

WHITE PAPER

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EXECUTIVE SEARCH SOLUTIONS

Leadership Turnover in Long Term Care



Nursing Home Leadership Turnover

Approximately 40% of Nursing Home Administrators leave their jobs each year. Directors of Nursing leave their positions at a slightly higher rate. Executive Search Solutions' research reveals that the average tenure for Nursing Home Administrators and Directors of Nursing falls just short of 3 years. Many facilities are forced to conduct new searches for Administrators and Directors of Nursing annually. Advertising is costly, pre-employment background and drug screenings are expensive, and training is time consuming. Nursing home leadership turnover is both costly and disruptive.

While the direct cost of leadership turnover is high, there are also indirect cost implications to consider, such as:

- Diminished productivity/performance differential during early employment
- Lost expertise
- Negative client / family perception
- The detrimental effect management turnover has on staff morale
- Potential front line staff turnover as a consequence of changing leadership

Conventional wisdom asserts that the most common reasons for staff turnover are career advancement ambitions, a need for higher compensation, and a desire to escape incompetent or unpleasant management.

While advancement, compensation, and management style surely do contribute to staff attrition, the primary cause for nursing home leadership turnover may be poor hiring practices. Without utilizing best practices in hiring, a company sets the stage for imprudent candidate selection, employee dissatisfaction, and decreased tenure.

Proper interviewing technique aimed at comprehensive candidate assessment and competency screening can substantially impact tenure, and thereby profitability, by ensuring a harmonious professional relationship from the start. Placing a candidate who fits a management position well from an ideological perspective is a critical first step towards promoting organizational stability. A quality hire at the management level can mean a facility staffed with inspired, engaged employees who have confidence in their leaders and are driven to perform.

Reducing Nursing Home Leadership turnover begins with making quality hires.

The High Cost of Nursing Home Leadership Turnover

An MIT Sloan study states that the cost of employee turnover is up to 150% of the employees' remuneration package. The study suggests that becoming an employer of choice begins with a careful search for valued employees utilizing thorough screening tools in order to secure candidates with basic values congruent with the organization's service ethic (MIT Sloan 1991). Providing a clear, accurate preview of the job and organization culture is essential, and should be coupled with thoughtful orientation processes aimed at creating an ownership mentality. Taking a "start as you intend to continue" approach increases the likelihood of forming a lasting productive relationship, beginning at the candidate stage.

The American Health Care Association performed a study in 2008 which showed annual retention rates within the long term care industry are a mere 49%. (American Health Care Association Department of Research, reported October, 2010). In other words, up to half of all nursing home or long term care workers leave their jobs in the course of a year.

When we consider the cost of Leadership turnover company-wide, the expense can be staggering. Example: For a long-term care organization with 25 healthcare centers experiencing Nursing Home Administrator and Director of Nursing turnover of 40% at an average wage of \$80,000, the hard and soft costs could reach \$2,400,000 annually.

Prevalence of Turnover

Nursing home leadership turnover is a widespread issue. A survey conducted by ESS of three large national LTC providers totaling over 150 buildings yields similar top level staff Turnover Rates for 2010.

2010	
<u>POSITION</u>	<u>TURNOVER</u>
Director of Nursing	47.23%
Administrator	43.12%

The competition for talented long-term care leadership has intensified in recent years.

Reasons for increased competition include:

New, more creative forms of compensation and bonus structures implemented by private owners and private equity-backed organizations.

New facility dynamics such as, culture change and express recovery / high acuity models, attract some top-shelf NHAs from more traditional or custodial nursing home environments.

Newly built or dramatically remodeled nursing homes are attracting successful NHA's away from healthcare centers with traditional 30- 40 year old physical plants.

Nursing home organizations have recognized the value of securing top talent and have turned to aggressive recruitment strategies to attain the most successful professionals.

The expansion of elder care service lines such as, assisted living, home health, and hospice, have created new professional avenues for professionals who might otherwise focus on careers within Nursing Homes.

Appendix A below, from the AHCA's 2008 survey, further illustrates how widespread a problem LTC management turnover is:



REPORT OF FINDINGS 2008 NURSING FACILITY STAFF VACANCY, RETENTION AND TURNOVER SURVEY, APPENDIX A (© October 2010, American Health Care Association Appendix A 3)

T. Administrative and Management – Administrator

	Retention	Turnover	Vacancy		Retention	Turnover	Vacancy
United States	65.8%	22.9%	1.3%	Mississippi	73.1%	13.0%	0.0%
Alaska*				Montana*			
Alabama	78.4%	13.3%	3.4%	North Carolina	50.6%	40.7%	0.0%
Arkansas	64.3%	20.0%	0.0%	North Dakota	95.2%	0.0%	0.0%
Arizona	52.2%	53.3%	7.7%	Nebraska	75.4%	7.8%	0.0%
California	52.5%	36.8%	3.2%	New Hampshire	85.3%	6.2%	0.0%
Colorado	78.8%	17.9%	0.0%	New Jersey	80.9%	14.6%	0.0%
Connecticut	64.3%	24.4%	0.0%	New Mexico	52.5%	29.0%	5.0%
District of Columbia*				Nevada	66.7%	20.0%	0.0%
Delaware	88.2%	6.3%	0.0%	New York	68.7%	11.7%	0.0%
Florida	71.8%	23.8%	0.0%	Ohio	61.1%	22.7%	1.0%
Georgia	65.7%	25.7%	0.0%	Oklahoma	46.2%	36.8%	0.0%
Hawaii	62.5%	60.0%	0.0%	Oregon	51.7%	38.1%	0.0%
Iowa	97.9%	6.8%	4.7%	Pennsylvania	61.5%	23.8%	2.2%
Idaho	60.7%	21.7%	0.0%	Rhode Island	66.7%	14.3%	0.0%
Illinois	67.9%	16.7%	0.0%	South Carolina	72.0%	31.6%	0.0%
Indiana	55.9%	32.0%	1.4%	South Dakota	67.9%	12.0%	0.0%
Kansas	73.5%	16.7%	0.0%	Tennessee	75.0%	10.3%	0.0%
Kentucky	71.4%	21.7%	5.1%	Texas	72.5%	15.9%	0.0%
Louisiana	65.0%	14.3%	3.0%	Utah	54.2%	65.5%	0.0%
Massachusetts	57.5%	29.2%	3.0%	Vermont	62.5%	23.1%	2.9%
Maryland	76.7%	10.3%	0.0%	Virginia	50.0%	33.3%	0.0%
Maine	65.5%	26.1%	0.0%	Washington	53.3%	57.9%	0.0%
Michigan	66.7%	25.0%	1.4%	Wisconsin	63.3%	30.4%	0.0%
Minnesota	69.5%	17.3%	0.0%	West Virginia	70.0%	13.6%	7.7%

*Data is insufficient for meaningful analysis.

Hiring and retaining top quality management staff can help to stabilize an entire facility

Implications of Management Turnover on Direct Care Staff

Another compelling reason to quell management turnover is the potential expense of replacing front line nurses and caregivers. In his 2005 article *Turnover Begets Turnover*, Nicholas G. Castle illustrates the theory that LTC top management turnover has downstream turnover implications with regard to direct care staff:

Abstract

PURPOSE: This study examined the association between turnover of caregivers and turnover of nursing home top management. The top managers examined were administrators and directors of nursing, and the caregivers examined were registered nurses, licensed practical nurses, and nurse aides.

DESIGN AND METHODS: The data came from a survey of 419 nursing facilities and the Online Survey, Certification, and Reporting system. Multinomial logistic regression analyses were used to examine the association between turnover of nursing home top management and turnover of caregivers.

RESULTS: A 10% increase in top management turnover is associated ($p < .05$) with a 21% increase in the odds that a facility will have a high turnover rate of nurse aides and is associated ($p < .05$) with an 8% decrease in the odds that a facility will have a low turnover rate of nurse aides. A 10% increase in top management turnover is associated ($p < .1$) with a 30% increase in the odds that a facility will have a high turnover rate for registered and licensed practical nurses.

IMPLICATIONS: This study provides preliminary evidence that the turnover of top managers may have an important influence on caregiver turnover in nursing homes.

Upper Management Turnover (NHA / DON)

Supervisory Turnover (RCM / ADON)

Front Line Staff Turnover (LVN / CNA)

Solutions: Recognizing the right choice

An interview is only as valuable as the interviewing skills of the hiring authority. Unfortunately, not much training is given within the long-term care industry in this regard. For those less studied in interviewing techniques, there is a critical need to replace commonly asked questions with questions designed to gain deeper insight. The goal should be to discover what drives a candidate and whether this opportunity fits his or her personal and professional goals. For instance, if your environment is highly structured and monitored, you should be skeptical of achieving long term tenure when hiring candidates that state they rate autonomy as a priority in job satisfaction. Thoughtful interview questions can help determine if a candidate is self aware, accountable, and engaged.

Samples of quality interview questions include:

In what ways do you see this position stretching your professional capabilities?

- The question is designed to determine if the nursing home will provide long-term challenges and engagement for the candidate.

In what ways does this position meet your personal goals?

- Designed to determine a professional and lifestyle match. For example, the position may allow a candidate to move closer to family.

What is the toughest feedback you've received and what did you learn from it?

- Designed to determine if a candidate is coachable and open to adapting strategy for the long term.

Where have you shown the greatest improvement over the course of your career?

- Designed to determine if a candidate is professionally self aware and flexible enough to overcome challenges.

What you do enjoy most about your current position?

- This question will help you understand whether your environment or organization will accommodate the candidate's needs / wishes.

What do you enjoy least about your current position?

- Designed to help you understand whether your environment will offer similar challenges and potentially lead to short tenure.

What would be your expectations of me as your leader?

- Designed to get a feel for management style compatibility.

Additional assessments

Many Long-term care organizations utilize behavioral assessments, such as Predictive Index and Winslow Testing. Data Dimensions Assessment is another well designed tool. This program measures several skills through observation of behaviors and formal testing over the course of a full day. Most successful administrators tend to score highest in interpersonal and organizational sensitivity, communication skills, analysis and critical thinking, and financial awareness. If an organization does utilize these tools to perform candidate assessment, it is helpful to retrospectively examine pre-hire assessments and testing to find correlations for success and determine a baseline for new leadership screening.

Examples of behavioral assessment tools include;

- Winslow Testing
- Predictive Index
- Previsor
- Brain Bench

Finding the match in shared purpose

The majority of sizable LTC organizations have a well thought out mission statement. An important step to finding employees that will stay and grow with an organization is to find an employee with shared purpose.

Many elder care professionals at the direct care level will measure commute and compensation foremost when choosing employment. However, higher-caliber professionals want more than a job at market wage, close to home. These employees seek purpose.

Some executive-level employees value the shift to person-centered care. For example, a progressive “Green House” method of providing nursing home care, or the “Eden Alternative” concept (both developed by Dr. William Thomas). Others prefer high-acuity models such as express recovery wings tailored to the rehabilitation of patients with a goal to return them to prior levels of function. In comparison, some managers value traditional nursing home structure and believe strongly in supporting community. For example, for a rural facility with a traditional physical plant, the purpose might be to provide quality care to residents who have lived in the area all their lives and would be far from family elsewhere. Perhaps a facility may pride itself on being the largest employer in a small town. In these cases, finding qualified employees who are also invested in the local community will be paramount.

Regardless of the purpose, employees who are energized by your cause and embrace your mission will be best equipped to carry the health care facility forward into the future. Employees with shared purpose tend to be more passionate about the work, generate better results, and are more loyal to the organization over the long term.

Summary

Reducing Nursing Home Leadership turnover begins with making quality hires.

With a series of assessments that include thoughtful interviews, reference checks, and possibly behavioral tests, we can not only determine candidate skills, strengths, and areas in need of development, but also discover primary purpose and underlying motivations. Only when you have a match in all areas can you reasonably expect a quality hire.

If you need assistance attracting and securing high-caliber candidates who not only produce quality results but also believe in your cause and embrace your mission, please contact us for recruitment support.

www.ExecutiveSearchSolutions.com

List of references

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About Executive Search Solutions

Executive Search Solutions has assisted healthcare organizations to attract top talent in a variety of senior care sectors since 2005. In this timeframe we have completed over 1,500 critical searches for our clients. Our primary customers include skilled nursing facilities, assisted and independent living centers, continuing care retirement communities (CCRC), rehabilitation organizations, and home health and hospice agencies.

Our Team

Executive Search Solutions has assembled an exceptional group of Search Consultants with over 75 years of combined experience. Many of our recruiters have complementary LTC backgrounds including experience as Regional Vice President of Operations, Nursing Home Administrator, VP of Human Resources for a privately held nursing home chain, and Director of Recruitment and Assessment for a publically traded long-term care operator.

Our Guarantee

Executive Search Solutions provides a replacement guarantee for all of our clients, and in many cases defer a portion of the search fee until our candidate meets their one year anniversary.