OR leaders say the economic downturn has hit surgical services, according to results of the 19th annual *OR Manager* Salary/Career Survey. Nearly two-thirds (63%) of OR managers and directors have been asked to cut their annual operating budget in the past 6 months. In all, 79% are reconsidering or postponing capital expenditures, and 84% report new limitations on funding for attending educational events.

About 1 in 5 (19%) has lost at least some benefits, and nearly half (44%) are postponing retirement.

Despite these challenges, both hospital and ambulatory surgery center (ASC) OR leaders like their jobs, scoring their satisfaction an average of 4.0 (out of a possible 5) for those in hospitals and 4.2 for those in ASCs.

The average total compensation package for OR managers and directors is $129,000, compared with $124,000 in 2008.

The *OR Manager* Salary/Career Survey was mailed in April 2009 to 800 *OR Manager* subscribers who are directors or managers of hospital ORs; 323 were returned for a response rate of 40%. The margin of error is ± 4.7 at the 95% confidence level. A separate survey was sent to ASC managers (see page 19). Results from the staffing portion of the survey appeared in the September *OR Manager*.

**Weathering the storm**

Economic concerns are playing out in several ways.

**Budget cuts.** Money is top of mind for everyone. Comments included: “[We’re] focused on cutting costs more than ever,” “no spending unless critical,” and “there is no room for purchases, improvements. Much pressure to reduce costs—variance meetings very intense.”

For the 63% of respondents who were asked to cut their annual operating budget, the average reduction was 7%.

Those who manage more ORs were significantly more likely to have had to make cuts (66% of those who manage 10+ ORs and 67% for those responsible for 5-9 ORs) compared with those who manage 1-4 ORs (48%).

Not everyone has financial difficulties. “The hospital has had good OR margins in the past few years and [the margins] are financially good at this time,” one nurse leader commented.

**Purchasing cuts and delays.** Capital equipment budgets have been targeted. “Not able to order needed capital equipment,” said one OR manager. “We are postponing…some needed acquisition of capital assets, ie, anesthesia machine, autoclave,” said another.

Those managing 10+ ORs were significantly more likely (87%) to be reconsidering or postponing capital purchases compared with those responsible for 5 to 9 ORs (73%) or 1 to 4 ORs (67%).
OR technology/equipment suffered the most from belt tightening, cited by 84%, followed by OR renovation and new construction (40%), and information technology (25%).

**Loss of benefits.** For the 19% who lost benefits, the loss was fairly consistent by job title, number of ORs managed, type of hospital, and geography. Benefits affected were compensation, retirement contributions, insurance benefits, and education.

Several reported their pay has been reduced. Others said raises or merit increases were being held. Bonuses either weren’t paid or were harder to earn for some.

A number said employers’ contributions to 401(k) or 403(b) retirement
funds were reduced or eliminated, at least for this year. Some said health insurance premiums and copays have been raised.

Education is also suffering. Managers reported loss or suspension of tuition reimbursement and travel for meetings.

“[We] have freezes on travel for staff, management,” wrote one person. Another reported no educator resources, including “no educator, no CNS [clinical nurse specialist], no approval for conferences.”

Larger facilities (89% for 10+ ORs and 88% for 5-9 ORs) were significantly more likely to have limited funding for conferences or other educational events, compared with facilities with 1-4 ORs (62%).

Salary facts

Hospital-based OR managers and directors now earn an average salary of $107,000, compared with an average of $102,000 in 2008 and $99,000 in 2007. Salaries are highest in the West ($119,000). Those in teaching hospitals earn an average of $18,000 more than their community hospital counterparts.

OR leaders with a more senior title continue to earn more, with administrators and administrative directors earning an average of $125,000, compared with $101,000 for directors and $90,000 for managers.

The average salary increase was 3.7% (4.3% in 2008 and 2007).

Salary increases by region

- West 4.3%
- South 3.9%
- Northeast 3.6%
- Midwest 3.3%

Total compensation

Once bonuses, insurance, pension, and other benefits are added, the average compensation is $129,000 ($124,000 in 2008; $121,000 in 2007). More than one-fourth (29%) earn between $100,000 and $124,999, while 19% earn...
between $150,000 and $199,999. Only 6% earn more than $200,000, and less than 1% are paid less than $70,000 a year.

**Benefits**

The most common benefits are:

- Health insurance 94%
- Dental insurance 90%
- Life insurance 87%
- 401 (k) retirement plan 86%
- Tuition reimbursement 84%
- Disability insurance 82%
- Dependent health insurance 71%
- Eye care 70%
- Educational benefits 58%
- Pensions 48%

All respondents receive paid time-off, with an average of 29.9 days.

A total of 39% receive bonus or profit sharing as part of their total compensation, with an average amount of $6,440. Monetary incentives are most common in the West, with 48% of respondents reporting them, compared with 30% in the South, 34% in the Midwest, and 46% in the Northeast.

**Vacancies and job hunts**

Though vacancies for OR managers and directors are perceived to be high, only 6% of respondents report management positions are vacant. The average length of a vacancy is 8.9 months.
Nearly half postpone retirement

The economic downturn has led to second thoughts about retirement. Four in 10 survey respondents are putting off their plans to stop working. Still, more than half plan to be out of the job market in 10 years.

Has the economic downturn caused you to postpone retirement?

- Yes 44%
- No 56%
- 10-19 years 15%
- 20-29 years 31%
- 30+ years 52%
- <10 years 1%

Average = 28.6

In what year do you plan to retire?

- 2007-2009: 23% 2%
- 2010-2014: 27% 13%
- 2015-2019: 33% 36%
- 2020-2029 15% 5%
- 2030 or later 15% 46%

Average = 8.3

Years in present position

- <5 years 13%
- 5-14 years 36%
- 15-24 years 13%
- 25+ years 5%

Average = 8.3

Average age increases
Only 4% are actively seeking a new job, and 15% are considering a new job search. OR leaders in teaching hospitals are significantly more likely to want to stay put: 92% aren’t considering a job search, compared with 77% for those in community hospitals.

Nurse managers are significantly more likely than directors (22% vs 9%) to be considering a new job search, with 15% of administrators or administrative directors considering this option.

**Where you work**

Most (72%) respondents work in community hospitals, with 24% in teaching hospitals. The average number of licensed beds per hospital was 288.

Hospital location for respondents is evenly split:

- Suburban: 34%
- Rural: 33%
- Urban: 32%.

**About your role**

Here is a closer look at titles, reporting structure, and elements reflecting span of control.

**Title and work area.** Most respondents report their title as director (42%),
followed by administrator or administrative director (31%) and nurse manager (22%).

Most (52%) administrators or administrative directors refer to the area they oversee as perioperative services, followed by surgical services (45%) and operating room (3%). Director titles are evenly split (42% each) between perioperative services and surgical services, followed by operating room (17%). Nurse managers’ titles more frequently (45%) include the term “operating room,” followed by surgical services (39%) and perioperative services (16%).

**Organizational structure.** About two-thirds of respondents (61%) report to nursing administration, while 29% report to hospital administration. Those who manage 10+ ORs are significantly less likely to report to nursing administration.

**OR leaders reporting to nursing administration**

<table>
<thead>
<tr>
<th>ORs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10+ ORs</td>
<td>52%</td>
</tr>
<tr>
<td>5-9 ORs</td>
<td>78%</td>
</tr>
<tr>
<td>1-4 ORs</td>
<td>67%</td>
</tr>
</tbody>
</table>

Those in community hospitals are more likely (65%) to report to nursing administration compared with those in teaching hospitals (49%).

**Scope of responsibility.** More than three-quarters (77%) have responsibility for the OR and other departments within one hospital; 14% oversee only the OR in one hospital, and 9% manage the OR and other departments at multiple facilities.

The 5 most common departments managed are postanesthesia care, central processing, outpatient/same-day surgery, preadmission services, and GI/endoscopy.

**Money talk.** OR leaders’ financial responsibilities remain impressive. On average, respondents oversee an annual operating budget of $24 million, with 32% reporting $10 million or more.

Administrative directors managed the highest budget levels, followed by directors, and managers.

**Average annual OR budget managed**

<table>
<thead>
<tr>
<th>Budget Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$24 million</td>
</tr>
<tr>
<td>Capital</td>
<td>$1.8 million</td>
</tr>
<tr>
<td>Personnel</td>
<td>$5.3 million</td>
</tr>
</tbody>
</table>

Surprisingly, many respondents did not know the size of their budget or chose not to answer this question.

**People power.** OR managers and directors directly or indirectly oversee an average of 102 clinical and 25.1 nonclinical FTEs, with a total average of 127 FTEs.

**Long hours.** Considering the workload of respondents, it’s not surprising that respondents report working an average of 52.7 hours a week. About a fourth (23%) say their workweek is 60 hours or more. Only 7% of respondents work an average of 40 to 44 hours.

**Purchasing power.** All of the OR managers and directors who responded to the question about purchasing influence wield significant power, with
90% reporting they influence the selection and purchase of OR supplies and equipment and 82% influencing capital equipment decisions.

Most involvement is through membership on a decision-making committee or team (55%) or a value-analysis team (44%). Value-analysis teams are significantly more common for those managing 10+ ORs (64%) compared with those who manage 5-9 (57%) or 1-4 ORs (22%).

In all, 36% of respondents say they are the primary decision maker on purchases, and 33% serve in an advisory capacity. Those in community hospitals are significantly more likely than teaching hospital counterparts to be primary decision makers (40% vs 22%).

About your OR

Respondents manage an average of 14.7 ORs, with administrators and administrative directors responsible for significantly more (20.7 ORs) than those with other titles: 11.4 for directors and 12.9 for nurse managers.

The average annual case volume is 9,120 and, not surprisingly, size correlates with volume.

### Annual surgical volume by number of ORs managed

<table>
<thead>
<tr>
<th>Number of ORs Managed</th>
<th>Annual Surgical Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>3,610</td>
</tr>
<tr>
<td>5-9</td>
<td>5,840</td>
</tr>
<tr>
<td>10+</td>
<td>13,140</td>
</tr>
</tbody>
</table>

Increases in surgical volume have slowed, with 31% reporting a higher number of cases in the past 12 months compared with 39% in 2008 and 40% in 2007. Nearly a third (30%) report a decrease, compared with 24% last year, and 38% report volume stayed about the same (36% last year).

Incentives to improve the bottom line. About a fourth (24%) of OR managers and directors say their facility has a plan for rewarding the staff financially for performance improvements or cost reductions. Teaching hospitals are more likely to have these plans than community hospitals (28% vs 23%).

About you

Women continue to dominate the field of OR management (87%), as do RNs (97%).

Age and retirement. At 52.3 years, the respondents’ average age is unchanged from 2008. Only 14% are 44 years old or younger.

The average year planned for retirement is 2021, compared with 2018 in 2008. OR leaders remain a seasoned cadre, with an average of 28.6 years in nursing and 8.3 years in their current positions.

Education. Managers and directors are most likely to have a master’s degree as their highest level of education, with 24% reporting an MS or MSN, and 11% reporting an MBA.

Most (78%) managers and directors say a specific degree is required for their position. The most common degree required is the bachelor’s (58%), but title and location play a role.
Most common degree required by position

- Admin/admin dir: Master’s 63%
- Director: Bachelor’s 66%
- Nurse manager: Bachelor’s 89%

Teaching hospitals are significantly more likely than community hospitals (59% vs 34%) to require a master’s degree.

A final thought

OR leaders face challenges in these harsh economic times, but one respondent had this perspective: “[The] economic downturn is only a small part of my OR’s opportunities—everyone needs to be smart and prudent in their financial spending. Would you do any less at home?”

—Cynthia Saver, RN, MS

Cynthia Saver is a freelance writer in Columbia, Maryland.