Average manager’s salary tops $92,000; raises pace inflation

The average salary for OR nursing leaders tops $92,000 this year. A third of the leaders are making more than $100,000 a year. Raises in the past year ran neck-and-neck with the Consumer Price Index, averaging 4%. But OR managers and directors did better on salary increases than managers and professionals in the nation as a whole, who averaged raises of 2.8%, according to the US Department of Labor.

OR managers and directors have major budgetary responsibility in surgery, overseeing on average operating budgets of $19 million. They continue to have clout in purchasing decisions, saying they are closely involved and often take the lead.

These are results from the 2006 annual OR Manager Salary/Career Survey. The survey was mailed in May to a random sample of 1,200 OR Manager subscribers with 266 returned for a rate of 22%. A separate survey was sent to ambulatory surgery centers (see p 29). Results on purchasing power will be in the November OR Manager.

Salaries and raises
The average annual salary for all respondents is $92,680. The highest salary is $180,000, reported by a director from a community hospital in the South who manages multiple departments. The lowest, $40,000, is from a community hospital in the Central region. The East had the highest average salary—$97,010.

Directors at teaching hospitals and the largest ORs (10+ rooms) reported average salaries of over $100,000. A few (13%) earn less than $70,000. This is most common in the Central states and in small ORs with 1 to 5 rooms.

Nearly all respondents (92%) say they received a salary increase in the past year. At 4%, the average raise didn’t quite match inflation, which ran 4.3% for the year ending in June, and just barely edged out last year’s average of 3.8%.

Raises varied little by region or type of facility. Leaders of the largest ORs had the highest average increase.

Raises by size of OR
1-5 ORs 3.8%
6-9 ORs 3.7%
10+ ORs 4.3%

Bonuses
Forty percent reported they are eligible for an incentive bonus or profit sharing, little changed from 39% 5 years ago.

The average bonus was 8% of base salary.

Of those eligible, respondents from the Central states (40%) and the South

Profile of the typical OR manager
The typical manager of a hospital OR in the OR Manager Salary / Career Survey:

- Earns an annual base salary of $94,890 for an OR director and $80,870 for an OR nurse manager
- Received a raise of 4% of base salary
- Holds the title of director of surgical services
- Works in a community nonteaching hospital (68%) with an average of 11 staffed ORs
- Manages 6 departments
- Oversees 82.7 clinical and 21.1 nonclinical FTEs
- Is responsible for an operating budget of $19 million.
(48%) were the most likely to report being eligible for an incentive bonus.

Leaders are more likely to receive a bonus if they manage the ORs plus other departments (41%) and have the title director (41%) rather than nurse manager (23%). The amount of the bonus was higher for those managing the ORs plus other departments, at 8% (n=69), than for those managing the OR only, at 6% (n=4).

Half of directors of large ORs are eligible for a bonus.

### Those receiving bonuses by size of OR

<table>
<thead>
<tr>
<th>OR Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 ORs</td>
<td>31%</td>
</tr>
<tr>
<td>6-9 ORs</td>
<td>34%</td>
</tr>
<tr>
<td>10+ ORs</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Benefits**

Benefits have changed little in the past 5 years. Two benefits that are more common are dependent health insurance and eye care.

Many report they are paying a higher portion of their insurance premiums or have higher copays or deductibles.

Among other benefits in addition to those listed are a concierge service, flexible spending accounts, 401K plans, and bonus plans for long-term employees reaching their 15-, 20-, and 25-year employment anniversaries.

### Benefits Comparison

<table>
<thead>
<tr>
<th>Benefit</th>
<th>2006</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health insurance</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Paid time off</td>
<td>99%</td>
<td>97%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>97%</td>
<td>96%</td>
</tr>
<tr>
<td>Retirement plan</td>
<td>94%</td>
<td>91%</td>
</tr>
<tr>
<td>Dental insurance</td>
<td>95%</td>
<td>93%</td>
</tr>
<tr>
<td>Tuition reimb</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Disability ins</td>
<td>86%</td>
<td>85%</td>
</tr>
<tr>
<td>Dependent health insurance</td>
<td>83%</td>
<td>79%</td>
</tr>
<tr>
<td>Eye care</td>
<td>77%</td>
<td>56%</td>
</tr>
</tbody>
</table>
About your organization

Most of the survey’s respondents (68%) work in community hospitals, while 27% are in teaching hospitals, and the remainder in another type, such as military, Veterans Affairs, or specialty facilities. Respondents are about equally divided among urban (33%), suburban (32%), and rural (36%) locales. In all, 87% are employed by not-for-profit organizations, and 13% are in for-profit facilities.

About your role

Title and work area. The most common title for respondents is director (58%), followed by nurse manager (28%).

In their titles, most refer to their work area as surgical services (51%), followed by perioperative services (28%), and the operating room (14%).

Reporting structure. Most respondents (69%) report to the nursing administration, with about one-fourth (26%) reporting to the hospital administration, and the remainder to some other entity.

Leaders in teaching hospitals are much more likely to report to the hospital administration than those in community hospitals, 41% versus 20%. The larger the department, the more likely the director is to report to the hospital administration:

- 10+ ORs: 37% (n=47)
- 6-9 ORs: 21% (n=9)
- 1-5 ORs: 9% (n=8)

Managing beyond the OR. For most respondents, their role extends beyond the OR and even the facility. The largest group (77%) manages the OR and other departments in a single hospital. These leaders oversee on average:

Changing profile of OR managers

The typical OR manager or director in a hospital...

- is paid an average annual salary $92,680, $79,555, $59,720
- reports to nursing administration 69%, 64%, 62%
- is eligible for incentive bonus 40%, 39%, 34%
- manages an OR with a management information system 91%, 82%, 66%
- manages more clinical FTEs 83%, 79%, 56%
- has a master’s degree 40%, 39%, 34%

Source: OR Manager, Inc.
Do you have an OR business manager?

In all, 28% of survey respondents have an OR business manager. The position is most common in larger ORs and teaching hospitals.

<table>
<thead>
<tr>
<th>By type of facility</th>
<th>Teaching</th>
<th>Community</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49%</td>
<td>21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By number of ORs</th>
<th>1-5</th>
<th>6-9</th>
<th>10+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6%</td>
<td>14%</td>
<td>48%</td>
</tr>
</tbody>
</table>

- 10 ORs
- 5 departments
- 76 clinical and 18 nonclinical FTEs
- an annual OR budget of $15.7 million for operating expenses, $1.3 million for capital, and $4 million for personnel.

Another 11% of respondents manage multiple departments at more than 1 facility.

About the operating room

Surgical volume. The average annual surgical volume for respondents is 8,404 cases. A little more than half (52%) say their volume has increased, the same as in 2005 but lower than the 63% in 2001. On average, volume had increased by 8%.

Surgical volume by size of OR

<table>
<thead>
<tr>
<th>OR size</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 ORs</td>
<td>2,589</td>
</tr>
<tr>
<td>6-9 ORs</td>
<td>5,807</td>
</tr>
<tr>
<td>10+ ORs</td>
<td>13,317</td>
</tr>
</tbody>
</table>

Number of ORs. Those with the title “director” manage an average of 11 ORs, while those with the title “nurse manager” oversee an average of 10 ORs.

Annual budget. Surgical services directors have a large financial responsibility, overseeing for all of the ORs they manage an average:

- operating budget of $19.0 million
- capital budget of $17.4 million
- personnel (salary) budget of $4.9 million.

Average annual operating budget managed

<table>
<thead>
<tr>
<th>Title</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>$18.3 million</td>
</tr>
<tr>
<td>Nurse manager</td>
<td>$10.5 million</td>
</tr>
</tbody>
</table>
**About you**

**Age and gender.** The average age of respondents is now 51.4 years, up from 49 in 2001, and 60% are over 50.

In all, 15% of respondents to this year’s survey are male, up from 11% 5 years ago. Only 5 (less than 1%) are not RNs.

**Education.** Of all respondents, 40% have master’s degrees, and 37% have bachelor’s degrees as their highest degrees. The remainder have a diploma (12%) or an associate degree (11%).

Types of master’s degree reported are:

- MS or MSN: 51%
- MBA: 26%
- Another master’s: 23%.

Of those with bachelor’s degrees, 71% have a BSN, and 29% have another type of bachelor’s.
The majority of hospital ORs (58%) now have a computer in each operating room. That reaches 76% for teaching hospitals. Less than 1 in 10 do not have an automated information system. The top three uses of the computers in each OR are:

- patient documentation
- laboratory data
- order entry.

Fewer than 1 in 5 uses OR-based computers for inventory control.

The majority (53%) have a dedicated information specialist to help manage their system. For 66% of these, the specialist is in the OR department rather than the IT department.

The computer in each OR is used for . . .

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intraop patient documentation</td>
<td>78%</td>
</tr>
<tr>
<td>Laboratory data</td>
<td>72%</td>
</tr>
<tr>
<td>Order entry</td>
<td>60%</td>
</tr>
<tr>
<td>PACS (imaging)</td>
<td>54%</td>
</tr>
<tr>
<td>Patient charges</td>
<td>48%</td>
</tr>
<tr>
<td>Policy &amp; procedure manual</td>
<td>47%</td>
</tr>
<tr>
<td>Inventory control</td>
<td>17%</td>
</tr>
</tbody>
</table>

Is there a computer in each operating room?

- Don't have an automated IS: 9%
- No: 33%
- Yes: 58%

By type of facility

<table>
<thead>
<tr>
<th>Facility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teaching</td>
<td>76%</td>
</tr>
<tr>
<td>Community</td>
<td>51%</td>
</tr>
</tbody>
</table>

By number of ORs

<table>
<thead>
<tr>
<th>OR Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>49%</td>
</tr>
<tr>
<td>6-9</td>
<td>54%</td>
</tr>
<tr>
<td>10+</td>
<td>67%</td>
</tr>
</tbody>
</table>

Does the OR have a dedicated IS specialist?

- No: 14%
- Yes, in IT department: 18%
- Yes, in our department: 35%

A building boom for ORs

The building boom for ORs is rolling along. Nearly two-thirds (64%) of survey respondents say they are adding or planning to add new ORs—a jump from 54% last year. The top reasons for building:

- increase capacity: 58%
- accommodate new technology: 45%
- replace an old facility: 35%.

More than one-third (38%) are renovating. The main reason, named by two-thirds, is to accommodate new technology. Another 25% are remodeling to meet structural requirements, and 33% are doing so for other reasons.

Are you currently adding or planning to add new ORs?

- No: 36%
- Yes: 64%

Are you currently renovating or planning to renovate ORs?

- No: 62%
- Yes: 38%

Thank you

OR Manager thanks its subscribers who took time to complete this year’s survey. We appreciate your part in gathering this information, which will be useful to your colleagues around the country.

Salary/Career Survey director

Billie Fernsebner, RN, MSN, education specialist for OR Manager, Inc, has coordinated the OR Manager Salary/Career Survey for the past 10 years.
Over half of those managing large ORs have master’s degrees.

**Highest degree for those running 10+ ORs**

- Master’s: 54%
- Bachelor’s: 37%
- Associate: 4%
- Diploma: 4%
- Doctorate: 1%

Nearly two-thirds (63%) of directors and nurse managers say their employer requires a specific degree for their position. For both directors and managers, the required degree is most likely to be a bachelor’s.

**Required degree**

<table>
<thead>
<tr>
<th></th>
<th>Bachelor’s</th>
<th>Master’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>71%</td>
<td>28%</td>
</tr>
<tr>
<td>Nurse managers</td>
<td>89%</td>
<td>7%</td>
</tr>
</tbody>
</table>

More than 1 in 5 (22%) of survey respondents have a plan that rewards the staff financially for helping to improve performance or reduce supply costs. That’s up from 18% last year when the question was first asked. Respondents described a variety of rewards:

- $100 gift card for identifying savings over $10,000
- Possible bonus based on guest satisfaction scores
- A fund separate from the main hospital fund that is used for education, parties, and food
- Cash bonus for ideas that improve patient safety
- Gainsharing based on the hospital’s financial performance
- Percentage payout for achieving certain goals.

**Management positions tougher to fill**

It’s taking longer to find managers for the OR. On average, management vacancies take 14 weeks to fill, compared to 10 weeks in the 2005 survey. Recruitment takes longest in the West (15 weeks).

Only about 1 in 5 (19%) of respondents have management openings. The average number of openings is 0.3.

While 44% filled their openings in 4 weeks or less, 47% said it took more than 4 weeks—with 27% saying it took more than 16 weeks.

**Average number of weeks management positions have been open**

<table>
<thead>
<tr>
<th>Type of facility</th>
<th>Overall</th>
<th>Community</th>
<th>Teaching</th>
<th>East</th>
<th>Central</th>
<th>South</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>11</td>
<td>14</td>
<td>14</td>
<td>15</td>
</tr>
</tbody>
</table>