



How to Bonus Your Staff

Incentivizing your team
increases practice
productivity.

BY REM JACKSON

Practice Management Pearls is a regular feature that focuses on practice management issues presented by successful DPMs who are members of the American Academy of Podiatric Practice Management. The AAPPMPM has a fifty-plus year history of providing its member DPMs with practice management education and resources. Visit www.aappm.org for more information.

A bonus is a reward paid directly from the owner's profits and typically it is above the contracted compensation the employee has agreed to and expects for their work. In the previous sentence there is a very important phrase "paid directly from the owner's profits" meaning you can't pay a bonus if you aren't profitable. Additionally, you should never pay a bonus unless you exceed your budgeted and planned-for profits. If you achieve your financial goals you should be delighted to reward your team with a performance-based bonus.

Bonuses are most effective when they are paid very close in time to the achievement of the goal. Most goals can be broken down into monthly increments. Therefore, when the goal is met, the bonus should be calculated and paid in the following pay period, if possible. If that isn't possible, then you must pay the bonus in the very next pay period. Below is an example of a bonus plan that is focused on key practice metrics: new patients, total patients, amount billed, and amount collected.

Any quantifiable goal that the practice is trying to achieve can be used. And you may wish to change the goals from time to time. For instance, a goal might be for the practice to achieve at least one 5 Star review

on Google per week for a total of 4 for the month. If achieved, the whole team gets a bonus.

Example Bonus Plan Paid Monthly

1. Goals are established for:
 - A. New patients
 - B. Total visits
 - C. Amount billed
 - D. Amount collected

A goal might be for the practice to achieve at least one 5 Star review on Google per week for a total of 4 for the month. If achieved, the whole team gets a bonus.

This is based on last year's numbers, and represents a percentage increase. The increase should take into consideration the growth rate of the practice in the previous year. If you are growing at 20% or higher, your goals should reflect that. If lower, then consider a minimum percentage increase of at least 12%.

2. Staff is informed of goals for new patients and total patients, and the office manager knows the numbers for billing and collecting.

3. At month's end, all are informed of how many goals were met.

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Bonus (from page 91)

4. Compensation:

- If 1 goal = \$25.00/team member
- If 2 goals = \$50.00 /team member
- If 3 goals = \$100.00/team member
- If 4 goals = \$200.00/team member

Bonuses can be paid at a specific time with no correlation to performance but this practice is not recommended.

For the office manager and any other manager: \$50, \$100, \$200, \$500.

These amounts are only suggestions; what you actually decide to pay will depend in some part on your local labor market.

More About Bonuses

1) Bonuses can be paid at a specific time with no correlation to performance but this practice is not recommended; for example, holiday end-of-year bonuses

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are particularly ineffective. Very shortly it is expected and simply becomes factored into the total compensation plan. If the practice has had a difficult year and a bonus is not paid or a bonus is paid but is smaller than the previous end-of-year bonus, the effect can be the opposite of the positive effect the bonus is supposed to generate. It can create frustration and even anger. Eliminating year-end bonuses is something every practice should do. It is possible to do this by announcing it early and replacing it with a performance-based bonus such as the above example.

2) Consider using one of the most effective kinds of bonuses you can use: Random Bonuses. With this, you know you are planning to reward your staff for their good work—you just don't tell them. Consider, for instance, after a particularly good quarter or after implementing a big project (like a new HER, for instance) giving your staff a random bonus. Decide how much you want to pay the team and then prepare the bonus. The night before you pay the bonus, leave a card on each person's desk

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with a gift (a bottle of wine or box of chocolates). In the card, thank them all for their dedication and hard work and include cash or a check for the bonus. Whether you bonus them \$100, \$1,000, or more, the surprise and the positive words and recognition will have a greatly magnified effect since it's not expected. Consider doing this at least three times in the upcoming year.

Additionally, you can customize the bonuses. Simply listen to your employees. They will tell you their interests, what they like, where they eat out, and more. When you hear something that would be a great idea for a bonus specific to them, simply note it. Keep them organized and randomly bonus them all with something they and they alone would particularly appreciate.

Yes, money motivates, but the real motivation comes from being recognized for the work and contribution employees make to the team. Bonus the whole team and it will encourage them to work together for the greater good. **PM**



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