

From the publishers of the *New England Journal of Medicine*

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Demonstrating Your Physician Recruitment Department's Value to Executives: How to Portray Your Department as a "Revenue Generator" vs. "An Expense"

Times are tight. Health care executives are curbing expenses and taking extraordinary steps to reduce external spending. Budgets are getting slashed. Nonmedical employees are more and more at risk of becoming casualties of the economy. It's more important now than ever to speak a language that executives understand and respect. They need a revenue generator that will help their institution stay afloat — an expert they can trust. To become that expert, you need a sound knowledge of physician turnover rates, time-to-fill, and more.

Changing Perceptions

How executives view your physician recruitment department is critical. Physicians make money for health systems. No physicians, no money — and you are the one responsible for bringing in physicians. Kurt Scott, director of VISTA Physician Search and Consulting, said, "Next to actually recruiting physicians, properly reporting success data to senior leadership is the most important aspect of a recruitment leader's job." Most recruitment departments fall into the trap of reporting how much money they've saved rather than how much revenue they've generated.

To successfully report your value to executives, you will need to know national benchmarks, be able to track your

department's recruitment efforts, and understand at-risk revenue.

Collecting the Right Data

There are several sources that will be important in reporting your results. If you are an in-house recruiter, make sure to purchase the recent MGMA/ASPR *Recruiter Benchmarking Survey*. This vital resource will provide you with data on turnover rates, time-to-fill, and total cost of searches, plus information that will enable you to compare your department's compensation and benefits information to your competition's. Another valuable resource is the MGMA *Cost Survey for Multispecialty Practices: 2008*, as well as the *2007 Physician Inpatient/Outpatient Revenue Survey* by Merritt Hawkins & Associates. You will need to know how much gross revenue the physicians you are recruiting generate.

Reporting to Senior Leadership

Always focus on the amount of revenue that you are bringing into the health system. Send a monthly report to leadership that includes open positions, the recruitment status of that position, and a list of all candidates, good and bad. This report will be extremely helpful particularly for campaigns being held up by a lack of cooperation from a physician/search director. It will also help to show that there is activity on campaigns. Even if search directors aren't receiving good applicants, they can see that there is activity. At the end of every fiscal year, you will also need to create a report that includes the bulleted items listed on page 2. Distribute this report to all leadership. It will showcase the value

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your department brings to the system and the amount of gross revenues associated with your department. Include the following in the report:

- Number of positions filled
- Breakdown of hires (exec/MD/Do)
- New hire profiles
- Primary care vs. specialty open positions/hires
- Average time-to-fill vs. national average (or previous year)
- Hires vs. turnover
- Voluntary turnover vs. involuntary turnover
- Where candidates come from (demographically and practice type)
- Where leads are generated and where hires come from

Developing an “At-Risk Gross Revenue Realized” Report

The following is a list of what you will need to generate the report:

1. A list of tactics used and total expenses involved in recruiting the position (all expenses, including marketing)
2. National average time to fill the position
3. Your time to fill the position
4. Gross yearly revenues generated by the position

Note that the sample in the table below lists all tactics as well as the total expenses for recruiting the position. These include interview expenses, marketing expenses, and more. The national average time-to-fill can be found in the reports listed earlier. To determine your time-to-fill, subtract your time to fill the position from the national average time-to-fill. In this sample, this is 14 minus 4 or 10 months. Multiply the months by the amount of at-risk gross revenue the position brings into the health system per month. In the sample below, the at-risk revenue for an orthopedic surgeon is \$188,416 per month. This gives us a total of \$1,884,160 of at-risk revenue that the system will realize due to hiring the physician 10 months faster than the national average. Subtract the expenses associated with marketing and other expenses (\$13,470), and the at-risk realized revenue that you have helped bring into your institution is \$1,870,690.

This is revenue that was previously at-risk and will now be generated by your health system. Rather than reporting the \$25,000 that you saved by recruiting this position internally, you can make the statement that you helped bring in more than \$1.8 million in gross revenue to your institution. Jonathan Jones, managing partner of PinPoint Strategies, said, “By reporting at-risk revenue realized rather than savings, recruiters can easily justify the expense of needed high-end communications tools.”

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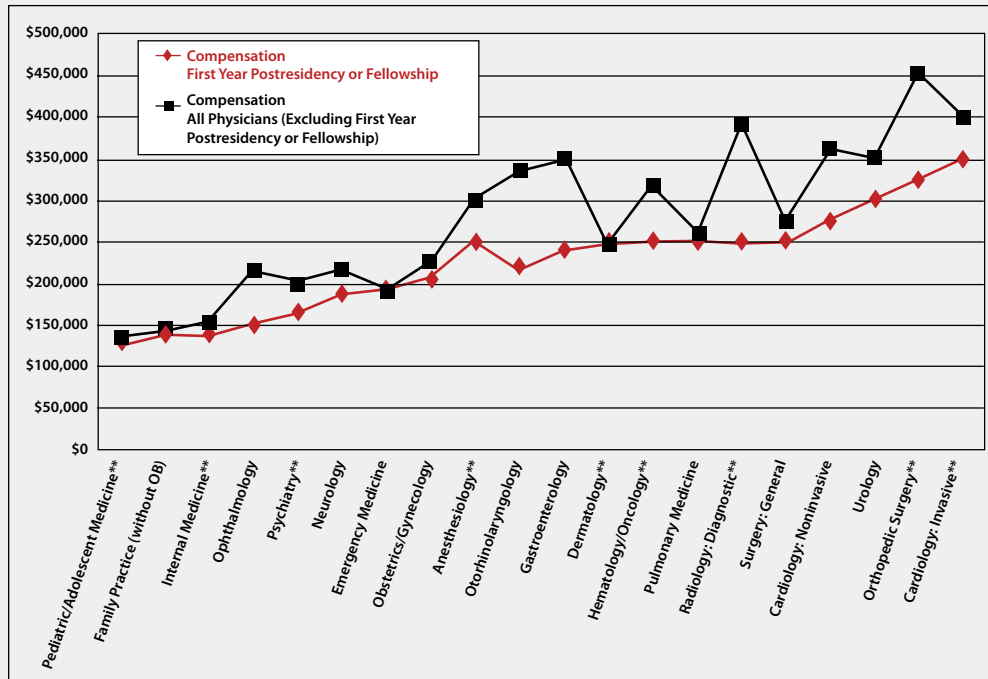
Sample of an “At-Risk Gross Revenue Realized” Report

Campaign	Results	Tactics and Total Expenses	National Average Time to Fill	Your Time to Fill	At-Risk Gross Revenue Realized
Sports medicine/ Orthopedic surgery	Sourced four candidates via direct mail and journal ad; one candidate hired	Journal ad, direct mail, web postings, and interviewing expenses — \$13,470	14 months	4 months	10 months @ \$188,416 per month = \$1,884,160 – \$13,470 \$1,870,690

MARKET WATCH

Factors Affecting Starting Salary of Physicians

First Year Out of Residency or Fellowship: The progression of one’s career as well as specialty training can result in differences in starting salary. The following graph compares the starting salary for physicians being placed out of a residency or fellowship to all physicians (excluding first year postresidency or fellowship) represented in the 2007 report.



Source: “Physician Placement Starting Salary Survey,” Medical Group Management Association, www.mgma.com, conducted in collaboration with the National Association of Physician Recruiters, www.napr.org.

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This is your first step toward changing the perception of your department from an expense line to a revenue generator.

Proving Your Value

During a down economy, tracking your results and communicating that you are spending your department’s funds wisely isn’t just important — it’s vital. Return-on-investment is something that all executives want to see. Make sure you provide it with data and in a language that resonates with

executives. By positioning your department as a “revenue generator” rather than a “cost saver,” you’ll be protecting your budget, as well as justifying your department’s importance and positioning its staff as a critical part of the organization’s overall business strategy.

Source: Shawn Kessler is a recruitment strategist with Zero-In Recruitment Marketing, a division of Aloysius Butler & Clark. Shawn may be reached at (570) 784-9604 or via e-mail at skessler@zeroinrecruitment.com.

What’s New at NEJM?

LOCUM TENENS JOBS COMING SOON TO NEJM CAREERCENTER

Timely, Targeted, Trusted

Whether you are looking to hire a locum tenens physician for one week, one month, one year, or even longer, NEJM CareerCenter (nejmjobs.org) is where physicians find jobs. NEJM will have locum tenens packages available for jobs in all specialties, and your ads will be posted within 24 hours. Packages will range from one job to an unlimited number of jobs. Put the most trusted name in medicine to work for you, and we’ll find your next locum tenens hire. NEJM CareerCenter was ranked as the #1 online jobs source in terms of usefulness by physicians in a recent independent study.* For more information, contact NEJM at (800) 635-6991 or nejmads@nejm.org.

*“2008 How Physicians Search for Jobs,” an independent blind study conducted by Zeldis Research Associates, Inc.

**UPCOMING
RECRUITER
MEETINGS
AND MEDICAL
CONVENTIONS**

**Association of Staff
Physician Recruiters**
August 30–September 2
Minneapolis, MN
www.aspr.org

**National Rural
Recruitment and
Retention Network**
September 23–25
Albuquerque, NM
www.3rnet.org

**Northeast Physician
Recruiters Association**
October 28–30
Portsmouth, NH
cbourbea@stfranciscare.org
mcragon1@elliott-hs.org

**Association of American
Medical Colleges***
November 8–9
Boston, MA
www.aamc.org

Pri-Med East*
November 13–15
Boston, MA
www.pri-med.com

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PROMOTIONAL NOTES/NEWS

**Reach More Than 30,000 Final-Year Residents and Fellows,
As Well As Physicians in Practice Fewer Than Three Years,
with the September 10 Specialty Delivery issue!
Issue closes August 21.**

Advertise in the *Specialty Delivery* issue and receive FREE exposure and BONUS distribution of your paid print ad to more than 30,000 final-year residents, fellows, and physicians in practice fewer than three years and in hard-to-reach specialties.*

Simply run your paid line- or display-recruitment ad in the September 10 *Specialty Delivery* issue of NEJM, and your ad will be reprinted in a special booklet that will be mailed to more than 30,000 young physicians.

We will also e-mail a targeted group of residents, fellows, and physicians in the same specialties and direct them to your ad, which will also appear on our website.** The *Specialty Delivery* booklet will be posted to the “What’s New for Physicians” section, located on the NEJM CareerCenter home page (nejmjobs.org), thus giving your ad additional reach to thousands of job-seeking physicians who visit NEJM CareerCenter each month to search for jobs online.



Issue	Closing Date	Specialties
September 10, 2009	August 21, 2009	CD, D, END, ENT, FM, GE, HEM/ONC, HOSP, ID, IM, NEP, N, ORS, PUD, DR, R, RHU, and U

Contact us at (800) 635-6991 or nejmads@nejm.org to reserve your ad space for this issue.

*Counts are estimates only and are subject to change based on data collected by the AMA and SK&A.

**Processing fees may apply to posting your ad on the searchable part of the website.

Correction: Please note that we published the incorrect web address for the American Medical Group Association in the source area in the Market Watch section on page 3 in the May/June 2009 issue of RPT. The correct URL for the AMGA is www.amga.org. We apologize for the error.