



## BONUS PLAN IDEAS

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The basic rule for any bonus game must be that it is in a win-win format. It has to be motivating for the staff and the doctor has to structure it so he can afford it. Some of my basic guidelines are:

1. The game can be changed any time someone begins to lose. No game is forever.
2. The doctor is the game creator. You have to accept this role. You can delegate this duty but not the responsibility for creating the game.
3. Since no game is forever, new games and variations of games must be continually created to remain motivating. The same game month after month or year after year won't work.
4. All games must be established on money collected. If a game is created that does not revolve around collections, it must be determined how the winning of the game affects collections to be able to afford to pay out the bonus.
5. The game must be motivating for every staff member. If someone isn't interested in the reward, they won't do their part to achieve it. You must survey the staff and find a reward that each of them can get excited about.
6. The reward needs to be for a level of accomplishment not routinely achieved. Find out what has been the average and calculate what would be a challenge, but not unrealistic.
7. The game must be simple and clear to everyone. If a staff member does not understand the game they won't be motivated by it.

## I. Cash Bonuses

Establish your average collections for the past 3-4 months. This we will call your "Bonus Level" (BL). This amount must be large enough so the doctor can pay his bills at the office and the house. If the BL calculated this way is not enough to pay the bills, then raise the BL number to the proper level.

Compute what your variable expenses are in producing your service (i.e., lab bills, supplies, advertising, etc.). In a dental office, this will be 20-30%.

As the office collects more than the BL, deduct the amount needed to cover the variable expenses of production of that increased amount.

Now take 20% of that amount and divide it among the staff.

### EXAMPLE:

<b>Collections</b>	<b>\$32,000</b>
BL	<u>-\$20,000</u>
<i>\$Over BL</i>	<i>\$12,000</i>
<b>\$ Over BL</b>	<b>\$12,000</b>
30% Variable Expenses	<u>-\$3,600</u>
<i>Profit</i>	<i>\$8,400</i>
<b>Profit</b>	<b>\$8,400</b>
Bonus %	<u>x .20</u>
<i>Net Bonus \$</i>	<i>\$1,680</i>
<b>Net Bonus \$</b>	<b>\$1,680</b>
<b># Of Staff</b>	<u>÷4</u>
<i>Bonus per Staff</i>	<i>\$ 420</i>

## II. Other Rewards

We have done trips, shopping sprees to malls or jewelry stores, and special cash bonuses. It just needs to be something that everyone can get excited about.

### III. What to Bonus On

- A. Collections (Use BL calculation above)
- B. New Patients – put \$35 (or whatever) into a specified fund for every new patient that brings in a "Care to Share" coupon or internal marketing discount card. This promotes staff asking for referrals.
- C. Put money into a fund for the staff promoting a service/product sold, i.e. home fluoride, panorex every 3 years, etc. This gets the staff to focus on what to sell/promote. Establish the average sold in the past and give a reward for each unit increase.

The bottom line is that whatever you're promoting should lead to a direct increase in collections. That way you'll always have the money to pay the reward.

### IV. Office Manager Bonus

You can give the Office Manager two shares of regular bonus to everyone else's one share.

Profitability Bonus: Establish what your average overhead was for the past year, e.g., 65%. Give the OM a percentage of the increased profits as it goes below this level – possibly 5-7%.

#### EXAMPLE:

If you made an extra \$6,000 in a quarter because the overhead went from 65% to 60%, then give the OM 7% of that profit, or \$420.

### V. Final Thoughts

You should establish separate bonus accounts to keep this money in. Make deposits into these accounts each month until the money is ready to be dispersed. You are in deep trouble if the staff earned a bonus and you spent it on something else.

Any bonus game will work as long as it is motivating to everyone and everyone wins.