

# COMPENSATION MODELS THAT TRULY MOTIVATE

Break the habits holding you and your team back.

by AMY MORGAN, CEO OF THE PRIDE INSTITUTE



**Amy Morgan** is a renowned dental consultant and CEO of Pride Institute. A highly sought-after educator, Amy still loves working one on one with doctors and travels extensively to meet with and teach those looking to improve themselves. For more information about Pride Institute's seminars and consulting, visit [prideinstitute.com](http://prideinstitute.com).

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 your practice's vision and culture. A strong compensation system reflects your values and beliefs regarding individual recognition, value and support.

Compensation also is an emotionally charged topic. With that in mind, we find a lot of bad habits centered on team compensation in our dental community.

## The top 5 bad habits

**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 entitlement pay. Increases in wages only can be merited by additional growth. Entitlement wages produce no motivation to grow, while merit increases celebrate new levels of achievement.

**2. Compensating by the gut (or tummy ache).** If there are no set expectations or benchmarks to interpret success then decisions about compensation can only be made emotionally: through judgment and perception. And judgement is hardwired to miss the mark. If the dentist is motivated by fear, he may feel held hostage in wage negotiation. If the dentist is a "glass-half-empty" pes-

simist, scarcity will rule. Or, if the dentist must be liked to feel successful, no performance expectations will be enforced. This leads to managing by the gut, which never works.

**3. Treating everyone the same—therefore celebrating mediocrity.** Whether wage, bonus or benefit, if you treat all of your team members equally, you are treating most unequally. When everyone gets the same, what happens to poor perform-

ers? Superstars? In an effort 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.

grow! If your practice has not seen improvements in profitability and you incur new expenses because of a salary increase, that must come directly from the owner's share. If you do this, you have trained your team members into believing their efforts do not impact the outcomes of the practice—that's dangerous and untrue. If the team exceeds expectations, it will impact your practice. When that occurs, they deserve an increase.

## Is this you?

Don't beat yourself up if you recognize any of these bad habits in your practice. This is your opportunity to enhance employee motivation. Where can you start?

The first step is to set goals for where you want your practice to be by the end of 2010. Involve your team members. 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 achieving these annual goals.

Make sure you have the written tools needed to guide team members to these new levels of success. This includes customized job descriptions, statistical interpretation of growth and training plans.

Most importantly, learn the art of effective growth conferencing. Carve out time to meet with team members to discuss goals for the remainder of 2010. Make sure they can see how their efforts will result in practice success. Check in 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 increases when warranted. ●

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**4. Pulling wage increases out of the owner's pocket versus increased profitability.** This aligns with the bad habit of entitlement pay. For the individuals in your practice to experience growth, the practice must

**5. Little or no communication.** There is nothing worse than a leader who sets unclear or no expectations, or when he or she doesn't praise progress and then announces no salary increase when the team least suspects it. Behind cries for higher wages are almost always feelings of lack of appreciation, inclusion or respect. You want team members to be motivated? Talk to them.

**Do you have a question for Amy Morgan, CEO of The Pride Institute?** She and the Pride team are eager to help you find answers. Please submit any practice management inquiries via e-mail to [tcarter@advanstar.com](mailto:tcarter@advanstar.com).

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