

Executive Search Placement Study

Fall 2011

C-suite leaders remain in demand in healthcare and higher education

Demand for new CEOs/presidents remained high among hospitals, health systems, physician groups and other health-related, not-for-profit organizations in 2010, with 23 percent of Witt/Kieffer's overall placements as chief executive officers (CEOs)/presidents. Similarly, 25 percent of the firm's executive placements in colleges, universities and medical schools were at the CEO/president or other senior administrator level in 2010.

Witt/Kieffer's annual executive search placement study looks at executives recruited and placed by the firm for clients including hospitals and health systems, academic medical centers, insurance/managed care organizations, colleges and universities and other not-for-profit organizations. It profiles the firm's 322 healthcare and higher education placements in 2010 by organization, job type, prior position and compensation and benefits.

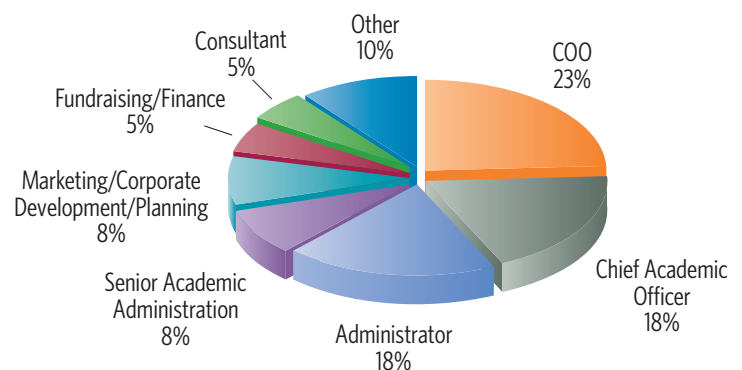
New talent assuming CEO/president roles

Twenty (20) percent of women placements and nearly 10 percent of physicians placed assumed the top executive role in 2010, suggesting an evolution in the CEO/president position. Over half — 53 percent — of CEOs and presidents placed on behalf of the firm's clients stepped into their roles from non-CEO positions. Of these placements, 23 percent held the COO role prior to assuming the CEO role. Eighteen (18) percent were chief academic officers or other administrators, respectively. Another eight percent were in senior academic administration or marketing/corporate development/planning roles, respectively. An additional five percent held fundraising, consulting or other roles, respectively, before transitioning into the chief executive/presidential suite.

Other executive transition highlights include:

- Seventy-three (73) percent of the firm's CEO placements moved to an organization/institution of the same type (e.g. hospital to hospital). Twenty-seven (27) percent moved to a different organization type (e.g. physician group to health system).
- Of 2010 healthcare CEO placements, 34 percent transitioned to smaller organizations (based on net patient revenue). Fifty-three (53) percent went to larger organizations and seven percent moved to same-size organizations.
- Sixteen (16) percent of higher education placements moved into their current role from organizations outside of education, such as a cultural institution or corporation.

EXECUTIVES TRANSITIONING INTO CEO ROLES



Minority talent find opportunities in healthcare, higher education

High expectations for diverse talent are resulting in a greater demand for minority and women leaders in both healthcare and higher education. Ten (10) percent of the firm's executive placements were diverse including African American, Hispanic, Asian American and other leaders. Thirty-one (31) percent of leaders placed were women.

Twenty-four (24) percent of minority and 29 percent of women placements assumed C-suite roles including CEO, COO, CFO and others. Eighty-two (82) percent of candidate slates in 2010 included at least one minority or female candidate.

Women displayed greater earning power with a female executive earning the highest total compensation package of all Witt/Kieffer placements.

A female COO of a mid-Atlantic health system earned the highest total compensation package, which includes a base salary of nearly \$1.5 million, bonuses and moving expenses.

The highest base and total compensation package for a diversity placement belongs to a president and CEO of a faith-based Midwestern hospital. The package includes a base salary of approximately \$630,000 and moving expenses.

A chair of a Southwestern medical school earned the highest base compensation package for a female leader in 2010. Her base salary is about \$600,000.

Healthcare leaders in high demand; higher education placements continue to grow

Sixty-five (65) percent of the firm's 2010 placements at all levels were made on behalf of hospitals, health systems, physician groups, post-acute care organizations, managed care/insurance and other health-related organizations. Thirty-five (35) percent were placed in colleges, universities, medical schools and other not-for-profit organizations.

PLACEMENTS BY CLIENT TYPE	
Organization Type	Number of Placements (% of Total Placements)
Hospital and Health System	161 (50%)
College/University/Medical School	104 (32%)
Physician Group/Clinic	17 (5%)
Not-For-Profit	10 (3%)
Post-Acute Care	10 (3%)
Insurance	8 (2%)
Health-Related	7 (2%)
Other	5 (2%)

Complex market requires experienced executives

While CEOs/presidents comprise the largest percentage of the firm's total placements in 2010, physician leaders are the second most frequently placed executives, reflecting the need for experienced leaders in light of the growing complexity of the healthcare market. Incentive packages for experienced executives varied widely.

A male CEO of a Midwestern, faith-based health system earned the highest base compensation package for a CEO. Base compensation is approximately \$925,000 and the package includes a 30 percent bonus, \$200,000 sign-on bonus, supplemental executive retirement plan (SERP), moving expenses and 12-month severance.

PLACEMENTS BY JOB TYPE			
Position Type	Number of Placements (% of Total Placements)	TOTAL COMPENSATION Base + Bonus	
		Highest Total	Lowest Total
CEO/President	76 (23%)	\$1,202,500	\$130,000
MD	46 (14%)	715,000	185,000
Development/Foundation	37 (12%)	378,000	140,000
Academic Medicine	34 (11%)	579,200	120,000
IT	32 (10%)	460,000	125,000
CFO	26 (8%)	518,500	170,000
COO	20 (6%)	1,465,625	152,000
HR/Personnel	11 (3%)	432,877	135,000
CNO	10 (3%)	415,000	155,000
Managed Care	8 (3%)	325,000	185,000
Marketing/Corporate Development/Planning	5 (2%)	300,000	116,364

CEO PLACEMENTS BY CLIENT TYPE			
Organization Type	Number of Placements (% of Total Placements)	TOTAL COMPENSATION Base + Bonus	
		Highest Total	Lowest Total
Hospital	36 (48%)	\$702,000	\$157,000
College/University/Medical School	16 (21%)	800,000	160,000
Health-Related	6 (8%)	387,500	195,000
Physician Group	5 (7%)	715,000	200,000
Post-Acute Care	5 (7%)	480,000	200,000
Not-for-Profit	3 (4%)	357,500	130,000
Health System	3 (4%)	1,202,500	390,000

ACOs, improving patient care drive demand for physician executives

Physician alignment, clinical integration and a move toward more accountability are fueling the demand for more physician leaders. Most physician leaders — 71 percent — were recruited by hospitals, health systems and medical schools although they also assumed executive roles in other health-related organizations, as well as in not-for-profits and consulting firms. Among physician executive placements in 2010, 35 percent were medical directors, 22 percent were in IT positions, another 20 percent were clinical department heads and 9 percent were CEOs.

Today, senior physician leaders serve as key members of the executive team, set the organization's future direction and shoulder responsibility for what may be the organization's single biggest challenge: physician alignment and integration. Positions largely unimaginable less than a decade ago — Chief Medical Informatics Officer, Chief Clinical Integration Officer and President, Employed Physicians Group — now supplement still common titles of Medical Director, Chief Medical Officer and Vice President, Medical Affairs.

PHYSICIAN PLACEMENTS BY JOB TYPE			
Position Type	Number of Placements (% of Total Placements)	BASE COMPENSATION	
		Highest Base	Lowest Base
Medical Director	16 (35%)	\$450,000	\$200,000
IT	10 (22%)	335,000	195,000
Clinical Department Head	9 (20%)	579,200	275,000
CEO	4 (9%)	550,000	453,000
Consultant	2 (4%)	250,000	245,000
Other	2 (4%)	188,500	185,000

PHYSICIAN PLACEMENTS BY CLIENT TYPE			
Organization Type	Number of Placements (% of Total Placements)	BASE COMPENSATION	
		Highest Base	Lowest Base
Hospital	14 (30%)	\$510,000	\$188,500
Health System	13 (28%)	500,000	250,000
College/University/Medical School	6 (13%)	550,000	185,000
Physician Group	6 (13%)	579,200	310,000
Managed Care	4 (9%)	325,000	230,000
Consulting Firm	2 (4%)	250,000	245,000

Academic medicine roles adapt to changing healthcare technologies

Academic medicine leaders comprised 11 percent of the firm’s total placements, ranking it as the fourth largest category. The role of chief medical information officer has assumed the top spot among academic medicine placements. Clinical department physician leaders, financial executives and CEOs are also among the top academic medicine placements.

ACADEMIC MEDICINE PLACEMENTS BY JOB TYPE			
Position Type	Number of Placements (% of Total Placements)	BASE COMPENSATION	
		Highest Base	Lowest Base
IT	8 (24%)	\$325,000	\$165,000
Clinical Department Head	7 (21%)	579,200	275,000
Finance	5 (15%)	250,000	155,000
President	3 (9%)	500,000	220,000
Other	4 (8%)	275,000	150,000
Chief Legal Officer	2 (6%)	275,000	245,000
Chief Nursing Officer	3 (6%)	245,000	200,000

ACADEMIC MEDICINE PLACEMENTS BY CLIENT TYPE	
Organization Type	Number of Placements (% of Total Placements)
Hospital	12 (35%)
Medical School	9 (26%)
Health System	7 (21%)
Health Science Center	3 (9%)
Faculty Practice Plan	1 (3%)
Cancer Center	1 (3%)
Children’s Hospital	1 (3%)

CIO role gaining ground in healthcare IT market

Health reform, clinical integration and EMR implementation created fierce demand for information technology executives in 2010. Of the firm's CIO placements, 47 percent previously held the role. Those in non-CIO roles include directors over clinical applications, enterprise applications, business intelligence and project management.

A male CIO of a health system in the Midwest received the highest base compensation package for an IT placement in 2010: \$335,000. Adding a 37.5 percent bonus, moving expenses, sign-on bonus, SERP and severance brought the total compensation package to more than \$450,000.

INFORMATION TECHNOLOGY PLACEMENTS BY JOB TYPE

Job Type	Number of Placements (% of Total Placements)
CIO	15 (44%)
CMIO	8 (24%)
Applications	4 (15%)
Project Management	3 (12%)
Business Intelligence	1 (3%)

INFORMATION TECHNOLOGY PLACEMENTS BY CLIENT TYPE

Organization Type	Number of Placements (% of Total Placements)	BASE COMPENSATION	
		Highest Base	Lowest Base
Health System	16 (50%)	\$335,000	\$125,000
Hospital	10 (31%)	235,000	195,000
Higher Education	4 (13%)	190,000	125,000

Development/foundation positions on the rise in higher education

Thirty-two (32) percent of Witt/Kieffer's placements at all levels were in colleges, universities, medical schools and not-for-profit organizations, a substantial increase over the prior year. C-suite positions — including president, chief academic officer, chief operating officer and chief financial officer — accounted for 28 percent of the healthcare and not-for-profit practices.

Development/foundation positions experienced the highest growth in 2010 and accounted for 12 percent of all Witt/Kieffer placements.

COLLEGE/UNIVERSITY/MEDICAL SCHOOL PLACEMENTS BY JOB TYPE			
Position Type	Number of Placements (% of Total Placements)	BASE COMPENSATION	
		Highest Base	Lowest Base
Development/Foundation	28 (27%)	\$350,000	\$140,000
Academic Dean	24 (23%)	450,000	127,000
President	16 (15%)	625,000	160,000
CAO/COO	9 (9%)	315,000	152,000
Enrollment	5 (5%)	265,000	145,000
CFO	4 (4%)	240,000	170,000
Clinical Department Head	4 (4%)	579,200	310,000
IT	4 (4%)	190,000	125,000
Finance Position other than CFO	3 (3%)	265,000	150,000
Administrative Dean/Director	3 (3%)	240,000	155,987
Human Resources	2 (2%)	200,000	190,000

Moving expenses most common incentive, suggesting unstable economic environment

Moving expenses — a clear indicator of continuing economic pressures — represented the most commonly cited perquisite, reported by 68 percent of Witt/Kieffer placements. A recent Witt/Kieffer survey of HR leaders shows that 69 percent of healthcare organizations offer temporary housing as a relocation benefit. Of those, 57 percent provide a monetary allowance.

INCENTIVES FOR CHANGING POSITIONS			
Perquisite	Yes (% of Total Placements)	No (% of Total Placements)	None Listed (% of Total Placements)
Moving Expenses	218 (68%)	69 (21%)	35 (11%)
Bonus	153 (48%)	0	169 (52%)
Severance	106 (33%)	125 (39%)	91 (28%)
Sign-on Bonus	101 (32%)	175 (54%)	46 (14%)
SERP	87 (27%)	164 (51%)	71 (22%)
Auto	62 (19%)	206 (64%)	54 (17%)
Contract	52 (16%)	202 (63%)	68 (21%)
Real Estate	33 (10%)	220 (68%)	69 (21%)
Club	27 (8%)	234 (73%)	61 (19%)

About Witt/Kieffer

Witt/Kieffer is the nation's eighth largest executive search firm and the only national firm that specializes in healthcare, higher education and not-for-profit organizations. Founded in 1969, our mission is to identify outstanding leadership solutions for organizations committed to improving the quality of life. Clients include hospitals, health systems, academic medical centers, medical schools, physician groups, colleges, universities and community service and cultural organizations. The firm conducts 400 search assignments each year for presidents, CEOs, COOs, CFOs, CIOs, physician executives, medical school deans, clinical chairs and other senior executives. Visit www.wittkieffer.com for more information.

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