

Quick-Hitting Survey Span of Control Benchmarking

Jonathan Walker, Research Intern
Casey Skapek, Health Services Fellow

Executive Summary

Methodology

In November 2018, The Health Management Academy conducted a quick-hitting survey of Leading Health Systems regarding leadership span of control benchmarking. The 8 responding Chief Operating Officers (COOs) represent health systems with an average Net Patient Revenue of \$2.9 billion that own or operate 49 hospitals with approximately 850,000 admissions per annum.

Key Findings

- Most health systems (88%) conduct leadership span of control benchmarking in at least one functional area of the organization.
- The majority (63%) of health systems perform leadership benchmarking in-house, while 25% use an external consultant.
- External consultants utilized for leadership span of control benchmarking include Deloitte, PricewaterhouseCoopers (PwC), and The Advisory Board Company.

Results

Span of control benchmarking is used to evaluate the efficiency of reporting structures within an organization and is utilized by most Leading Health Systems across different functional areas. Health systems commonly conduct leadership span of control benchmarking for hospital (88%), medical group (63%), and/or business operations (63%) functions (Figure 1). Half of responding health systems conduct span of control benchmarking for C-suite leadership. One health system recently introduced leadership span of control benchmarking while another system indicated that they conduct this practice across all functions, albeit on an infrequent basis. Overall, 88% of systems are already conducting leadership span of control benchmarking in at least one functional area, while 12% are in the process of implementing benchmarking practices. All health systems that currently conduct span of control benchmarking do so for both clinical and support/business operations.

FIGURE 1. IN WHICH FUNCTIONAL AREA(S) DO YOU CONDUCT LEADERSHIP SPAN OF CONTROL BENCHMARKING AT YOUR ORGANIZATION?

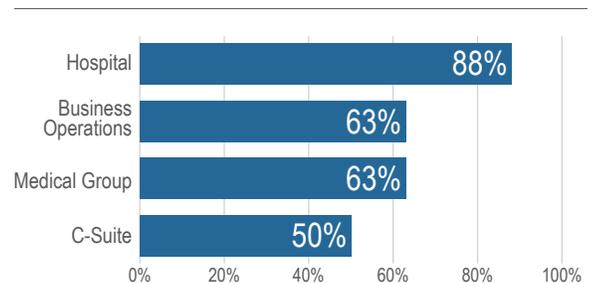
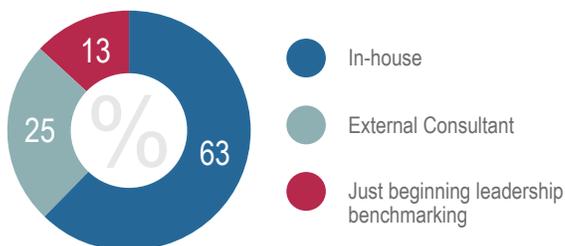


FIGURE 2. DOES YOUR ORGANIZATION CONDUCT THIS BENCHMARKING IN HOUSE, OR UTILIZE AN EXTERNAL CONSULTANT?



A majority (63%) of health systems conduct leadership span of control benchmarking in-house, 25% percent of health systems utilize an external consultant and 13% of systems are still developing a strategy for leadership span of control benchmarking. (Figure 2) One health system mostly conducts benchmarking in-house, however utilizes a consultant for nursing span of control benchmarking.

One COO commented on the rationale for conducting benchmarking in-house, stating **“Organizational span of control design may vary depending on the complexity and unique features of healthcare organizations and recognizing that the data may not reflect correlation with organizational effectiveness, we look loosely to a variety of external sources for benchmarking. Primarily, we rely on our own internal organizational models where existing span of control design has enabled achievement of key outcomes.”**

Some health systems (25%) report using external consultants for leadership span of control benchmarking, including Deloitte, The Advisory Board Company, and PwC. Additionally, one system performs benchmarking in house, however, the organization uses The Advisory Board Company standards.

Overall, 33% of systems are very satisfied with the information they received from their external consultants, 33% are somewhat satisfied, and 33% felt neutral. Deloitte received a “very satisfied” rating, PwC received a “somewhat satisfied” rating, and The Advisory Board Company received a “neutral” rating.

Most (75%) health systems report a willingness to share blinded span of control benchmark data for their organization, while 25% of organizations would be unwilling to share this data.