

SUDDEN IMPACT SOLUTIONS

# COMPENSATION MODELS THAT TRULY MOTIVATE

By Amy Morgan, CEO, Pride Institute



Compensation is one of the most complex operational systems in your practice. When implemented effectively, compensation can be a catalyst for growth, motivation, high morale and enhanced performance. The way you compensate your team sends a potent message about the vision and culture of your practice. In short, it personifies you, your goals and your focus as the leader. A strong compensation system reflects your values and beliefs regarding individual recognition, value and support. Your choices communicate what kind of team members you want in your practice and what behaviors are valued. However, compensation is also an emotionally charged topic. It magnifies very personal issues such as respect, self worth, appreciation and validation. As a result, it's not unusual to see the approach to this important system powered by guilt, confusion and fear. With that in mind, we find a lot of bad habits centered on team compensation in our dental and specialist community.

## THE TOP 5 BAD HABITS ARE;

### 1. Insisting on entitlement pay versus a merit increase

Setting an expectation that once per year your team can expect a 2-5% cost-of-living increase no matter how the practice has improved (or not), or how the individual staff member has improved (or not) is referred to as entitlement pay. Original wage and benefits are offered to an individual to do the job they were hired to do. Increases in those wages can only be merited by additional growth. Therefore entitlement wages produce no motivation to grow, while merit increases celebrate new levels of success and achievement, both personally and professionally.

### 2. Compensating by the gut (or tummy ache)

If there are no set expectations, benchmarks or goals to interpret success, then decisions about compensation can only be made emotionally-

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through judgment and perception. And judgment is hard wired to miss the mark. If the orthodontist is motivated by fear, he/she may feel held hostage in wage negotiation. If the orthodontist is a “glass half empty” pessimist, scarcity will rule and there will never be a precedent to celebrate success. Or if the orthodontist must be liked to feel successful, no performance expectations will ever be enforced. This leads to managing by the gut, which never works for the leaders or the team.

### 3. Treating everyone the same – therefore celebrating mediocrity

Whether wage, bonus or benefit, if you treat all of your team equally, you are treating most unequally. When everyone gets the same, what happens to your poor performers? Your superstars? In an effort

and you incur new expenses due to a salary increase, that increase must come directly from the owner's share. If you continue to do this, you have trained your team into believing their efforts do not impact the outcomes of the practice and that's dangerous and untrue. If your team exceeds personal job description expectations, it will directly impact your practice. When that occurs, they deserve a salary increase!

### 5. Little or no communication

If you want a team member to “go postal” (think guns and chaos) never communicate to them – good or bad. There is nothing worse than a leader who sets unclear or no expectations, doesn't praise progress and then announces no salary increase when the team least suspects it. Behind cries for

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to treat everyone fairly, it's easy to homogenize the group or motivate them to the middle. To be effective, compensation must inspire team members to move to the right of the bell curve.

### 4. Pulling wage increases out of the owner's pocket versus increased profitability

This aligns with the bad habit of entitlement pay. In order for the individuals in your practice to experience growth, the practice must grow! If your practice has not seen improvements in profitability

higher wages are almost always feelings of lack of appreciation, inclusion or respect. You want a team to be motivated? Talk to them! Don't beat yourself up if you recognize any of these bad habits in your practice. This is your opportunity to enhance employee motivation and contribution in a year that demands new levels of excellence from you and your team.

## WHERE TO START?

1. Set a vision and goals for where you want your practice to be by the end of 2011.

Involve your team. Make sure they know what individual and group benchmarks need to be met to achieve these goals. Incentivize great performance by creating a potential pool for individual merit increases in 2011 that are based on the achievement of these annual goals.

2. Make sure you have all the written tools needed to guide your team members to new levels of success.

This includes customized job descriptions, statistical interpretation of growth, training plans, progress notes, etc.

3. Learn the fine art of effective growth conferencing for you and your team's sake.

If you haven't already, make sure you carve out time to meet with each team member to discuss goals for personal and professional growth for the remainder of 2011. Make sure they can see how their efforts will result in the practice achieving success. Check in with them throughout the year to ensure they are focused and winning. End the year with a salary review to highlight strengths and opportunities and to reward compensation.

4. Catch your team in the act of doing things very right or almost right and communicate, communicate, communicate!

5. Create a culture that demands continuous improvement and recognizes and rewards efforts big and small.

6. And finally, break the nasty, bad habits of compensation that hold you and your team back. Respect and honor your team.

Compensate them based on merit and growth and watch them reach for the stars!



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*Amy Morgan is a top dental consultant and CEO of Pride Institute, a nationally acclaimed, results-oriented practice management consulting company. Amy has revitalized thousands of dental and speciality practices using time-proven management systems, so they become more secure, efficient and profitable. Pride Institute is the premier consulting organization for dentists/ specialists and their teams who want to acquire the skills necessary for running a successful practice. Pride Institute offers a nationally acclaimed, results-oriented management program, accredited continuing education management and marketing workshops, on-site training and telephone consultation support.*