

Senior Management Succession Challenges for U.S. Healthcare Facility Operations

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ABSTRACT

Purpose: The purpose of this research was to better understand current state of mid- and senior-level healthcare facility managers to explore potential roadblocks to FM succession related to demographics, backgrounds, and perceptions in supporting future research prioritization for healthcare facility executive leadership development.

Methodology: A survey was designed to collect information on facility managers' gender, race, age, job level, employer industry, retirement timeframe, educational attainment, and perceptions of their employers' recruiting and succession planning. The survey was sent electronically in February 2021 to more than 12,400 FM professionals with a 29% response rate. Only information from U.S. respondents working in healthcare facility operations was used in this study.

Findings: The healthcare industry is struggling to attract and retain senior-level facility managers. The difficulty in finding qualified facility managers to fill senior-level positions does not appear to be related to a lack of interested candidates or pay. Factors impeding recurring facility workforce development and succession to senior healthcare FM roles may be related to low succession planning adoption by healthcare organizations, an aged facility workforce, and limited undergraduate education achievement from traditional candidates.

Originality: Healthcare organizations may prioritize these factors in addressing ongoing FM workforce attrition and development challenges to ensure a sustainable pipeline of qualified facility managers prepared to successfully navigate the unique expectations of leading the healthcare built environment.

Keywords: Healthcare; Succession Planning; Facility Operations; FM education

Introduction

Due to the facility management (FM) industry's concern more than a decade ago about the dearth of individuals entering the profession, Sullivan et al. (2010) proposed increasing the number of academic FM programs that train and develop new facility managers. Since then, the number of academic FM programs has increased significantly, contributing to creating a sustainable source of new FM candidates. However, Call et al. (2018b) demonstrated that the healthcare industry hires few new college graduates for FM job openings, preferring instead to recruit or promote from within the building trades. Unfortunately, in this traditional recruitment and succession model, it takes almost two decades to prepare building-trade staff for healthcare FM roles. This timeframe is too slow to develop enough competent individuals to fill the openings that are expected to result from healthcare facility managers retiring within the next decade (Bigelow et al., 2017; Call et al., 2018a). Hiring facility managers directly after they graduate with degrees in engineering, construction management, and FM can drastically reduce succession timelines, but healthcare organizations seem hesitant to do so because of the

expectation that candidates possess previous work experience in complex building systems and regulatory environments (Avis, 2017; Institute of Medicine, 2008). Despite these recruitment roadblocks, in addition to low entry-level pay (Call et al., 2018b), a sustainable pool of capable talent does exist for healthcare to leverage in addressing FM attrition. While FM academic programs are a clear option to find entry-level FM talent, employing adequate numbers of senior-level healthcare FM talent appears to be an even bigger challenge (IFMA, 2021). However, the specific issues or barriers hindering a sustainable pipeline of qualified senior level healthcare FM talent are unclear. The purpose of this research was to better understand current state of mid- and senior-level healthcare facility managers to explore potential roadblocks to FM succession related to demographics, backgrounds, and perceptions in supporting future research prioritization for healthcare facility executive leadership development.

Literature Review

Sullivan et al. (2010) conducted surveys to establish the state of the FM workforce. This research did not involve

examining demographics by job level, so differences such as in age, education level, and job satisfaction of entry-level and senior-level facility managers are unclear. What is clear is that at the time, there was a deficiency of new professionals entering the FM workforce, there was low adoption of succession planning, and there was strong willingness in the industry to support academic FM programs. The International Facilities Management Association (2021) recently published a report describing FM as a profession largely composed of older White males who are relatively well educated. The report presented some demographic information and compensation data by job level and industry, but information was insufficient to gain an understanding of the state of healthcare FM by job level. Call et al. (2018b) surveyed facility managers to obtain some insight into healthcare FM workforce. The survey results indicate that very few respondents entered healthcare FM directly from college; most were promoted internally from building trades; and the workforce was relatively uneducated and old, with only about half of respondents possessing at least a bachelor's degree and with about half planning to retire by 2028. For decades now, research has shown that undergraduate degrees are a necessity for management advancement with more than ninety percent of executives holding bachelor's degrees, yet affordability and accessibility continue to make that achievement difficult for some (Forbes & Piercy, 1991; Hillstrom, 2020).

The literature shows that the majority of healthcare organizations have not yet fully embraced succession planning as a tool to address FM attrition, but succession planning can provide a framework for preparing current employees for future leadership and management positions (Wolfe & Luhn-Wolfe, 1996). Groves (2019) emphasized that neglecting executive succession can cost organizations billions of dollars and years of lost growth potential. One of the most at-risk industries in the United States, in terms of preparedness for executive succession, is the healthcare industry. Compared to organizations in other industries, healthcare organizations have fewer formal training and succession plans and have higher levels of turnover and a more quickly shrinking labor supply. A lack strategic succession planning can contribute to nursing management shortages in hospitals, for example, but leadership training programs can improve perception of management competencies and likelihood for advancement (Titzer et al., 2014).

A successful succession plan not only involves clearly identifying internal candidates for new leadership roles but also prepares candidates via a measurable competency-based learning program; this type of training program may be internal or external to the organization, with external programs becoming more common (McNally, 2006). Call and Sullivan (2019) presented expected competencies for entry-level healthcare facility managers and noted that most of the competencies are addressed in the learning outcomes of accredited academic programs in engineering, construction, and FM. These outcomes include regulatory

compliance, buildings systems, infection control, lifecycle asset management, facility and clinical operations, construction management, conflict resolution, materials management, and environmental services. Avis (2018) outlined nine competencies for healthcare facility directors: technical and system knowledge, ability to transform, communication, cultural understanding, diversification of skills, collaboration, resource management, personnel management, and real estate portfolio management.

Methodology

A survey was developed based on the available literature, including previous salary, demographic, and attitude surveys from the International Facility Management Association (IFMA, 2011) and Royal Institution of Chartered Surveyors (RICS, 2019). The survey was designed to collect information on facility managers' gender, race, age, job level, employer industry, retirement timeframe, educational attainment, and perceptions of their employers' recruiting and succession planning. A panel of nine FM subject matter experts reviewed the survey for relevance and accuracy prior to finalizing the survey. These experts held executive level FM and Human Resource positions, including directors and vice presidents, within large national organizations.

The survey was sent electronically via Qualtrics® system in February 2021 to more than 12,400 FM professionals identified via a memberships list from the International Facility Management Association; 3,557 individuals responded by April 2021, for a 29% response rate. Only information from 89 U.S. respondents working in healthcare facility operations was used in this study. Although the sample size is small, it exceeds minimum sample size expectations for statistical reliability with 95% confidence level and population proportion, 5% margin of error, and population size estimated at 18,000 (Innocenti et al., 2021). A mixed method research approach is used to analyze the various survey data.

Data Analysis

Background Information

Of the total survey respondents, 89 were working in facility operations jobs in the United States healthcare industry. The respondents' data were categorized based on the respondents' job levels:

- Entry level: Professional specialists who might oversee employees but do not manage supervisors
- Mid level: Managers who oversee one level of supervisors
- Senior level: Senior executives or managers who oversee two or more levels of supervisors

Healthcare FM professionals are relatively old. Respondents, on average, were 49 years old; the average age of entry-level respondents was 47; mid-level respondents, 45;

TABLE 1.—Summary of Respondents' Ages, Type of Employment, and Years of Experience

Job level	Average age	% employed in-house	Average years of FM experience
Entry	46.6	88%	12
Mid	45.2	80%	14
Senior	53.4	90%	20

and senior-level respondents, 53 (Table 1). Respondents holding senior-level FM jobs had, on average, 20 years of FM experience; respondents holding entry- and mid-level FM jobs had, on average, 12 and 14 years of FM experience, respectively. Those in entry-level and mid-level jobs were close in age. There is also no significant difference in their years of experience as determined by an independent sample t-test ($p = .216$), used to determine if a difference exists between means of two independent groups on a continuous dependent variable.

Regarding educational attainment, 50% of respondents in entry-level FM jobs had a bachelor's or master's degree, whereas 66% of respondents in mid-level jobs and 66% or respondents in senior-level FM jobs had a bachelor's or master's degree. Interestingly, not having a master's degree does not appear to be a roadblock to advancement in healthcare FM; this suggestion is strengthened by Fisher's exact test showing no significant difference between respondents holding masters degrees at entry- and mid-level jobs ($p = .940$) or mid- and senior-level management jobs ($p = .829$). Fewer than 45% of respondents had a master's degree.

Perception Analysis

Respondents who were also FM recruiters found it challenging to fill healthcare FM job vacancies, especially senior-level vacancies. The survey data indicate that 74% of respondents involved in recruiting believed it was difficult to fill senior-level positions; 52% and 59% believed it was difficult to hire entry- and mid-level positions, respectively (Table 2).

The difficulty in recruiting senior-level professionals in FM healthcare does not appear to stem from a lack of interested candidates. The majority (53%) of respondents in mid-level healthcare FM jobs indicated they were at least moderately interested in changing employers. Mid-level healthcare facility managers appear well qualified to advance to more senior-level roles: mid- and senior-level facility managers oversee departments with an average of 14 employees and with operating budgets of \$3.75 million

TABLE 2.—Respondents Responsible for FM Recruiting Who Stated It Was Difficult to Hire Facility Managers, by Job Level of Personnel Being Recruited

Entry	Mid	Senior
52%	59%	74%

TABLE 3.—Respondents Interested in Changing Employers and Satisfied With Compensation, by Job Level

Job level	Interested in changing employers	Satisfied with compensation (salary + benefits)
Entry	39%	84%
Mid	53%	87%
Senior	42%	92%

to \$6 million (Table 3); additionally, 84% of all respondents were satisfied with their compensation (salary and benefits).

Correlation Analysis

Interestingly, there is a moderately strong statistically significant negative correlation between compensation dissatisfaction and interest in changing jobs, as determined by Spearman's correlation coefficient, $r_s = -.416$, $p < .005$ used to measure the strength and direction of the association between two continuous variables. Counterintuitively, the more dissatisfied that healthcare facility managers are regarding compensation, the less interested they are in changing employers. Healthcare facility managers who are satisfied with their compensation are likely earning more than those who are less satisfied, and the higher compensation may be accompanied by greater responsibilities and higher levels of stress, which could be the reason that the facility managers who are satisfied with their compensation are more interested in changing employers than are facility managers who are less satisfied with their compensation. Additional research is warranted to identify and understand factors that impact a facility manager's job satisfaction; some of the factors might be less obvious, such as interpersonal connections with colleagues, relationships with superiors, perceptions of being valued, and work autonomy and flexibility (Smet et al., 2021).

Discussion

Promoting mid-level facility managers seems to be the preferred recruitment method for filling senior-level positions. Although there are qualified mid-level career facility managers working in healthcare, there may simply not be enough to fill senior-level jobs that are currently available. This conclusion arises from the distribution of job levels in healthcare FM; only 20% of survey respondents had mid-level jobs, whereas 48% of respondents had senior-level jobs. Respondents with mid-level jobs had an average job tenure of 4.9 years, compared to 5.8 years for respondents with entry-level jobs and 7.1 years for respondents with senior-level jobs; these data suggest that mid-level healthcare facility managers are changing jobs more frequently due to advancement opportunities.

Interestingly, entry-level and mid-level healthcare facility managers have similar years of industry experience (Table 1), but those with entry-level jobs do not appear to be primary targets for senior-level job succession (Table 2). One

reason may be that those in entry-level jobs lack nontechnical competencies that are expected of senior-level healthcare facility managers, particularly because entry-level facility managers were likely promoted from jobs in building trades and fewer of these individuals may have completed undergraduate degrees. Further research is warranted to understand whether the healthcare industry's ability to recruit competent senior-level managers would improve if entry-level facility managers and high-potential trades employees without bachelor's degrees were encouraged to enroll in undergraduate FM education that is accessible to working professionals (Bok, 1974). With 6,090 hospitals in the United States (American Hospital Association, 2022) and the average hospital employing two entry-level facility managers and an FM director (Call et al., 2018a), it is estimated that the healthcare industry employs approximately 18,000 FM professionals: 6,000 entry level, 3,400 mid level, and 8,600 senior level. Because almost 60% of healthcare facility managers plan to retire within the next decade, the industry will need to fill more than 5,000 senior-level facility manager jobs by 2030.

Conclusion

The healthcare industry is struggling to attract and retain senior-level facility managers. The difficulty in finding qualified facility managers to fill senior-level positions does not appear to be related to a lack of interested candidates or pay. Factors impeding recurring facility workforce development and succession to senior healthcare FM roles may be related to low succession planning adoption by healthcare organizations, an aged facility workforce, and limited undergraduate education achievement from traditional candidates. Additional research is warranted to better understand issues around formal succession planning adoption in healthcare FM, recruitment and retention of younger managers, and undergraduate FM education accessibility and affordability. Healthcare organizations may prioritize these factors in addressing ongoing FM workforce attrition and development challenges to ensure a sustainable pipeline of qualified facility managers prepared to successfully navigate the unique expectations of leading the healthcare built environment.

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