Return on Investment: Benefits and Challenges of a Baccalaureate Nurse Residency Program

Executive Summary

- First year turnover rates of new nursing school graduates ranging from 35%-61% demonstrate the challenges of transitioning from nursing school to clinical practice.
- When facing a 50% turnover rate of new grads, Methodist Hospital implemented a Nurse Residency Program to assist with issues of competency as well as navigation of the hospital’s organizational and bureaucratic structures.
- The program was designed to address a wide range of issues including clinical judgment and decision-making, leadership, professional commitment, individual development, and evidence-based practice.
- In addition to clinical practice with the support of a preceptor, nurses participated in 4 hours of structured cohort meetings per month.
- The turnover rate among new grads dropped to 13% in 1 year, a substantial gain in workforce stability.

Background

The Methodist Hospital's Nursing Education Department, The Center for Professional Excellence, found that aiding in the development of baccalaureate nurse graduates' transition from the familiar educational environment to the professional workforce was a profound training challenge. The gap between new graduate employees' preparedness and their professional readiness is a documented stress and is perhaps one of the most influential variables that effect graduate nurse retention (Bowles & Candela, 2005). Retention rates among graduate nurses at TMH reached an all time low of 50% in 2003. There definitely was an opportunity to make a positive change in turnover rates. Imple-
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First-Year Turnover Rates

Although TMH has a world-renowned reputation, the graduate nurse retention rate needed assistance, much like the literature reports. Reported median turnover rates for graduate nurses during their first year of employment range from 35% to 61% (Casey, Fink, Krugman, & Propst, 2004; Nursing Executive Committee, 2001). Still, nurses who stay past 1 year in their first hospital job are likely to resign after 2 years of employment (The Advisory Board Company, 2004). According to a National League for Nursing study (1999), 25.3% of graduate nurses at 6 to 8 months post graduation have already worked for two or more institutions.

There are many reasons for turnover among this vulnerable population. Because reasons range from stress to lack of confidence and competence to an overwhelming lack of support and educational preparation, it is evident the graduate nurse needs an optimal work environment to succeed and to be retained (Goode & Williams, 2005; Oermann & Moffitt-Wolf, 1997). Acclimation to the setting causes an inordinate amount of emotional pressure on graduate nurses. Santucci (2004) highlighted the pressure the graduate nurse feels in order to fit in with members of the health care team. Dealing with resistant staff, feeling uncomfortable with posing new ideas, or questioning accepted practice and negotiating with physicians is a role expectation that these tasks are difficult. Boychuk-Duchsher (2001) finds that the baccalaureate graduate nurse experiences enormous frustration being dependent on others to help with teasing out complex or even simple patient problems. From the employers’ perspective, a survey conducted by the National Council of State Boards of Nursing revealed that only 41.9% of employers reported the graduate nurse was prepared to give safe and effective care (Smith & Crawford, 2003).

Program Background

Retention of graduate nurses during the first year of employment is crucial and challenging in an acute care hospital. The high turnover rate, the high cost of recruitment, and replacement costs seem an insoluble problem. Yet, the pressures on hospitals to be cost effective and to provide reliable safe care are daunting. The Methodist Hospital’s UHC Baccalaureate Nurse Residency program was initiated to provide the support and structure necessary to help transition graduate nurses from the student nurse role to be leaders at the bedside. Thus, the program was selected because it was tailored to meet the advanced beginner’s needs to deliver competent care and it would be cost effective for the hospital.

The Methodist Hospital’s UHC Baccalaureate Nurse Residency Program is a 1-year program for graduates of baccalaureate nursing programs who are employed as staff nurses on clinical units. The program’s focus is on the transition to professional nursing practice using Patricia Benner’s theoretical framework of From Novice to Expert: Excellence and Power in Clinical Practice (1984). This is a developmental model which stages skills acquisition from beginner level to expert. In this model the baccalaureate graduate nurse is exemplified as an advanced beginner. The advanced beginner is characterized by having difficulty in prioritizing competing tasks and trusting those with more experience or authority to know how to problem solve. Advanced beginners have limited confidence in their abilities and have difficulty imagining their solving situations successfully; thus, they limit their ability to successfully problem solve complicated clinical situations (Benner, 1984). The purpose of the BSN nurse residency program is two-fold:

1. Assist the new nurse graduate in transitioning from the role of advanced beginner to the competent nurse role and meeting its demands.
2. Provide supports that would afford better understanding of the organizational and bureaucratic structure of the medical center environment.

The UHC and the AACN Nurse Residency Program (UHC & AACN, 2005) is designed as a series of
learning and work experiences to assist baccalaureate graduate nurses as they transition from the student role to the role of leader at the bedside. The graduate nurse will:

- Transition from the advanced beginner role to competent nurse in the acute care environment.
- Develop effective decision-making skills related to clinical judgment and performance.
- Provide clinical leadership at the point of care.
- Strengthen commitment to nursing as a professional choice.
- Formulate an individual development plan as related to their clinical role.
- Incorporate research-based evidence linked to practice outcomes (p. 1).

The resident commits to 1-year of participation in the program. The resident meets for 4 hours per month. In addition to meeting all the obligations of a full-time employee, the resident commits to:

- Participating in general and specialized learning experiences as part of the nurse residency program.
- Completing demographic and outcomes measurements tools.
- Completing evaluations of the program, preceptors, and facilitators.

The overall structure of the program involves several key components:

- A partnership between an academic medical center and a school of nursing.
- After general nursing orientation, full and active participation in systematically designed experiences.

The resident cohort meets for 4 to 8 hours per month as a group. The seminar time is paid time.

The conceptual framework is the Dreyfus Skills Acquisition Model as described by Benner (1984). The graduate nurse enters the program as an advance beginner. The advanced beginner relies on rules to determine action rather than incorporating experience and rules to make decisions. They are overwhelmed by the volume of the information received (Casey et al., 2004).

There are four broad content areas of the core curriculum: (a) leadership, (b) patient outcomes, (c) professional role development (see Figure 1), and (d) critical thinking.

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### Figure 1. Curriculum Concepts

- **Leadership**
- **Research-Based Practice**
- **Graduate Nurse Skills**
- **Professional Development**
- **Communication**
- **Critical Thinking**
- **Patient Safety**
### Table 1.
RN Residency Program – Life Skills Management: Professional Role Development

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Purpose</th>
<th>Methodology</th>
<th>Materials Needed</th>
<th>Facilitator</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:30</td>
<td>Breakfast and Registration</td>
<td>Nourish/caffeinate the group.</td>
<td></td>
<td>CD player and music</td>
<td>Rosie</td>
</tr>
<tr>
<td>7:45</td>
<td>Welcome Introductions – Ice Breaker</td>
<td>Set the tone for a positive session.</td>
<td>Getting to know you activity</td>
<td>Participant folders, journals, sign-up sheet</td>
<td>Rosie</td>
</tr>
<tr>
<td>7:50</td>
<td>Objectives and Agenda</td>
<td>Provide framework for the day.</td>
<td>Review objectives and agenda</td>
<td>Flipchart/markers/tape LCD laptop</td>
<td>Rosie</td>
</tr>
<tr>
<td>8:00</td>
<td>Activity/Team Building Sequence (work in break)</td>
<td>❖ Commonalities of stress  ❖ Finding solutions Tie the I CARE values</td>
<td>❖ Probably need to split into two groups. ❖ Experiential learning exercises: Plus de-brief of each.</td>
<td>Rosie, Renae, and Charlene</td>
<td></td>
</tr>
<tr>
<td>9:00</td>
<td>Life Skills</td>
<td>❖ Explore strategies for managing life on nights and days. Reflect on commonalities and differences among cohort.</td>
<td>Night Shift: A Day in the Life  ❖ Circadian cycles; biorhythms  ❖ Recent research on scheduling  ❖ Sleep hygiene strategies Self-Governance and TMH  ❖ What are the unit’s rules and culture  ❖ Flexibility  ❖ Holiday schedules How to Help Your Family</td>
<td>PowerPoint Handout Jeopardy Game on simulated scheduling Role play with peers asking for a special day off Do sample schedule</td>
<td>Rosie</td>
</tr>
<tr>
<td>10:45</td>
<td>Recurring Elements: Closure of Life Skills</td>
<td>Human Resources</td>
<td>Provide summary of participants. Have participants summarize.</td>
<td></td>
<td>Rosie</td>
</tr>
<tr>
<td>10:40</td>
<td>Resources</td>
<td>Resources for employees Summary of what has happened today</td>
<td></td>
<td></td>
<td>Guest from HR</td>
</tr>
<tr>
<td>10:55</td>
<td>Closure and Evaluation</td>
<td></td>
<td></td>
<td></td>
<td>Rosie/All</td>
</tr>
<tr>
<td>11:00</td>
<td>Adjourn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Orientation Process

Once the graduate nurse is hired at TMH, the nurse is entered into three programs. The first program is a general orientation program which provides orientation to general hospital policies and procedures, review of clinical skills common to all acute care units, and review of familiar clinical problems faced by all nurses. Then, the graduate proceeds to unit-based orientation which consists of classes that provide specialized knowledge and clinical time with a preceptor. Graduate nurses are oriented under the supervision of their preceptor. Time spent directly in unit-based orientation varies from as little as 6 weeks to as much as 6 months. The process may be extended, depending on adjustment and transition into the care setting by the graduate nurse.

Simultaneously, the baccalaureate graduate nurse is entered into the nurse residency program. The UHC provides a standardized curriculum comprising a series of learning sessions that are designed to achieve outcomes related to competency in practice. The formalized residency program aids in the use of critical thinking, decision making, and professional development tools. Figure 2 reflects the curricular concepts that are threaded through each class session. The graduate nurse meets in a 4-hour class session each month with the UHC coordinator, facilitators, and preceptors. Table 1 shows the unique structure of each class session. Based on the UHC goals, TMH residency objectives are:

1. Enhance my feelings of competency and confidence.
2. Make me aware of TMH resources.
3. Provide me with a safe space to share.
4. Help me thrive and survive.

Strategies for Implementation

To obtain buy-in from all levels of nursing, senior executive endorsement was obtained and communicated with nursing staff. The chief nurse executive provided full support for residency participation in the program. Salary commitment for the residents to attend class, replacement coverage, and funding for program were given. The program was a consistent agenda item at leadership level meetings. An advisory board (an interdisciplinary committee) made up of health care team members met quarterly with the UHC coordinator and facilitators to advise, inform, and recommend processes to maintain the success of the residency program.

Calculating residency program costs: Questions arose on whether the program could produce a strong return on investment. An analysis of the cost and benefits was performed at the end of the first year of the program. Return on investment (ROI) compares the cost in dollars of the program to the net benefits of the program. The following cost factors were considered when reviewing program viability: (a) facility, meeting, refreshment, and material costs; (b) facilitator costs; (c) UT faculty fee; (d) UHC training fees; (e) UHC program cost; and (f) replacement costs for unit-based coverage for the graduate nurse to attend the program post orientation.

The resident’s salary was considered after orientation was completed. Salary for 48 residents was based on average orientation completion rate of 3 months. The coordinator’s, secretary’s, and facilitators’ salaries were considered in-kind support (see Table 2).

According to Beecroft, Kunzman, and Krozek (2001), the cost of replacing an RN is between 75% to 125% of the RN’s annual salary. These figures take into account costs related to recruitment, replacement through overtime, employee orientation, lost productivity, and customer satisfaction. The ROI was calculated with this information based on comparing the traditional method of bringing
new graduates to the facility and having a 50% turnover rate and the UHC participation, or the current method and having a 13% turnover rate. A 100% of annual salary was used for calculating the savings related to hiring and replacement costs. Given the standard of replacing 50% of positions, from the traditional method the cost would be $1,372,800 and with the current method the cost would be $274,560. The difference is $1,098,240. The formula used for ROI is shown in Figure 3.

The ROI was calculated based on the net program benefits of $823,680 and program costs of $93,100. The net program benefits divided by program costs furnishes a 8.847 ROI or ROI (%) of 884.7. These benefits provide a conservative estimate.

**Evaluation of the Program**

Current turnover rate is 13% with this program as of July 2005. In addition, formative evaluations held at 6-month intervals found that residents desired more networking opportunities, less formalized instruction and more interactive, spontaneous learning activities with team work experiences. Recommendations were implemented. The evaluation did not capture general satisfaction with the program but did find that the residents felt that the original goals of the program were met. The group is participating in a Year 2 program, designed to support the resident through networking opportunities and leadership training.

**Conclusions and Summary**

The Methodist Hospital’s UHC Baccalaureate Nurse Residency Program was implemented to reduce the turnover rate of graduate nurses and to assist with the successful transition to leader at the bedside. Turnover at the end of year was 13%, a dramatic improvement from the 50% turnover rate in 2004. Turnover rates for baccalaureate nurse residents at 13% compares favorably with the 50% turnover the year prior to starting the program. The ROI indicates that the program is cost effective. The cost savings is $823,680. Clearly, investment in the residency program influences new hire retention.

Nurses new to the profession benefit from a specialized residency program in a two-pronged approach that supports their transition from student to leader at the bedside. The curriculum is based on understanding the needs of the graduate nurse using Benner’s model. The ROI of the nurse residency program makes the program cost effective. Evaluation of the program by the nurse graduates is positive and changes are being made to the program through their evaluation. Moreover, retention of nurse graduates has dramatically improved from 50% to 89% following program implementation.

**REFERENCES**


work environment within their perioperative division.

A third client put emphasis on its outstanding continuing education, tuition reimbursement, and in-house training and support programs. They target this message both to nurses begin-

ning their careers and to experienced nurses interested in advancing their education. Continued professional growth is a cornerstone of employment within this organization, and it is consistently promoted at every opportunity.

Use your unique attributes to put your best foot forward with potential recruits. Many managers have created individual solutions that fit the pace, workload, and environment of their various units or service lines. Or perhaps you have outstanding physicians on staff who have leading practices, or utilize very modern technology or research. Perhaps you are fostering a Magnet® culture, by working toward (or obtaining) Magnet status, or have recently received other accolades as an employer (listed among the Best for Working Mothers, a Top 100 Employer, Best for Older Workers, etc.).

And remember, promotion does not have to be wrapped around flashy programs or technology. Perhaps your organization is small or modest, but there is a lot of pride in having served your local community or a specific population for decades. Do you rarely treat strangers? (In small towns, that is often the case.) These attributes are special too, and will be attractive to potential nurses.

The bottom line is, do you know what can be promoted that makes you stand out from your competition? How do you convey your mission and vision in a powerful way to your target audience? How can you help nurses to “see” themselves practicing in your environment?

In addition, there are four generations in the workplace, so different benefits will entice different people. Does your recruitment team make a point of discussing these factors? Do they leverage these aspects when promoting your opportunities and closing the deal? Do your job descriptions include these selling points?

ROI Is the Name of the Game

If you cannot answer some of the above questions, perhaps it is time to convene a recruitment and retention team to assess your pros and cons. Your recruitment communications agency can help here, too, by performing focus groups, providing best practices, or simply offering a more global perspective.

Use such teams to pull the divergent stakeholders together: recruitment, management, staff, marketing, even physicians. For partnerships to grow strong, they must be nurtured and advanced. Requests for input that only surface at crunch time will not build partnerships.

Nurse managers and executives must remain vigilant about work environment issues, offering staff many opportunities to indicate issues and collaborate on solutions.

The same holds true for relationship marketing to potential candidates. It must be an ongoing effort that lasts months, or even years. This is one area where recruiters and managers could take a page from executive search firms. Executive recruiters call and develop leads over years to create a network of potential candidates and referral sources. When health care recruiters and nurse executives begin to think the same way, we will cease hiring “strangers.”

Promotion of collaborative objectives must become top-of-mind so that they are as ingrained in your culture as is the nursing process. It will take time and effort to build these relationships. But in terms of attracting and retaining the right nurses for your organization, the payoff is well worth it.

In employing any of these strategies, the idea is to increase recruitment breadth, include internal customers for better positioning, and increase return on investment (ROI). This takes collaboration and oversight from all key players, and it takes person-to-person interaction.

But by measuring ROI, you can demonstrate that these efforts have a positive impact on the bottom line and, more importantly, on patient outcomes. Begin to forge relationships now to build and strengthen outstanding recruitment and retention within your organization.

Return on Investment

continued from page 18


