



## Why Senior Nursing Officers Matter

A National Survey of Nursing Executives

Dear Colleagues:

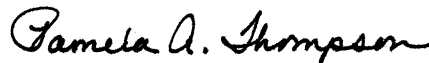
The health care industry is full of challenges and opportunities. Everyone is working harder and smarter to meet its growing demands of this industry. Change is a constant. To keep up with new trends, health care workers must be committed to learning on a daily basis, and the senior nursing officer (SNO) is no exception. This role has changed dramatically over time: Nursing leaders have become key members of the executive team, and their contributions are critical to organizational success.

To discover how SNOs are coping today with new challenges, we felt it was time to update past surveys. The 2003 Senior Nursing Officer Survey was conducted by Ballein Search Partners in cooperation with the American Organization of Nurse Executives. The outcomes highlight the important contributions made by SNOs, and many other insightful trends have emerged. Key findings are included in this summary report for your review.

Please accept our personal thanks to those who participated in this study. Your time is extremely valuable, and this report would not be possible if you were not willing to give of yourself, again. The dedication shown by SNOs is an inspiration to us all: What better role model could there be in health care? Best wishes for your continued success.



Kathy Ballein, MS, RN  
President, Ballein Search Partners



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AONE Chief Executive Officer

## POSITION HIGHLIGHTS

The senior nursing officer (SNO) position has continued to evolve with more responsibility, increased compensation and, as one would expect, different challenges and frustrations.

**SNOs matter** because they oversee the only product in health care organizations—**patient care delivery**. Their expanded responsibility reflects the importance of that product, and SNOs need to influence strategic decisions at the executive table. It is incumbent on the SNO to perform at a higher level than expected in the past; he or she must continue personal and professional growth to meet those demands. This survey shows just how important the SNO is to the health care delivery system—it also delineates their learning needs.

The SNO has an average of 822 FTEs in his or her span of control, down slightly from 864 FTEs in 2000. In the past five years, 70% of respondents have experienced increased responsibilities while 13% have fewer responsibilities. The largest portion (45%) of those with reduced responsibilities were in the central region of the country.

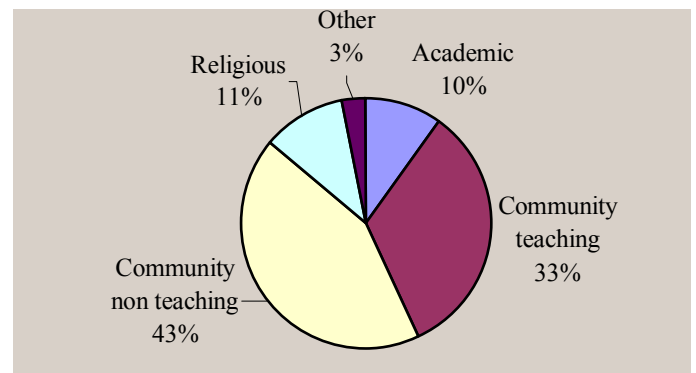
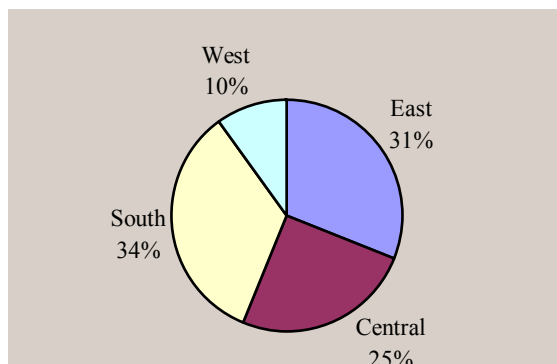
SNOs today are responsible for 43% of the total organizational budget, exactly the same as in the 2000 survey, but total budget responsibility increased from \$64.8 M to \$90.1 M. This probably reflects the rising costs to provide care, considering that the total number of FTEs has declined.

Average Budgets by Region			
<i>East</i>	<i>Central</i>	<i>South</i>	<i>West</i>
\$69,353,000	\$103,844,000	\$100,407,000	\$81,273,000

Average Budgets by Affiliation			
<i>Academic</i>	<i>Community teaching</i>	<i>Community nonteaching</i>	<i>Religious</i>
\$91,477,000	\$111,816,000	\$89,773,000	\$48,126,000

61% of respondents report they have position responsibilities comparable to that of the traditional chief operating officer (COO) position.

### Responsibilities Similar to COO



## Executive Team

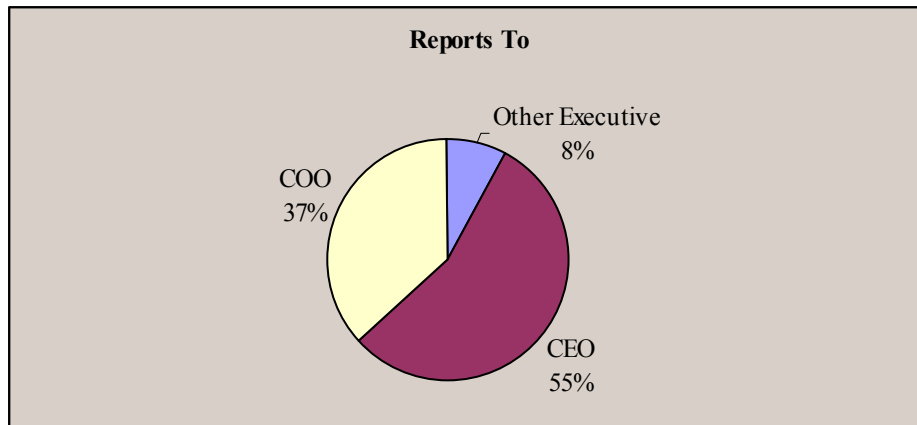
The majority of SNOs have developed good to excellent working relationships with the CEO/COO and chief medical officer. Almost one-fourth of the respondents report poor to good relationships with the chief financial officer and the human resources executive.

## Title

The dominant title is vice president patient care/SNO. 82% of respondents have a vice president title and 6% are directors or administrative directors. 4% are COO/senior vice president titles and another 8% are senior vice president titles, designated as nursing, patient services or clinical services.

## Reports To

A smaller percentage—55%—of SNOs report to the CEO than in 2000, when 60% did; 37% report to the COO (20% in 2000) and 8% report to another executive (20% in 2000). 13% of respondents are in organizations where the CEO is a physician—is this a new trend?



The current market suggests an increased turnover of nurse executive positions. However, the average tenure for SNOs in their current position is 5.6 years; average tenure for previous positions is 7.2 years.

### Position Responsibilities

Of the SNOs who have non-nursing departments reporting to them, 98% say the organization has benefited from that configuration because the departments have improved teamwork and communication. SNOs say the use of patient care protocols helps facilitate interdisciplinary initiatives and breaks down department barriers. They are proud of the outcomes for increased patient safety, better problem solving and clinical integration, which all contribute to achieving financial goals.

38% of respondents have hospital-based physicians reporting to them. The SNOs' expanded responsibilities have subtle shifts as demonstrated in the following graph; they cite improved patient outcomes and efficiency because of the better collaboration.

#### Areas Reporting to the SNO

	2003	2000
Acute care	96%	98%
Ambulatory services	62%	72%
Clinical education	58%	55%
Professional/clinical services	49%	53%
Rehab services	48%	50%
Service product line structure	48%	45%
Mental health	45%	58%
Long-term care	27%	39%
Hospice	21%	25%
Home care	19%	28%
Research	19%	14%
Other	15%	--
Support hotel services	10%	10%

### Compensation

The annual base salary for SNOs nationwide ranges from \$85,000 to \$285,000, with an average salary of \$140,570. The following chart represents the growth of base salary over the past 13 years; the others compare salary by various categories.

#### Comparison of Average Salaries

2003	2000	1995	1990
\$140,570	\$121,000	\$91,800	\$67,900

#### Average Salary by Region

East	Central	South	West
\$156,300	125,700	\$140,790	\$151,300

**Average Salary by Organization Type**

<i>Hospital</i>	<i>System</i>	<i>IDS</i>
\$123,700	\$143,800	\$132,500

**Average Salary by Affiliation**

<i>Academic</i>	<i>Community teaching</i>	<i>Community nonteaching</i>	<i>Religious</i>
\$154,800	\$129,780	\$122,700	\$122,900

**Average Salary by Gender**

<i>Female</i>	<i>Male</i>
\$139,460	\$125,160

**Incentive Compensation**

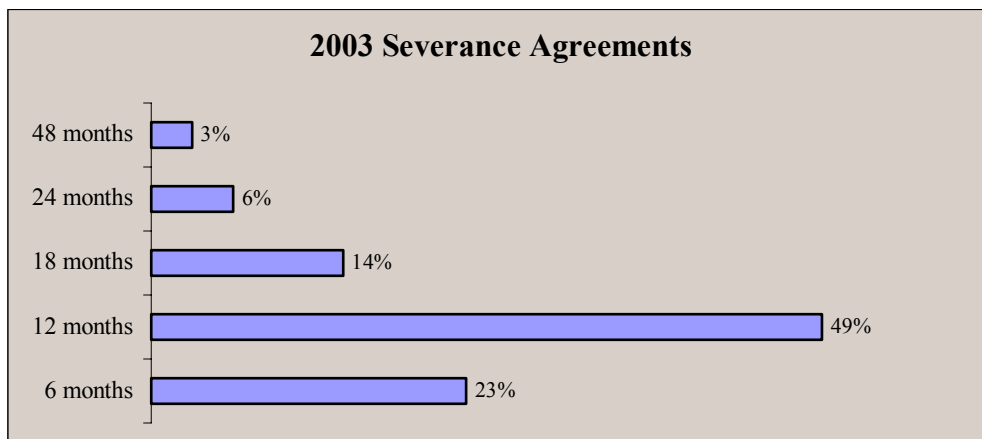
An increased number of respondents, 77%, are eligible for incentive compensation. The average maximum amount for which they are eligible is 18% of base salary; the actual award received last year averaged 15%.

**Total Compensation**

Average annual salary of \$140,570, when augmented by an incentive award of 15% (\$21,085), brings the average annual total cash compensation for SNOs to \$161,655.

**Severance**

38% of respondents have severance agreements, an increase from 34% in the 2000 study.



## Benefits/Perks

<u>Continuing education</u>	<u>91%</u>	<u>Financial planning</u>	<u>27%</u>
<u>Tuition reimbursement</u>	<u>87%</u>	<u>Club memberships</u>	<u>23%</u>
<u>Professional dues</u>	<u>84%</u>	<u>Auto</u>	<u>22%</u>
<u>Supplemental life insurance</u>	<u>75%</u>	<u>Stock options</u>	<u>11%</u>
<u>Deferred compensation</u>	<u>54%</u>	<u>Spouse travel</u>	<u>5%</u>
<u>Annual physical</u>	<u>30%</u>	<u>Other</u>	<u>2%</u>

## WHY SENIOR NURSING OFFICERS MATTER

### Current Trends — New Technology

87% of respondents believe technology has had a positive impact on patient care delivery. Examples include computerization of data, patient care equipment and assessment tools that have enhanced the efficiency of work processes.

### Safe Patient Care

91% of respondents believe their departments are providing safe patient care. When asked how to assure the future delivery of high-quality, safe, cost-effective patient care, SNOs say it is critical to:

- develop professional practice standards and maintain them through continuing education;
- provide leadership at the executive table; and
- set standards for quality and safety indicators.

### Future Challenges

Almost all SNOs, 95%, have developed collaborative relationships with and receive support from the executive team to implement needed changes. They ranked the following as the top three challenges for SNOs today:

- recruitment/retention/staffing;
- provide coaching/leadership into the future; and
- acquire technology to streamline care.

## ORGANIZATIONAL OVERVIEW

Study respondents represent 34 states and every region of the country. They are employed in a wide range of organizations from 100-bed community hospitals to 1,805-bed health care systems. The following averages are for all organizations:

- Average licensed beds: 431
- Average daily census: 259
- Average length of stay: 4.86 days

The traditional acute care community hospital is dominant. The average licensed beds and total organizational FTEs have decreased slightly in the past three years.

### Organizational Type

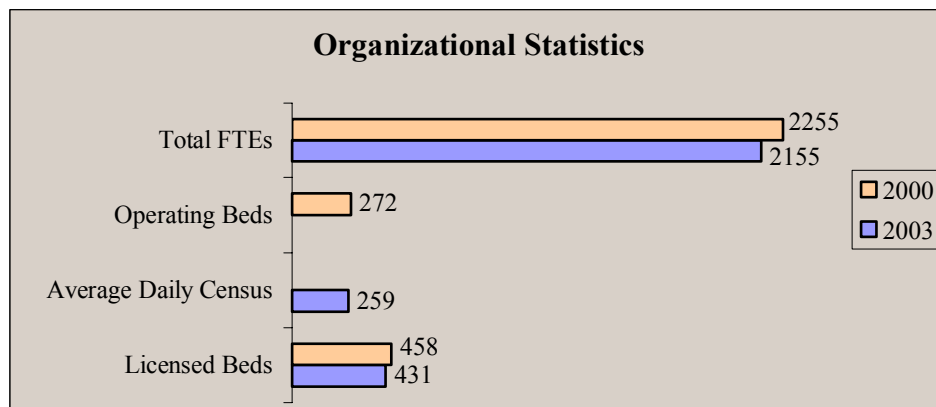
<i>Hospital</i>	65%	<i>System</i>	29%	<i>IDS</i>	6%
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### Status

<i>Not-for-profit</i>	91%	<i>For-profit</i>	9%
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### Affiliation

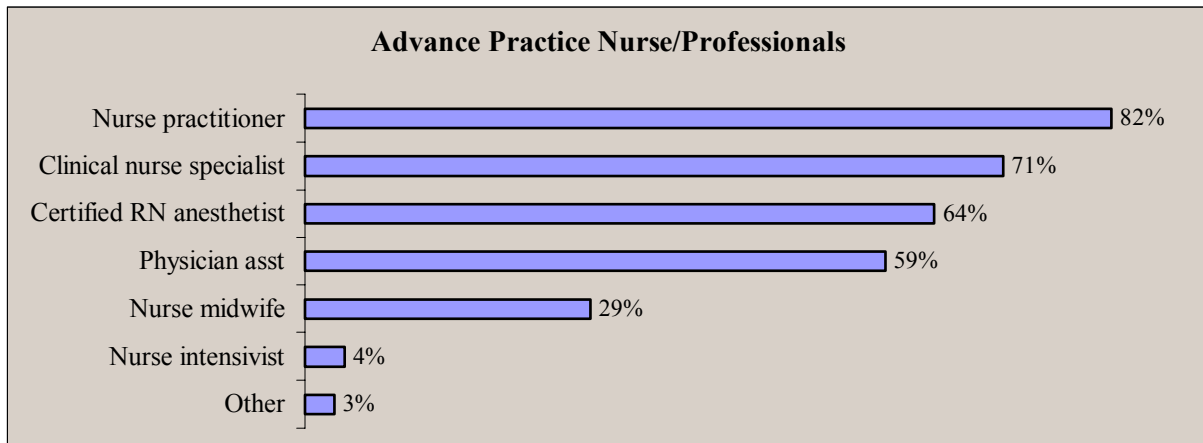
<i>Community teaching</i>	34%	<i>Community nonteaching</i>	34%	<i>Religious</i>	15%	<i>Academic</i>	13%	
								<i>Other-4%</i> ↑



## PATIENT CARE DIVISION

Nursing shortages are reported by 99% of respondents. 51% of SNOs nationwide cite a moderate nursing shortage; the most severe shortages (10%) are reported in the southern region of the country. 53% of respondents have difficulty recruiting nurse managers, and 80% of those indicate that compensation is the biggest influence. Nurse management shortages are seen most commonly in community teaching and community nonteaching hospitals. Mentoring, continuing education, increasing compensation, reducing the span of control and being available to the managers are some of the strategies the SNOs are using to retain managers.

Average annual RN turnover rate is 12%, and average annual vacancy rate is 9%. These are interesting statistics because both are less than in the 2000 study. Advance practice nurse/professionals are employed in most organizations as demonstrated below.



### Organizational Methodologies

Top five most useful tools:

- Performance standards
- Productivity tools
- Balanced scorecard
- Shared governance
- Service/product line management

### Nursing Practice Models

Top three nursing practice models used today:

- Team: 32%
- Patient-focused care: 19%
- Multidisciplinary care: 15%

45% of respondents have changed the model of care in the past six months; the majority transitioned to team nursing. 47% of respondents say that information technology and documentation systems are needed to augment the delivery of care.

### Nursing Staff Composition

There has been a transition of support nursing personnel, but the percent of RN staff is virtually unchanged over the past 13 years.

	<b>2003</b>	<b>2000</b>	<b>1990</b>
<b><i>RN</i></b>	65%	64%	66%
<b><i>LPN</i></b>	10%	12%	16%
<b><i>PCA</i></b>	19%	21%	18%
<b><i>Other</i></b>	12%	13%	--

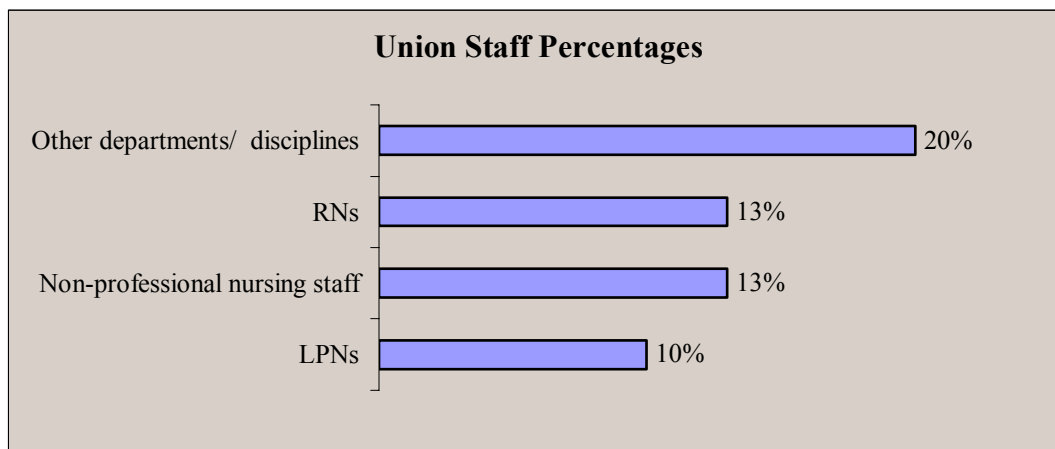
### Nursing Staff Educational Credentials

Slightly more members of the nursing staff have received associate degree credentials while fewer have received BSN credentials as compared with the 2000 study.

<b><i>Credentials</i></b>	<b>2003</b>	<b>2000</b>
<b><i>AA</i></b>	47%	44%
<b><i>Diploma</i></b>	19%	19%
<b><i>BSN</i></b>	27%	31%
<b><i>Other bachelors</i></b>	5%	5%
<b><i>MSN</i></b>	5%	5%

### Unions

The level of unionization for health care organizations has remained virtually unchanged at 25%. RN unionization is reported at 13% of this total.



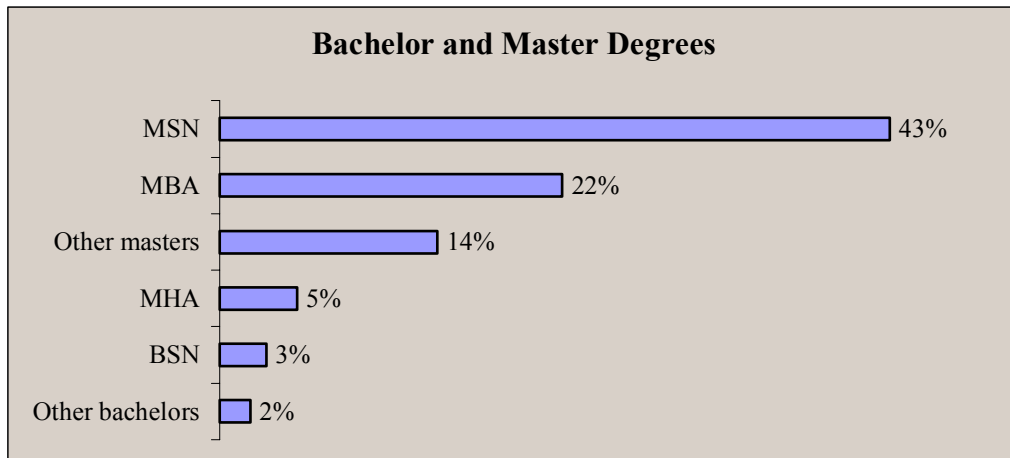
## PERSONAL PROFILE

### Demographics

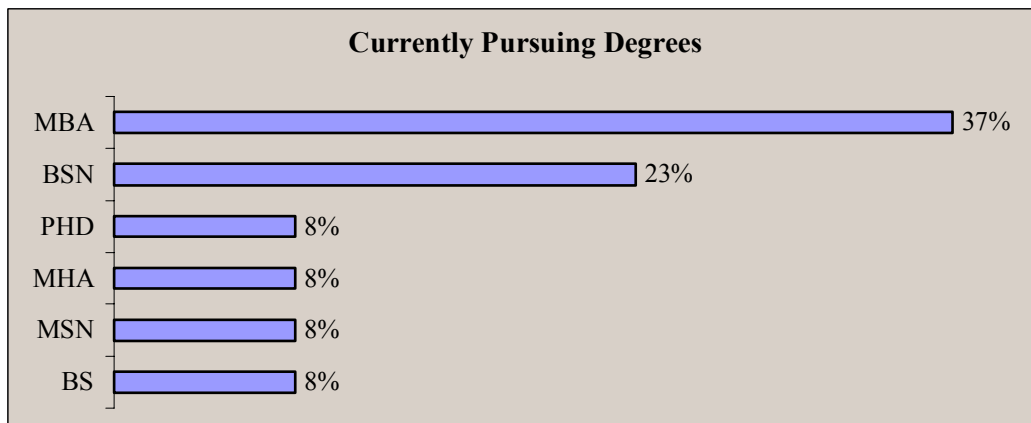
The typical SNO is 51 years old, female (94%), Caucasian (96%) and an RN (100%). 50% of male respondents are in community, nonteaching hospitals; their average age is 49 years; their highest educational credential is a masters degree and their average salary is slightly lower than their female counterparts at \$125,000.

### Education

A masters degree continues to be the dominant educational credential and has become the standard entry-level requirement. Documenting their highest credentials, 83% of the respondents have a masters degree and 8% have a doctorate. The remainder is bachelors degree at 5%; diploma, 2%; and associate degree in nursing, 2%.



15% of the respondents are currently pursuing another degree; the majority of those (37%) have chosen the MBA.



## PROFESSIONAL DEVELOPMENT

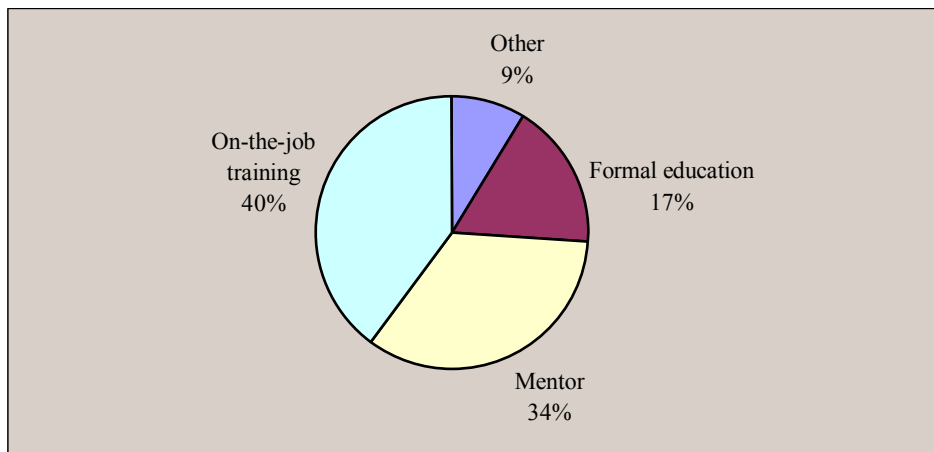
The expanded role of the SNO may have altered career choices. The following graph depicts how career ambitions have shifted in the past three years.

<i>Career Goals</i>	<i>2003</i>	<i>2000</i>
<b>Same position</b>	54%	39%
<b>New position</b>	24%	37%
<b>Retired</b>	16%	18%
<b>Another field</b>	5%	6%

### Leadership Preparation

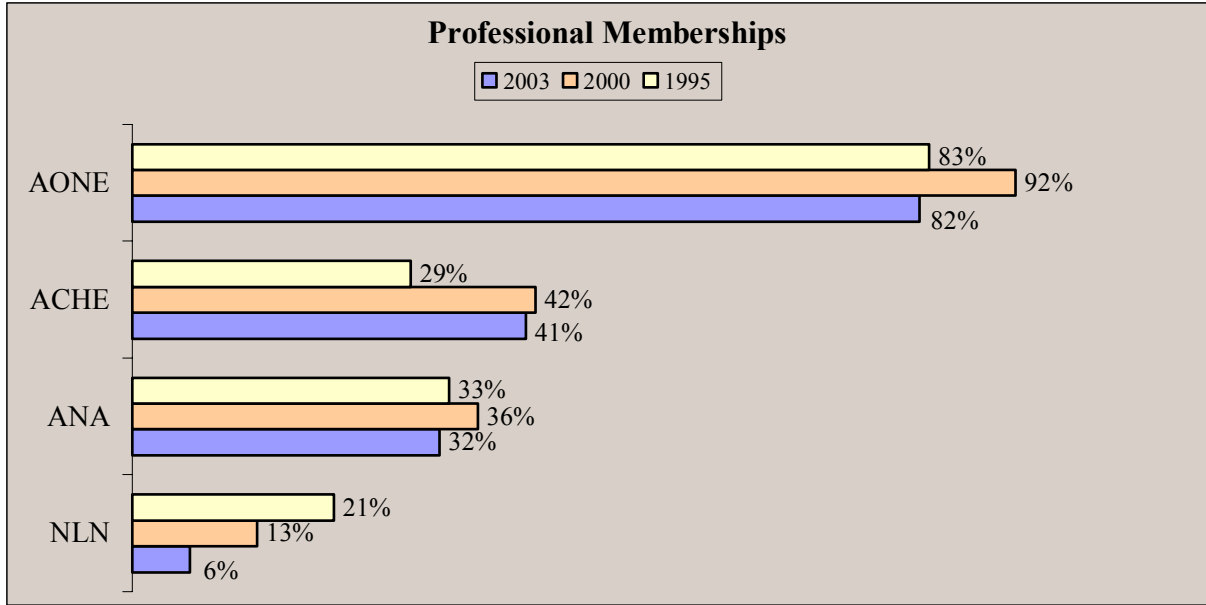
Formal continuing education has been completed by 39% of the respondents with just over half of those choosing the J & J Wharton's Program for Nurse Executives. The majority of SNOs say they gain executive skills through their work experience.

### Leadership Development



### Professional Membership

Professional organizations continue to be a source of learning for SNOs. A review of data from the last three surveys seems to reflect changes in health care administration in general. For instance, the 2000 growth in membership for AONE and ACHE indicates that SNOs are seeking to broaden their knowledge. The decline in each category for 2003 might suggest that organizational financial pressures result in less support for professional memberships, also evidenced by a 4% decline in SNOs receiving this benefit.



### Comparison of Top Five Strengths

Analysis of SNO strengths compared with current trends and their successes/frustrations easily identifies learning needs. In the 2000 study, physician relations appeared as one of the top five strengths and the SNOs' biggest frustration was their difficulty in working with physicians. In 2003, physician relationships have improved and the number one frustration is politics and the lack of respect for nursing. Interestingly, political skills have appeared as a top strength, so growth in this area may help to solve political issues at the executive table.

### Top Five Strengths

<i>Skills:</i>	<i>2003</i>	<i>2000</i>	<i>1995</i>	<i>1990</i>
<b>Leadership</b>	1	1	1	1
<b>Communication</b>	2	2	5	2
<b>Operations management</b>	3	3	2	4
<b>Team building</b>	4	4	4	5
<b>Political skills</b>	5	--	--	--
<b>Physician relations</b>	--	5	--	--
<b>Problem solving</b>	--	--	3	3

Additionally, SNOs indicate that financial and negotiation skills are needed to do their job. They listed financial and political skills (including conflict resolution) as their two most important learning priorities; information technology was also frequently mentioned for continuing education.

## **Career Successes and Frustrations**

SNOs take pride in their career accomplishments, which range from personal achievements and being recognized by their peers to performing successfully in their leadership role. The most important career contribution is management of daily operations and balancing cost with quality. Mentoring/developing a team to achieve these goals was listed as the second most important success.

The top two frustrations for SNOs today are bureaucracy/politics and lack of respect/value for nursing. It is no wonder that SNOs have honed their political skills and now rank it as one of their top strengths. SNOs have learned to work respectfully with physicians but noted there is an increased amount of time required to interact with them; however, it is no longer listed as a top frustration as in the 2000 study. Three years ago, one of the top five strengths was physician relationships, which suggests that SNOs have managed their frustration by enhancing their own skills. In the past, financial issues and lack of resources has also been a key frustration. There has been no major improvement in reimbursement; how have they adapted? Analysis of this data distinguishes the challenges and learning needs for SNOs today. The SNO is a critical position in health care delivery, and those who have succeeded have never stopped growing.

## **BACKGROUND AND METHODOLOGY**

It has been a privilege to collaborate with AONE since 1985 on the national survey of senior nursing officers in health care organizations. The purpose of this effort is to gather data to create a current personal and professional profile of this increasingly important health care executive position. Several comparisons were made to prior studies, which I led when employed at Witt/Kieffer. Ballein Search Partners and I continued this study with AONE to track emerging trends and new developments that have been charted since the inception of the survey.

In November 2002, a randomly selected sample of 1,000 SNOs in U.S. health care organizations were invited to participate in the study. In all, 103 usable responses were received, resulting in a response rate of 10%. A 10% response rate is not usually deemed statistically valid; however, when the data was compared with prior studies (which had 22% to 26% response rates), there are virtually no discrepancies, and the same percent of growth is documented. For example, in this study and in the past, compensation has risen at a rate of 8% per year. Trends that have been followed since 1985 are confirmed in the 2003 study as well, which seems to justify and validate the results of this survey.

Your input and comments are welcomed.

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