OR business managers steadily gaining clout, financial rewards

Business managers have seen a rise in salaries and number of direct reports over the past 5 years, but their overall role remains consistent, according to the 23rd annual OR Manager Salary/Career Survey. More than a third (34%) of respondents have a business manager on their team. The average annual salary for a business manager is nearly $84,000, up from $73,000 in 2008. The higher salary correlates with greater responsibility; 60% of business managers now supervise 4 or more direct reports, compared with 50% in 2008.

Most business managers continue to work in teaching hospitals (60%), and 59% serve facilities with 10 or more ORs. Nearly half of business managers work in the South (45%), followed by the Midwest (36%), West (29%), and Northeast (14%).

About the survey
Data for the OR Manager Salary/Career Survey was collected from March to May 2013. The survey list comprised 775 OR Manager subscribers who are directors (or equivalent) of hospital ORs. The survey was closed with 160 usable responses—a 21% response rate. To ensure representation of the target audience, results were filtered to include only the 155 respondents who work full time in a hospital. The margin of error is ±7.0 percentage points at the 95% confidence level.

Annual salary
Business managers earn an average annual salary of $83,900, up slightly from the 2012 average salary of $81,900, with those in teaching hospitals earning an average of $21,200 more ($98,500 vs $77,300). As expected, those working in facilities with 10 or more ORs earn more than those in facilities with fewer ORs.

Job structure
As in previous surveys, most business managers report to the OR director (71%). In teaching hospitals, 61% report to the OR director, compared to 76% in community
hospitals. The next highest response was vice president (22% of teaching hospitals and 12% of community hospitals). The reporting structure for business managers in facilities where the survey respondent supervised 1 to 4 ORs was equally distributed among OR director, vice president, and chief financial officer (33% for each).

More than half (60%) of business managers oversee 4 or more direct reports, with 23% overseeing 1 to 3. Only 17% have no direct reports.

As expected, and consistent with 2008, the most common areas of responsibilities for business managers are financial: value analysis/product selection process (79%), financial analysis/reporting (77%), annual budget (69%), and purchasing OR supplies/equipment (63%). Areas of responsibility not directly related to finance include OR scheduling (44%) and surgical services information system (38%).

Profile of a business manager

In all, 77% of respondents say that business managers are required to have a degree (94% in teaching hospitals and 67% in community hospitals). Only a third of respondents who oversee 1 to 4 ORs report requiring a degree for the business manager role.

Of those who require a degree, half specify a bachelor’s degree, 30% a master’s degree in business administration, and 18% any other type of master’s degree. In 2008, 65% required a bachelor’s degree, but the percentage requiring a master’s degree in business administration or any other type of master’s degree was only 17% for both.

A total of 38% of respondents require the business manager to have a clinical background (44% of teaching hospitals and 36% of community hospitals). Business
managers working in smaller ORs were more likely required to have a clinical background (67% for 1 to 4 ORs vs 36% for 10 or more ORs).

Room to grow
Business managers continue to provide valuable services to OR leaders. In a challenging healthcare environment, business managers can provide valuable financial analysis that promotes effective decision-making. Although the percentage of OR leaders with a business manager is much higher than in 2004 (34% vs 24%), there is plenty of opportunity for growth in the role.

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