



The Art and Science of Executive Job Leveling

by Tim Pang, Principal, SullivanCotter

Build a well-defined executive job-leveling framework to position your organization for growth and change!

In the complex world of health care leadership, executive job leveling and titling are critical components of talent management and professional development. This is evidenced by the increasing geographic scope of organizations at the local, regional, and national level and the broad range of care settings such as inpatient, ambulatory, and more. It also includes several corporate and clinical positions that coexist in a multispecialty environment – from standard roles such as Chief Financial Officer and Chief Medical Officer to more specialized ones like Chief Clinical Transformation Officer.

As health care organizations position themselves for growth and change, building a well-defined executive job leveling framework serves as a foundation for expanding and scaling an organization's senior leadership team and supporting the growth of talent from within. It provides a formal and consistent approach for defining leadership roles, delineating responsibilities, and creating clear pathways for career progression.

In this article, we explore the benefits of a formal executive job leveling structure, discuss how organizations are creating best-in-class frameworks, and highlight what to consider when developing or updating the organization's framework.

Why use an executive job leveling framework?

There are many reasons health care organizations design and implement a comprehensive career architecture and job-leveling framework for the leadership team:

Establishes the foundation for employee growth and development across the organization.

Job leveling frameworks have been traditionally used for individual contributors to shape clear career progression pathways and define key skills and competencies. However, many health care organizations have moved to streamline their leadership structure in recent years. Applying these structures and tactics at the executive level has become increasingly common. With financial pressures, mergers, and acquisitions, there has also been an increased focus on integration across the health system, building talent from within, and the resulting change required to move into new organization structures and delivery models.

Defines the scope and accountability of each executive role.

To leverage the unique talent of the leadership team, the intended scope and accountability of each level within the organization should be well defined. For example, what level of authority and accountability should Senior Vice Presidents have? How does that vary at the local care site versus enterprise level? Defining the scope provides visibility into efficiency and opportunities to streamline parts of the management structure or expand others to support growth and strategic initiatives. Organizations continue to look at leadership headcount and cost, and having the right executive job leveling and titling framework helps define spans of control and organization layers.

Well-defined levels provide objectivity, rigor, and consistency around criteria for promotion and new role creation. Many systems find themselves with larger executive teams because the talent required and roles are not well defined. Having clear and objective criteria helps prevent title inflation and promotes consistency across the executive team. With many organizations focusing on internal talent development to fill key executive positions, leveling frameworks provide visibility into career pathing and facilitate leadership progression and succession planning discussions. The health care workforce continues to become increasingly complex and matrixed – and many organizations are implementing operating models changes as a result. For example, this may include shifting from a system-wide structure to a regional model. Resetting the management leveling framework may be necessary to adapt to a new operating model and reflect the diversification of business/service lines.

Enables the development of an executive total rewards structure for better compensation decision-making.

It is important to ensure that compensation and rewards align with the level of oversight and impact expected of senior executives. Compensation should be in line with their contributions and ability to influence strategy and decision-making at the highest level.

How do organizations develop a best-in-class executive leveling and titling structure?

When the organization is ready to create a structure, it is important to establish and follow a defined process to ensure success. To start, following these four steps can help with the design and implementation of a well-defined executive leveling framework:

1. Understand the current state

It is important to understand the starting baseline before beginning to change the organization structure. Several key metrics and measures can help to assess the current state. Each of these should be analyzed for the organization as a whole and by specific business unit – such as by job family, department, or functional area:

“There is both an art and science to this approach. While benchmarks should be anchored in science, the design should be more of an art – a customized leveling framework tailored specifically to the strategic business needs of each organization.”

- **Size of the workforce** – The number of individuals in the business unit and at each level within the unit.
- **Span of control** – The number of employees reporting up to each manager directly or indirectly through subordinate managers. This provides a representative picture of the total responsibility of each leader and executive.
- **Number of management layers** – Smaller or flatter units may only have three or four levels with individual contributors reporting to managers who then report to a director. Others may have five or six levels that include Assistant Managers, Senior Directors, and Vice Presidents.
- **Number and types of job titles** – There may be a variety of job titles within each level such as a System Director, Regional Director, or Administrative Director. This may imply a more distinct hierarchy.

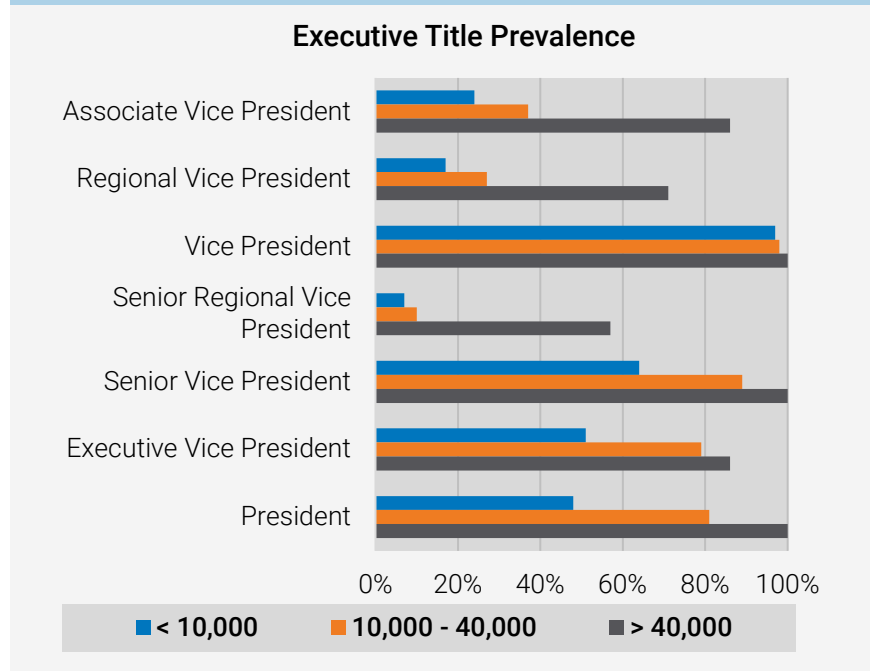
2. Use market benchmarks to guide the design

Once the organization's baseline has been established, it is helpful to analyze equivalent market-based benchmarks to understand how the organization compares to its peers. This can help to determine the appropriate number of titles or levels across the organization as well as the distribution of employees within those levels and titles.

A few key aspects to keep in mind include:

- **Industry-specific benchmarks** – Health care is complex, and industry-specific benchmarks help to provide the right context for the executive job leveling framework. The types of roles, job titles, and levels needed for an integrated health system to effectively serve its patient population may be very different from a comparably sized manufacturing or service organization. The example below sourced from SullivanCotter's proprietary Workforce Insights360™ database shows how the use of titles is tied to organization size – mid-sized and large organizations typically use more titled levels than smaller organizations.

Example of level prevalence benchmarks by organization size



- **Peer group selection** – Comparing against the eight group of industry peers is important. Workforce size and other related metrics can be highly correlated to overall organization or business unit size. A larger organization has more staff in each business unit and requires more managers and executives. The rate of growth or change in management and executive span of control may also depend on the size of the organization. Organization type will also make a difference. For example, a specialty pediatric health system may choose to structure itself

differently from a system with a notable mix of critical access hospitals. Utilizing a peer group for comparison allows organizations to reference data across a variety of factors and will help to enhance the range and relevance of the market data.

- **Interpretation of benchmark data** – The science may be in the numbers, but there is an art to interpreting them. Market data should serve as a directional guide and tool to enhance decision-making about organization design. Benchmarks should not be used alone to determine how the organization should look or to set specific targets.

3. Clearly identify and define the right factors and criteria

While benchmarks should be anchored in science, the design should be more of an art – a customized executive job leveling framework tailored specifically to the strategic business needs of each organization. Best-in-class leveling frameworks use a mix of objective and subjective factors to establish the appropriate criteria for accountability and responsibility at each level. Each factor may also have a different weighting depending on its importance to the organization.

Some common factors include:

Objective Factors	<ul style="list-style-type: none">• Organization reporting level – What is the role’s relative reporting position to the CEO?• Supervisor title level – What is the role’s supervisor?• Total reports – What is the size of the role’s total reporting structure?• Highest direct reports – What is the role’s highest direct subordinate?• Functional accountability – What type of functional oversight does the role have? Does it oversee multiple job families, a single job family, or functions within a job family?
Subjective Factors	<ul style="list-style-type: none">• Organization-driven – Such as oversight of an emerging market or an area of competitive advantage.• Level-driven – Such as strategic contribution or financial responsibility.• Function-driven – Such as patient impact or risk management.• Job-driven – Such as external influence or operational excellence.• Individual-driven – Such as talent scarcity or contribution potential.

With the above factors in mind, there are a few additional considerations to note when defining these criteria. To help ensure a more holistic approach, it’s important to develop categories that are broad enough to cascade down the organization. Examples of these categories include scope of supervisory responsibility, strategic impact, risk influence, budgetary oversight, experience, problem-solving and functional accountability. Each category would have specific criteria to help differentiate them across broader career stages, such as Directors versus Executives, and within specific job levels – like Vice President compared to Senior Vice President.

Additionally, using simple, clear, and unambiguous language will help to improve understanding and application across the organization. Leveling definitions and criteria need to be clear to all employees. Leaders and managers

across different departments must reach a common understanding of the criteria and apply the definitions consistently. At the same time, all employees should understand the criteria pertaining to their level as well as the level above in order to understand the scope and accountability required for individual career progression.

Lastly, it's important to stay flexible to capture non-conforming roles. The organization's executive job leveling structure should be agile enough to balance objective criteria with the need to address the more subjective criteria of roles that might not conform to typical span of control levels. For example, even though leadership roles in strategic growth areas may not meet ideal span of control targets, they are still highly important and influential in the organization.

Example of a job title matrix that includes reporting level and functional accountability of the jobs

Level	Health System	Region Operations	Hospital Operations	Service Lines	Academics	Research Institutes
1	Chief Executive Officer					
2	EVP Chief Officer	President	President	President EVP Chief Officer	President EVP Chief Officer Chancellor	Executive Director Chief Officer President Executive Vice President
3	Chief Officer SVP	Chief Officer SVP	Chief Officer	Chief Officer SVP	SVP Chief Officer Provost	Chief Officer SVP
4	VP Associate Chief Officer	VP Region Chief Officer Region Vice President	VP	VP Associate Chief Officer	VP Dean Vice Provost	Vice President
5	Executive Director AVP	Executive Director AVP	Executive Director AVP	Chair AVP	AVP Chair	AVP

4. Navigate change management effectively

Change management is critical to successful implementation and should begin at the onset of the engagement. The more transformative the change, the more important early and effective management and communication will be.

Examples of this include:

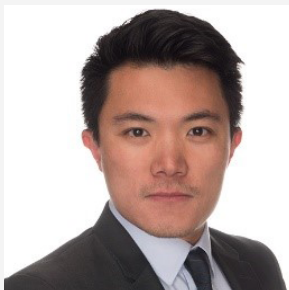
- **Define and communicate clear objectives and outcomes** to ensure there are common goals for which all stakeholders can strive.
- **Identify and engage the right stakeholders, change agents, and champions** to create a core group of individuals who will work together to review leveling criteria, role assignments, transition plans and drive towards successful outcomes.

- **Develop a compelling business case** to establish buy-in from the various stakeholders who may participate or have influence on the process.
- **Determine the implementation and rollout plan** and follow these steps to ensure success. The final rollout plan can be refined over the course of the engagement. It may be done by creating a pilot program for one core business unit or by rolling out changes across the organization via a phased approach. The implementation plan should reference how transitions will be addressed for incumbents whose levels/titles are expected to be higher or lower than current.
- **Continue to monitor progress and act on feedback** as the new framework is implemented. It will be important to regularly evaluate its effectiveness and determine refinements to leveling definitions and criteria. Setting up checkpoints to monitor progress after implementation helps prevent parts of the organization from reverting to previous practices. Make efforts to gather feedback to help with the development of mitigation plans and adjust as challenges surface. Continue to review and calibrate the framework over time as the organization evolves and business needs change.

Conclusion

Looking ahead, industry changes coupled with the increase in mergers and acquisitions will bring a higher degree of nuance across health care leadership roles. Establishing an executive job leveling framework that is customized to each organization is critical to aligning leadership competency and performance with long-term organizational success. This also supports talent management, career growth, and succession planning processes by defining the expectations for each leadership level and role.

Building an effective executive leveling framework requires a combination of art and science. There is no one-size-fits-all approach. Make sure to use specific and precise market benchmarks to help set the stage, and then interpret these benchmarks effectively to customize leveling definitions and criteria designed to meet the organization's unique needs, long-term strategy, and growth priorities.



About the author:

Tim Pang is a Principal in SullivanCotter's Workforce Analytics and Rewards practice and has spent over 20 years advising health care clients on how to improve performance by adapting and/or changing their workforce structure and organization design.

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