming 100 percent turnover every one to two years.
2. Healthcare organizations traditionally have done little to plan for the transition of key leadership and even less to prepare for unexpected vacancies, resulting in high replacement costs, loss of revenue, decreased performance, and shrinking market share.
3. Physician alignment, engagement, and leadership are lacking due to many factors including, M.D. bias, clinical culture, and deficient business acumen and other non-clinical skills.
Physicians: A Talent Management Challenge

A hospital, no matter the size or type, can only be as good as the talent that it employs. The pressure to achieve, and prove, a high level of performance has never been greater. Only those hospitals that know how to recruit, retain, and advance the best talent will succeed.

Unfortunately, healthcare lags distressingly behind every other industry sector, from manufacturing to financial services, in succession planning and leadership development. Only seven percent of healthcare organizations are prepared to deal with the sudden loss of key leaders and 44 percent consider themselves to have “merely adequate” bench strength.*

The High Cost of Turnover

Physician turnover rates are at record levels, with an average annual rate of nearly seven percent and up to 20 percent for physicians in their first three years of practice.

The consequences of these high turnover rates reverberate throughout the organization, affecting productivity and morale of other front-line employees, perpetuating an endless cycle of recruit-lose-recruit for human resource staff, damaging the quality of care, decreasing levels of patient satisfaction, and costing the organization millions of dollars each and every year.

The real costs of physician turnover are staggering:

Consider a hypothetical hospital that employs 100 doctors at an average annual salary of $225,000. Assume an overall turnover rate of 10 percent, or 10 physicians each year. Replacement costs, including recruiter fees, advertising costs, administrative overhead, interview and orientation time spent, are, conservatively, $50,000 per physician. Add to that the lost revenue, which averages $1.2 million per lost doctor, and the total is $1.25 million for each of the ten positions turned over. The total tangible costs for this hypothetical hospital is $12.5 million in a single year! For larger organizations that employ hundreds, or even thousands, of physicians, the tangible (and intangible costs) are exponentially higher.

With so much time and money devoted to simply retaining an adequate number of physicians to treat patients, it is little wonder that succession planning for key leadership roles is also neglected.

Turnover happens at all levels of healthcare organizations and when key leaders resign the impact can be monumental. Leaders do more than set policy, manage staff, and control budgets. They set the tone for the organization’s culture and determine its strategy for success.

**Essential Succession Planning**

Succession planning is an essential component of comprehensive strategic planning. It is not simply a matter of identifying candidates to be the next CEO. It is a continuous process of building a core team that forms, expresses, and executes the organization's values, vision, and strategy. A good succession plan makes it possible to:

- Sustain organizational values, culture, and operations through leadership transitions and over the long term.
- Make all major transitions—planned or unplanned—seamless with little or no impact on overall productivity.
- Demonstrate respect and appreciation for retiring leaders, while preparing their replacements to immediately and effectively take the reins.

Good succession planning is possible only when talent management is treated as a continuum—from recruitment to retirement—with many development steps in between.

**Engaged to Lead**

Physician engagement, or the lack thereof, has been the cause of much consternation for healthcare organizations over the last several years. But let us be clear in stating that the vast majority of physicians are extremely engaged in caring for patients and all clinical aspects of their work. The issue of insufficient engagement arises in the context of healthcare transformation, or that heretofore elusive goal of known as the triple aim—to improve population health and the patient experience of care, while reducing costs.

Achieving the lofty goals of the triple aim depends on massive changes in traditional healthcare processes and culture, an area of expertise in itself and not one that is taught in medical school or resident training.
Bundled payments, value-based transitions, service-line challenges, ACO requirements, ICD-10, meaningful use, big data, and population health management may be considered opportunities to engage by government regulators and healthcare organization executives, but physicians can perceive them as interference and distractions that threaten to change the very fabric of what it once meant to be a doctor.

Physicians are as essential to healthcare as pitchers are to baseball teams, or chefs to restaurants. Very little happens without them. Physicians are the talent around which the rest of the organization is built. For healthcare organizations to succeed with the massive transitions underway, physicians must be more than engaged. They have to lead the way. And that means further developing some of the talents that were overlooked in medical school.

**Physician Talent Management**

Forget using a “one-size fits all” approach to talent management. Physicians are a breed apart, and that’s a good thing! They belong to an expert culture that values individual excellence above all else. Other healthcare professionals, such as nurses, therapists, administrators and support staff, usually train and work in groups, where they learn to avoid taking risks and causing conflict.
Physicians, in contrast, tend to be individualistic risk-takers who prize their autonomy. They possess a fierce dedication to patient care, above all other considerations, and are more likely to be motivated by intrinsic, self-driven factors rather than by group values. This passionate motivation requires a very different approach to meaningful and effective talent management and must be considered for the successful recruitment, onboarding, alignment, engagement, and retention of quality physicians.

First Things First: Onboarding

Also unique to physicians is the expectation that they will be ready to hit the ground running and provide patient care immediately. Generally, they cannot indulge in long lunches with peers and supervisors to informally orient them to the goals and culture of your organization. Even getting them to the usual formal orientation is challenging, with many physicians attending 50 percent, or less, of scheduled sessions. Most traditional onboarding activities that other staff experience are considered luxuries in a physician’s schedule.

Even more important than scheduling and delivery of onboarding is a keen focus on the goals of the onboarding process. What can and should a physician onboarding process accomplish? If the goal is establish and maintain a mutually beneficial relationship with productive, engaged, and content physicians, the onboarding program should prepare them to:

- Explain the organization’s culture, values, and vision.
- Think like an owner with strong financial and business acumen.
- Describe your organization’s business process and the physician’s role in financial management.
- Use collaboration best practices in their work with team members.
- Define their personal values and ensure that daily work practices are in alignment with those values.
- Identify waste and improve efficiency.
- Improve the patient experience and overall customer satisfaction.
- Apply strategies for innovating new markets and growing their practices.

This is an ambitious, but not unrealistic, set of goals and reaching them puts your new physicians on a path to becoming true leaders.
Talent Management & Leadership Development

Of course, not every physician is destined to be a future CEO, or even a high-level executive. But every physician must effectively align with your organizational values, engage in the process of transforming and improving the patient experience, and build a culture of collaboration and trust. And in order to do all that, physicians must lead.

And leaders are created through a systematic talent management and leadership development process.

You can lead your organization to greater success by making these changes:

1. **Commit to building physician leaders for the healthcare system of the future**, not the past. Define the skills your physicians need for success, beyond clinical expertise, including leadership skills and business acumen.

2. **Recognize the value of structured talent management, leadership development, and succession planning**. Develop your physicians’ leadership capability so that they can succeed in turning your organizational mission into action, every day with programs that give them essential skills that they did not learn in medical school.

With these two driving principles, you can create a talent management system that creates leaders who are engaged and who embrace the opportunity to be catalysts for continuous improvement.

![Chart illustrating high complexity hospital departments requiring "A" level leadership.](chart.png)

**Zone III - High Complexity**

- 63% of departments are H³

This chart illustrates the highly complex hospital departments that require “A” level leadership.

Take the OR as an example: only 19% of leaders are excelling and succeeding where 81% are struggling or failing.

Healthcare HR professionals must advocate to develop these leaders through a dedicated physician talent management strategy!
Leadership First
Because physician leaders are actively participating in the direction of their organizations, it naturally follows that they are happy in their work and remain committed to the organization and its success. They find ways to align the organization’s culture and mission with their own values and priorities, and they create the same environment for their teams.

Leadership is the common thread that connects all three of the CEO concerns that we covered in the introductory overview: turnover, succession, and engagement. By teaching physicians how to lead, they become more engaged and aligned, which increases retention, thereby reducing turnover, while also providing more candidates ready and willing to fill key leadership positions with minimal disruption. And to create physician leaders, you need a physician talent strategy.

A Physician Talent Strategy will rapidly forward the goals of your strategic plan.
It is a tactical solution that creates:
- Physician and Administrator collaboration
- Better on-boarding and engagement of new physicians
- Leading engagement from physicians
- Enhanced trust and teamwork
- A sense of belonging
- A competitive advantage
- A bench of talent with true leadership capacity
- A succession plan that gets long-term results
5 Tips for Getting Started with a Physician Talent Management Strategy

1. **Identify physician leadership roles needed and define the competencies required for each role, such as:**
   - Department Chair
   - Division Leader
   - Medical Executive Committee Member
   - Team Leader
   - Medical Director

2. **Assess the current bench strength of your physician talent pool and select high-potential physician leaders, using the competencies you have identified.**
   Match available talent to the competencies and skills needed within the desired roles.
   Compare present performance against future potential by:
   a. Observing physicians in action
   b. Reviewing special assignments on committees
   c. Asking the clinical and administrative team for input and information
   d. Considering a nomination and selection process
   e. Considering replacement charting
Only after this effort to define success factors and map them to existing talent should you undertake the expense and effort to recruit additional talent.

3. **Engage your future physician leaders in a dedicated program where you:**
   
a. Assess talent using 360° Assessment Process, Trait Rating, and Talent Mapping
   
b. Identify leadership performance/skill gaps according to an evidence-based Leadership Skills Profile
   
c. Close gaps with a Leadership Development program that emphasizes formal mentoring and helps individuals realize career plans they may not have thought possible!

4. **Make a plan for succession and continual onboarding of talent.**
   
   This will ensure the cultural fit and retention that will give your organization a competitive advantage. Never underestimate the power you have in creating healthcare transformation through your bench of physician leaders.

5. **Regularly review your strategic plan and make sure to continually align physician leadership roles, competencies, skills, and success factors to support it.**
   
   Administrative and clinical leaders must have stake in the physician talent management process and be rewarded for their efforts to develop more physician leaders.

**Final Thoughts from Physician Leadership Institute**

**Physician Talent Strategy is an untapped lever in healthcare organizations.** With such a fast-paced, changing environment, healthcare senior leaders should be developing their clinical leaders through succession planning and talent development— a systemic way to identify key roles, skills, and traits needed to be successful in the role, assessment of the talent, and a process for developing the talent through a leadership institute, accompanied by mentoring and coaching.

To learn more about our comprehensive Physician Talent Strategy solutions, including assessment, leadership development, and coaching, contact:

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