

Fixing a Broken Bonus System

The Triple-Win Approach



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Is your bonus system getting the job done? Do your team members even remember you have a bonus system, or do they think it is part of their pay?

In the discovery phase with new clients, we often hear, “My team members are not motivated by my bonus system...”; “They take my bonus system for granted...”; “Why should I pay them more? My practice still runs the same with the bonus or without it...”; “Some months are good, some months are not. Their morale is not any better...”; “Not everyone is motivated by money...”; “They should be doing this anyway, it is their job...”; “Only some team members really participate, but everyone gets rewarded...”

After years of hearing these statements, my team and I went on a mission to design a new bonus system that truly drives business *and* can be customized to meet the specific needs of each type of office. The goal is to make the system work and have doctors, team members, and patients all win.

First we interviewed dentists and asked them what they wanted to accomplish with their bonus systems. Here is what they reported:

- enhance morale
- build team effectiveness
- motivate the team
- attract and retain team members
- have a full hygiene and doctor schedule
- meet and exceed financial goals
- eliminate gossip
- have team members follow through
- have team members implement change and stick to it
- eliminate accounts receivable
- eliminate failed appointments.

We then interviewed team members and asked what they thought were key motivating elements of a bonus system:

- being appreciated by the doctor, team leader, and fellow team members
- being acknowledged/recognized for a job well done
- being respected
- having fair pay and sharing in the practice growth
- gaining self-satisfaction from being accountable to themselves and winning their game.

THE TRIPLE-WIN APPROACH

After hundreds of interviews and approximately 10 years of research *and* refinement, we have finally created a system that achieves the goals of the doctor and teams...plus more. It is called the Triple-Win Approach to Reward Performance. This is where the doctor, team member, and patient all benefit from the incentive/bonus plan.

In the Triple-Win, each team member takes ownership of his or her area of accountability. Doctors find the Triple-Win astonishingly easy to implement. Once they see improvement in productivity, morale, accomplishment, and income, they love the new system. This bonus methodology can be tailored to fit any practice because it is based upon addressing the contextual flaws that traditional bonus plans don't address.

These contextual flaws are the following:

- The typical bonus is based on a measurement that is unattainable. If it *is* attained, the doctor often increases the baseline without prior agreements to the conditions of the change, which actually is nonmotivational to the team.

- The typical bonus is based on a measurement that cannot be affected by that team member's area of accountability (ie, it is very difficult for an assistant to affect collection).

- The bonus is focused on too long a time period. Usually, a bonus kicks in monthly, which means that most people only start thinking about making their quota as the deadline approaches. Every hour of every day matters, beginning on the first day of the month.

HERE'S HOW TO IMPLEMENT THE TRIPLE-WIN

Step 1. Privately interview each team member and ask him or her this question: “Has there been anything that I promised you that I have not delivered on?”

Listen, take notes, and restore the integrity by creating a solution to any broken agreements. This is the starting point for your new relationship going forward. You cannot motivate anyone who is holding onto passed breaks in expectation.

Step 2. Establish a collection baseline that includes all expenses, the doctors' salary, and a 10% cushion. This measure must be met, or no bonus is paid. This creates a true profit-sharing plan. Remember, once you reach this baseline point and your fixed costs are addressed, your profit on the next level is the total minus supplies, lab, bonus, and associate commission. Please let the team know up front that the



Illustration by Cheryl Gloss

baseline increases as do fixed costs. That way when your team wants a base pay increase or a new piece of equipment, you have the right to raise the baseline number.

Step 3. Set up accountability by position and tie bonus pay to the person accountable to that position:

- The appointment coordinator sets daily goals in the computer based on target goal by provider. He or she is paid \$5 to \$10 per provider per day based on goal attainment by the provider.

- The hygienist is responsible for patient education and co-discovery of treatment needed. Intraoral camera and hygiene protocol are used on every recare visit. He or she gets paid 1% on treatment accepted and completed.

- The treatment coordinator is responsible for having the patient understand the treatment, reinforcing the urgency for care, handling concerns and barriers to treatment, and getting agreements on time and money. He or she gets paid 1% on treatment presented, accepted, and paid for.

- Assistants get paid by impacting production through keeping the team on time, reducing the doctor's treatment time, comforting the patient, and educating the patient as needed. Pay each assistant a dollar amount, usually starting at \$100 for each \$10,000 production-over-baseline increment. Also, offer a flat dollar amount for each whitening and Invisalign treatment resulting from their interactions

with the patient. Pay close attention to friendly competition among assistants. Knock out any unfair play.

Step 4. Each team member is responsible for tracking his or her results on a daily basis and submitting them at month-end to the team leader for cross-checking.

Step 5. The bonus amount is paid in a separate check from salaries on the first pay period following the last day of the month.

Please note to reserve the right to tweak the system with one month's notice to ensure that the system always offers the Triple-Win benefit. You will find that the only time you may need to adjust is when your expenses increase, and now the team shares in financial decision making. One client we have is described as spending "like a drunken sailor," so he chooses not to increase the baseline due to his abundant spending philosophy.

CONCLUSION

The end result of a bonus is to have the doctor maximize efficiency, profitability, and team morale while reducing the stress of everyday practice. Team members should automatically be compensated for their ability to produce the results for which they are *directly* accountable. This shifts their attention on exchanging *time and seniority* for money, to *producing results* for money. Finally and most importantly, patients win because they are taken care of on a whole new level of patient service and get all the care they need and want.

Now our doctors cannot wait to cut the bonus checks every month because they know how it positively impacts them and their patients. Get out your pen!◆

Mr. Kadi transforms successful dentists into highly successful dentists—financially secure, professionally respected, and deeply satisfied with their practices and their lives. He innovated the Next Level methodology and is one of America's leading dental practice developers. His 12 years of transforming and developing dental practices are captured in his newest book, *Million Dollar Dentistry*. He can be reached at (480) 361-9955, gary@nextlevelpractice.com, or by visiting nextlevelpractice.com.

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