

Avoid Replacement Pains

By

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Most people in the medical profession take the value of a practice's frontline staff for granted – until they have to hire a replacement. Then they discover that filling a vacancy at the reception desk can seriously impact the bottom line of an entire practice.

According to Phil Keckich, senior career counselor at the professional development firm of Scherer Schneider Paulick, Chicago, Ill., the standard cost of replacing an employee is 1.5 times his or her annual salary. So an office will spend \$30,000 to replace an employee who makes \$20,000 a year, beginning with fees for want ads and recruiters. Cynthia A. Everlith, CMA of Arizona Hand and Wrist Specialists in Phoenix, Ariz., estimates that when her team had to replace their receptionist they spent about \$400 to run just one ad for 30 days. If other sources such as recruiters are used, the cost of attracting applicants can be even higher.

Hiring costs time and effort.

But that's just the beginning. For, as Keckich explains, a missing staff member impacts the productivity of everyone else in the office, since the others often have to take up the slack until a suitable hire is made. Mary Ann Herr, CMA, Office Administrator at Eye Health Physicians in Lancaster, Penn., says that when a vacancy occurs in her office, employees are scheduled for additional hours as needed until a new person comes on board. She pitches in as well, resulting in longer workdays.

When a staff member must be replaced, offices often expect remaining employees to also take on tasks above and beyond their normal duties, such as placing help wanted notices and scheduling applicant interviews. Even after a new hire is made, the work load of these office veterans usually include training the new employee. "All in all," Keckich concludes, "replacing just one person comes with a pretty steep price tag."

The front line staff is the front line of the practice.

In “Successful Hiring Strategies for Medical Practices,” published in *Pathways*, Dr. Abel Torres, MD Chief of the Division of Dermatology at Loma Lind University School of Medicine, Calif., cautions his fellow physicians that, “patients’ perceptions of your office have a lot to do with your staff ... They ... can have a huge impact on what patients think about your practice.”¹

Job descriptions are vital

Torres stresses that office managers should develop a job description detailing just what skills are needed to succeed in a particular position well before they start interviewing. Have someone who actually does the job make a complete list of the tasks they perform on a daily basis. All of these activities should be included in the job description so applicants have an accurate idea of what they’ll be expected to do.

Get more than one opinion

Of course, the ability to do a job and the inclination to do it well are two different things. Background checks are essential to confirm that an applicant’s description of his or her previous experience is accurate. Ask past employers about the applicant’s work habits, enthusiasm, and attitude towards patients. All of these issues are crucial to good performance but may be hard to assess during an hour-long interview.

Another factor to consider is how well the new person interacts with the rest of the staff. “The majority of failed hires happen because the candidate wasn’t a good fit for the office culture,” Keckich says. “Conduct group interviews or schedule short face-to-face meetings with everyone in the office. Afterwards, have the staff compare notes. Pay attention to gut feelings since they are almost always right when it comes to hiring.”

Why do some offices seem to keep staff for decades while others appear to have a revolving door? More money and more benefits can certainly inspire employees to leave one practice for another. Other reasons for moving on are a desire to learn new skills and a lack of opportunity for advancement. Dissatisfaction with office management is still another. For her article on Monster.com entitled, “Why Good Employees Leave,” author Louise Kurmark surveyed over 100 people in transition and found that 29 percent cited the fact that “they didn’t like, respect or get along with their manager” as a significant factor in their leaving.²

You have to know your staff to keep them.

This statistic is certainly not surprising to Rob Sullivan. A nationally known career coach based in Chicago, Ill., Sullivan specializes in mentoring managers and finds that “Work can either energize us or drain us. The key to increasing office productivity lies in knowing what every member of your staff likes to do best.” According to Sullivan, the surest way to boost the enthusiasm, commitment, and job satisfaction of your staff is to base office assignments on the personal preferences of each employee. “Then find out what new skills your people want to develop that they may not be using now. Managers often find that supporting an employee’s professional goals can benefit the entire practice as much as it does the individual staff member.”

Hiring and developing a staff for the long term is unquestioningly the most profitable way to build a practice. According to research done by Sacha Corporation, a human resources consulting firm in Cincinnati, Ohio, turnover impacts a practice’s profitability far more than the estimate cited above indicates. “The value of keeping one front line employee is many times greater than the cost of losing one, because turning someone into a 20 year employee can save ... \$100,000 or more.”³ Clearly, recruiting great people and promoting from within to retain them, is good for a practice’s physicians, profitability, and patients.

Footnotes:

1. Pathways. Successful Hiring Strategies for Medical Practices. www.cmkcom.com/pathwaysspring05.pdf Accessed 12/23/2005
2. Monster Human Resources Career Advice. Why Good Employees Leave. www.hr.monster.com/articles/why%5Femployees%5Fleave/ Accessed 1/3/2006
3. SASHA Corporation. Compilation of Turnover Cost Studies. www.sashacorp.com/turnframe.html Accessed: 1/12/2006

Biography:

Wendy Lalli is a career counselor who writes frequently for the Chicago Tribune and has a newspaper career advice column, “Dear Lalli.”

SIDEBAR:

Checklist of Costs to Replace an Employee

Phil Keckich offers this summary of the hard and soft costs of replacing an employee with someone new.

Loss in dollars

- Advertising fees
- Salary and benefits
- Fees for additional bookkeeping of payroll, 401K and other expenses
- Fees for additional record keeping for governmental agencies
- Increased unemployment costs

Loss in hours

- Time to write the ads and notices for papers
- Time to find the best sources to advertise
- Time spent on the Internet looking for candidates
- Time to review and screen resumes
- Time to answer inquiries by phone
- Time to schedule interviews
- Time to conduct interviews
- Time to check references
- Time to train new person

Other Costs

- Loss of corporate history known to departing employee
- Reduced sense of comfort and continuity among patients
- Damage to office staff's morale

Bibliography:

1. Krivda, M.S., Successful Hiring Strategies for Medical Practices. *Pathways*. Spring 2005; 5(2): 1-3. Available from HMP Communications, Malvern, PA. Available on line at: www.cmkcom.com/pathwaysspring05.pdf Accessed 12/23/2005
2. Kursmark, L., Why Good Employees Leave. Monster Human Resources Career Advice. Available at: <http://www.hr.monster.com/articles/why%5Femployees%5Fleave/> Accessed 1/3/2006
3. SASHA Corporation. Compilation of Turnover Cost Studies. Available at: <http://www.sashacorp.com/turnframe.html> Accessed: 1/12/2006