I’m often asked how to pay and reward dental teams so that they are more productive and won’t start looking for work elsewhere. This is a big concern for many dentists in new and existing practices. These days, it’s more important than ever to have loyal staff. Turnover is costly to a practice and the insurance climate is raising overhead. If you are interested in a healthy bottom line, it starts with developing a good team and good systems, maintaining low turnover, and nurturing employees who are motivated to come to work in your practice every day.

As I work with practices around the country, I’ve observed that dangling the carrot or bribing staff to work hard may not be as effective as some might think. Staff members may get excited about a bonus system when it’s first implemented. But it’s hard to know if the rise in numbers is due to the money motivation or the fact that the team members are now watching the numbers more closely and are actually aware of their production and collection percentages.

When researcher Henry Landsberger analyzed a worker-productivity experiment performed between 1924 and 1932 at the Hawthorne Works factory outside of Chicago, he discovered that when people are studied, observed or investigated, the very act of observation can have an effect on those being studied—and hence, a study’s results. The employees were more productive
when they knew someone was observing their productivity. Landsberger referred to this phenomenon as the Hawthorne effect. Put simply, you can have an increase just by watching your numbers and setting goals. However, in my experience, bonuses do not create a lasting commitment. They change a team’s actions and attitudes only temporarily.

Some floundering practices have implemented a bonus system that benefits the staff, but doesn’t protect the practice against out-of-control overhead. Countless dentists have told me that their team receives hundreds of dollars in bonuses every month, but they themselves are not receiving a paycheck. This is not something that can continue in any practice for very long. Once you get yourself into this situation, it’s almost impossible to get out of it without starting over with a brand new team.

How do you motivate staff?

Many surveys about job satisfaction show that money comes in second; staff recognition is the most important motivator. Employees want to be told that they are doing a great job, that they are appreciated and their hard work is recognized.

Practice owners want to feel assured that they are properly compensating staff and have created an environment where hard-working, ethical staff members are motivated and happy. The goal is to attract and retain quality staff without creating financial hardship for the practice.

Typically, a potential staff member arrives for an interview with a compensation figure in mind. Once hired, most staffers receive a cost-of-living increase every year. The hiring and the raises are usually done without considering the financial status of the practice. If you give a long-term employee a raise every year, he or she will eventually reach a point where those increases can no longer continue. The staffer tops out in the position and he or she becomes unmotivated.

A practice owner can reward staff without breaking the bank, and it can be as simple as implementing some incentives. Instead of the traditional across-the-board annual raises, you could consider offering your team rewards for meeting specific goals.

Merit incentives and raises

You can recognize the staffers who contribute to the practice and grow in their position. You don’t have to always give each employee the same bonus. Merit incentives and raises give an extra reward to employees who are performing well, and don’t reward those who aren’t. It’s often hard for someone to give 100 percent when he or she is sitting next to someone who earns the same salary but gives only 50 percent.

Merit incentives and bonuses can be offered on an individual basis. Employees can then be rewarded once they reach specific, established goals. Incentivize key behaviors connected to employees’ individual jobs. You are not guaranteeing a yearly increase, but instead you are rewarding a job well done. There’s no need to keep incentives a secret. Make them available for each position. You could consider offering the following for individual rewards:

- CE courses or certification
- Incentives like extra vacation days and other benefits
- Monetary raise based on personal achievements
- Gift cards

You can also have long- and short-term team incentives, and reward staff members with things like a lunch with the entire team, a CE trip to a popular destination, or even a team cruise. I’ve seen dentists give their staffers a handwritten thank-you note when they did something outstanding, and on occasion insert a gift card from a nail salon or a local restaurant. This type of recognition goes a long way and also creates loyalty.

I’ve also had dentists ask me about using incentives to get staff members to improve their attendance record. Qualifying staffers
draw at the monthly staff meeting for a mall gift card varying in value from $25 to $50. In order to qualify, they must have arrived on time every day and not missed any work during the previous month. I’ve seen this simple incentive solve the problem in many practices.

It’s hard to know if the rise in numbers is due to the money motivation or the fact that the team members are now watching the numbers more closely and are actually aware of their production and collection percentages.

**Bonus system based on collections**

One of the best bonus systems in the dental industry is based on the collections in the practice. This system has an automatic throttle that keeps you from overpaying employees, yet they can still be rewarded for great work.

**Step 1:** Determine the percentage of collections you are willing to spend on staff costs each month. This should be within the 25 to 27 percent range.

**Step 2:** Inform the team that if the staff overhead percentage of collections gets below 25 percent in a given month, you will share with them.

**Step 3:** Give them an example of how it will work so that they fully understand.

**Example of a collection bonus based on $100,000 in collections**

Office target for staff overhead percentage 25% [$25,000]
Actual staff overhead percentage for the month 23% [$23,000]
Percentage of collections to share with staff 2% [$2,000]

Note: If you are not including the hygienist, this target percentage will be in the 17 to 18 percent range. Please check your staff costs to find the range that applies to your office.

**Hygiene production bonus**

I’m often asked about an incentive bonus for hygienists. A hygienist’s compensation should run not more than 33 percent of his or her production. You can set a daily target for the hygienist based on the past three months’ daily production average and then pay a percentage of what he or she produces over this daily target. Production in a hygiene chair is typically based on the following procedures:

- Prophys
- X-rays
- SRPs
- Debridements
- Sealants
- Desensitizing
- Fluoride
- In-office bleaching
- Impressions for bleaching trays
- Impressions for night guards

The doctor’s exam is not counted as hygiene production and the hygienist is not penalized on days the target is not met.

The recommended bonus is 25 percent of the amount produced over the set target.

<table>
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<tr>
<th>Example:</th>
<th>Daily Actual Production</th>
<th>Daily Production target</th>
<th>Over Target</th>
<th>x 25% of amount over target = $50 bonus</th>
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<td>Daily Actual Production $1,200</td>
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**Conclusion**

The development of a winning team requires leadership. You can start by creating a practice environment where employees feel appreciated. Practices that recognize and acknowledge loyal employees have higher employee retention. Be interested in your employees while keeping it professional.

Reward your employees for performance that exceeds their basic job descriptions. If people feel appreciated, they tend to be more loyal and will work harder for the good of the practice. And you will see the advantages in your bottom line.

**Author Bio**

Sandy Pardue is an internationally recognized lecturer, author and practice management consultant. For 25 years, she has assisted hundreds of doctors with practice expansion and staff development. She is known for her comprehensive and interesting approach to dental office systems, and offers a refreshing point of view on how to make a dental practice more efficient and productive.