



# 10 Steps to Growing Your Own Healthcare Leaders, Or How to Fill Your Critical Roles

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Working at HealthcareSource, we're often asked about strategies related to filling critical roles.

The conversation usually goes something like this:

"We're having a really difficult time hiring for nurse managers <or insert other job title here>. There just doesn't seem to be enough people in the market for these kinds of jobs. How can we hire more effectively for this role? What are we missing?"

And my answer goes something like this:

"You're doing it wrong. You need to be growing and promoting your talent from within wherever and whenever you can, for most of your critical roles. You should focus your external hiring on more junior talent with a strong focus on behavioral competencies, retention markers, and long-term growth potential — only moving to a hiring strategy for critical roles when you absolutely have no choice, which should be pretty rare if you're proactively engaged in workforce planning conversations."

At this point in the conversation, one or two things will happen. Folks will either have an "aha" moment and ask some great questions that get them moving in the right direction, or they will begin launching excuses as to why this won't work at their organization.





## No Excuses – Growing Your Own Healthcare Talent Makes Sense

Let's knock down the excuses by laying out some critical research in this area. In 2011, Wharton management professor Matthew Bidwell wrote the research paper "Paying More to Get Less: The Effects of External Hiring Versus Internal Mobility." This seminal work established, for the first time, distinct performance and tenure outcomes linked to the hiring of internal vs. external candidates. There were four key findings from his research:

1. "The two most common forms of internal mobility — simple promotion and simple transfers — lead to significantly higher initial performance than external hiring." Within this broad conclusion, Bidwell finds two important patterns:
  - "Workers who entered the job through simple promotions perform better than external hires on all measures and in all specifications. Simple transfers also outperform external hires initially in all specifications ... and over the full duration of the job using contribution, which is the performance measure most closely tied to objective results."
  - The performance gap lasts for an average of two years before the external hires fully catch up.
2. "All internal movers received significantly lower salaries than external hires. ... Internal movers also received lower total compensation than external hires when looking across all observations." He also found that the size of this effect is quite large:
  - "Initially, workers entering their jobs through simple promotions receive salaries and total compensation that are around 15 percent lower than external hires."
  - "The interaction coefficient with time in job suggests that the salaries of simple promotions would only catch up with external hires after seven years ... and that their total compensation would never converge with external hires'."



3. “[External] hires were much more likely than internal movers to receive below median performance ratings.”
4. “External hires have higher involuntary and voluntary exit rates than workers entering the job through either simple promotions or combined promotions and transfers. External hires have around a 61 percent higher hazard rate of involuntary exit than workers entering through simple promotions, and a 21 percent higher hazard rate of voluntary exit.”

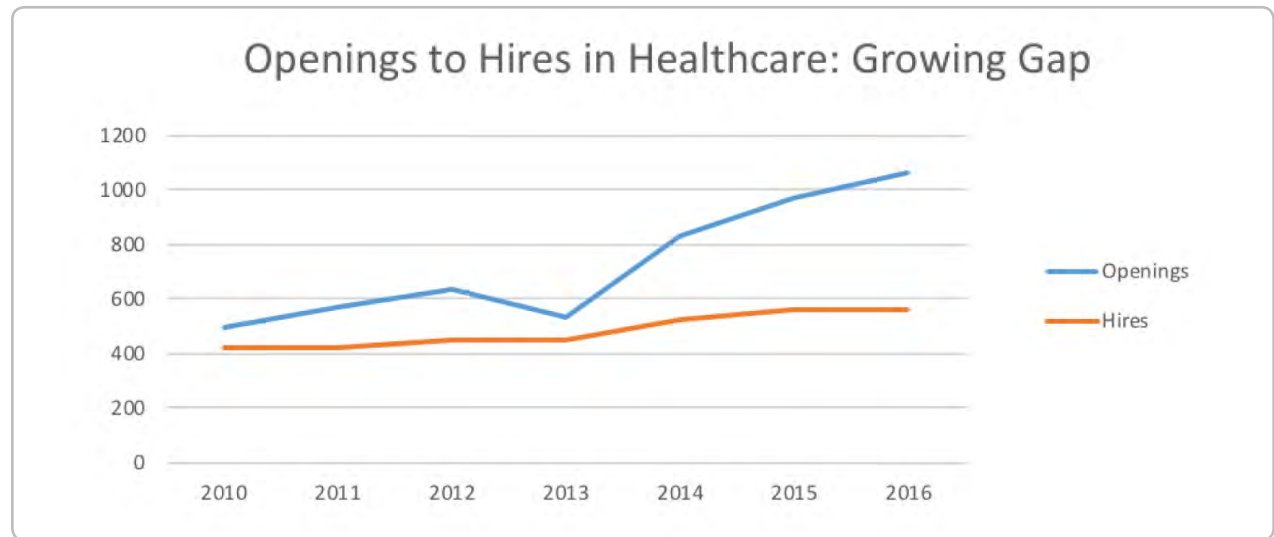
In conclusion, Bidwell writes: “Results show that external hires have worse performance than internal movers while being paid substantially more. Compared with workers entering a job through simple promotion, the most common form of internal mobility, external hires receive significantly lower performance evaluations for their first two years in the job yet are initially paid around 18 percent more.”

But we can’t look at Bidwell’s insights in a vacuum. Consider, for example, the context of the massive gap between the overall number of available workers and the overall market demand we see in healthcare, and nursing acquisition in particular, today:

- According to Bureau of Labor Statistics projections, the U.S. will be short 1.2 million nurses by 2022.
- Even today, one third of hospitals are facing vacancy rates of 10 percent or more.



And of course, there is this sobering chart that visualizes the Bureau of Labor Statistics' data and illustrates the growing gap between a significantly increasing number of healthcare job openings and an almost flat rate of hiring. The gap in the middle represents all the jobs not being filled.



Given the research by Wharton and the above data on the current and emerging talent gaps in healthcare, the conclusion here mostly writes itself: You need to stop hiring externally for critical, hard-to-fill roles and instead focus your attention on growing those people from within.





# Get Started with a Grow-Your-Own Strategy

To successfully grow your own talent for critical roles, your long-range goal should be to make promoting or transferring from within your default “fill” strategy. And to do this, you need to lay the groundwork to put a solid talent management infrastructure in place. Here’s what you need to do:

## STEP 1: Identify Your Hard-to-Fill, Critical Roles

For healthcare organizations, nursing is an obvious starting point. Nurse managers (and leadership overall), neonatal nurses, nurse anesthetists, dialysis nurses, home health nurses – these are all critical, hard-to-fill roles for most organizations. Therapist roles (OT, PT, or speech) are also in high demand. But you really need to understand your own organization’s specific gaps, which you can determine by reviewing your time-to-fill metrics by role.

## STEP 2: Prioritize Your Roles for Internal Mobility

Identify those hard-to-fill, critical positions that would benefit most from an internal mobility strategy and rank them by potential impact. Look for two key factors:

1. The position should have a clear path related to skill and competency progression.
2. Your organization should have a good number of people in roles at the beginning and along this path.

Together, these factors ensure that the role requires skills and competencies you can grow over time through mentoring and training. It also helps ensure you are investing time and energy in a project that will have positive business impacts, because you’ll have enough turnover to support a healthy pace of mobility.

## STEP 3: Do Your Diligence to Identify the Requirements

Take one of the critical roles from your prioritized list and then identify the required skills, competencies, accreditations, licenses, etc. Interview employees currently in that role to better understand their complete career paths. Are there patterns in the roles they previously held? You should also try to understand what they like about their current role and what attracted them to it in the first place.



## STEP 4: Chart a Career Map

Using the information you've gathered, create a career map for the target role. Describe the position in terms of core requirements (skills, competencies, accreditations, and licenses), typical career paths, and common experiences. Also note any commonalities you discovered in shared attitudes of current top performers and shared beliefs about why they were attracted to the role.

## STEP 5: Create a Learning and Development Plan

The learning and development plan should include all the necessary formal learning associated with the career map. Be sure to include observational requirements and anything that needs to be obtained externally (like licenses). You can use a learning management system or performance management technology to help manage it. If your tool supports it, you can add in any experiential expectations like time in a role or in a job rotation. You can also see if your tool will allow you to divorce learning activities from competency evaluations so candidates may be evaluated against readiness, rather than their chosen learning method.

## STEP 6: Consider Feeder Roles

If you identify a clear pattern of feeder roles that repeatedly lead to the critical job you are targeting, repeat the first five steps for all of them. And then if additional clear patterns emerge, repeat the process again. Follow that trail back until you find job roles filled with generalists or a highly varied list of positions.

If you don't identify the major arteries leading to the hard-to-fill, critical role, then you run the risk of propagating the problem one level deeper in the progression. You need to make sure there are enough candidates and employees at each stage of the journey in the same way that there needs to be enough blood to support the full circulatory system. Too little and the whole circulation grinds to a halt and you are back to hiring externally — albeit perhaps a few levels deeper in the progression.





## STEP 7: Communicate It

Once you have your strategy for a specific critical role, put together a change communication plan to all hiring managers and organization leaders. Have one-on-one meetings with those who have feeder roles on their staff, as they will be the most affected parties. Once the leaders are on board, roll out a broad communication to the organization, highlighting the benefits of this approach. Include a visual career map for the role with the requirements for each step of the journey. Highlight the support available in the form of training or performance development tools.

## STEP 8: Develop Pipelines from Bottom to Top

Start your project by working to increase the number of viable candidates and potential hires at the first-level feeder roles. When you have a strong pipeline of folks in progress, move up a level and do the same. Keep moving up until you begin building pipeline for the role that started you on this journey. By now, you should have a solid foundation that will support the full career lattice that leads to your critical, hard-to-fill role. Along the way, you will almost certainly have addressed another critical role or two, or likely laid some foundation for another family of roles.

## STEP 9: Measure, Adjust ...

Measure the impact of what you've done. Compare the before and after turnover rates for the role you've addressed. Compare job performance. Compare average salary (and be sure to compare rates of change in the affected role vs. that across similar clinical roles). Compare time-to-fill, and then calculate cost-of-vacancy reductions from your reduced time-to-fill. Use your savings to justify continued investment in this process, including, if necessary, headcount additions for your team.

## STEP 10: ... Repeat

When you are ready, start tackling the next role, ideally building on some of the foundation you've already built. Undoubtedly, the above list will seem daunting to most readers. And it is. The alternative, however, is far more daunting. If you decide to ignore the Wharton research, then your biggest problem with external hiring is *just* that there is a growing talent shortage for critical clinical roles that will make external hiring increasingly





difficult each and every year for the next decade. If you decide to ignore the ever-growing talent gap, then your biggest problem with external hiring is *just* that you are paying significantly more to ultimately get lower performance and an increased risk of both involuntary and voluntary turnover. Separately, these are incredibly daunting challenges; collectively, they represent business risks that will threaten the financial viability of even the best-run healthcare organizations.

In the end, the real question for talent leaders isn't whether this is hard work – the real question is whether you want to be in control of your own destiny or remain at the mercy of larger market forces, over which you have no control. A strategy focused primarily on external hiring leaves you at the mercy of the market. A strategy focused on growing your own talent means you can reduce your dependence on the market and exert far greater control over your hiring practices, reducing your overall business risk for years to come.

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