The Strategic Leader:
The Nuts and Bolts of Managing Continuous Growth and Improvement

Greater Kansas City
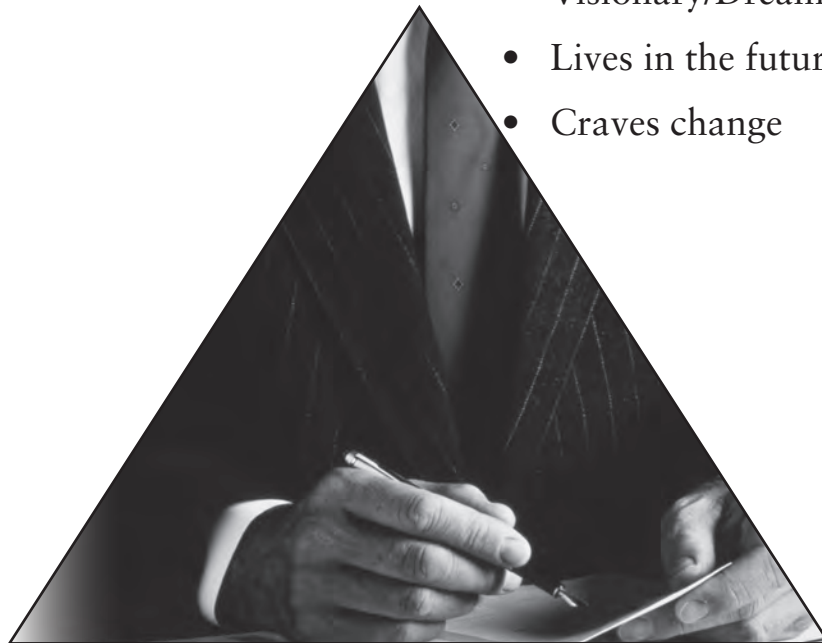DENTAL SOCIETY
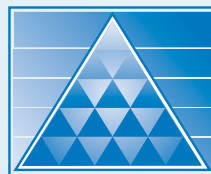
Pride
INSTITUTE

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> **The Fatal Assumption:**
> If you understand the technical work of a business, you understand a business that does that technical work.

The small business owner is:

Entrepreneur/Leader

- Visionary/Dreamer
- Lives in the future
- Craves change

Manager
- Pragmatic/predictability/planner
- Lives in the past
- Craves order

Technician/Clinician
- Do-er
- Lives in the present
- Craves work

Adopted from the New York Times best-seller, E-Myth Revised. For more information on Michael Gerber and the E-Myth see, www. e-myth.com

Where Do You See Your
CHALLENGES?

Leader

Manager

3

If you know why then

It's **ALL** in the
GOAL SETTING
and STRATEGY!

1. No one number means anything by itself but every number means something.

2. Create your goals.

3. Analyze success and challenges along the way.

4. Insanity is repeating the same behavior.

5. Don't "yeah, but" your success.

6. Involve and then celebrate with your team.

A **WORD** about Open Book Management

Definition:

Open Book Management is when businesses share key financial and strategic details with employees in order to encourage out-of-the-box thinking, because they feel enrolled and committed to the long-term success. In other words, it creates a culture that is smart about the business of dentistry.

Helpful Hint #1

Helpful Hint #2

Helpful Hint #3

I like goals!

A Word About Goals
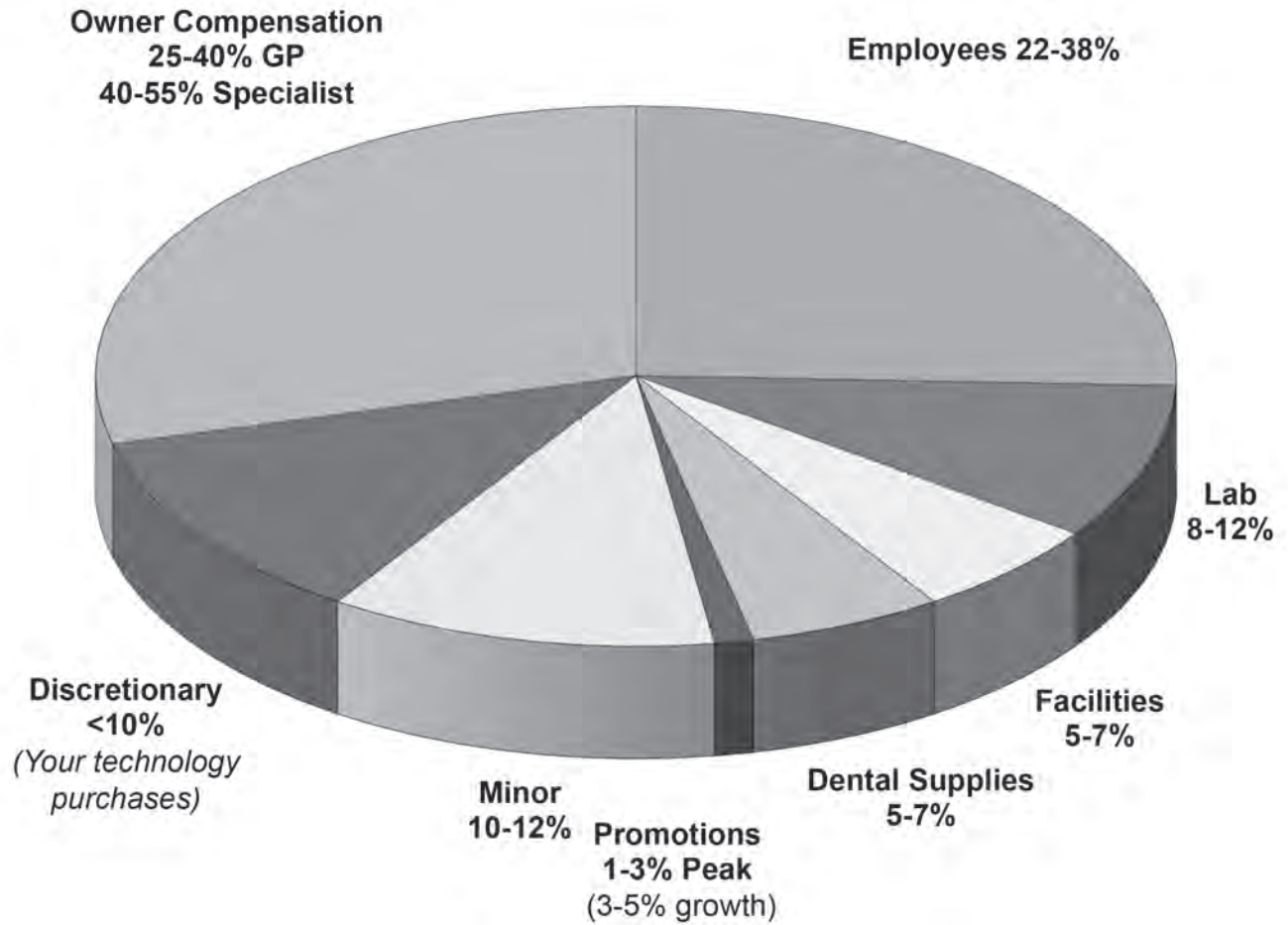
SMART GOALS

S

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Key Statistics that Measure ROI

- Production: Per month, per day, per hour

- Collections: Percentage and dollar amount

- EBOC (Earnings Before Owner's Compensation)

- New Patient Inquiries/First Appointments

- Case Acceptance Percentages for Both New Patients & Patients of Record

- Asks for Referrals/Asks for Testimonials

Know Your Expense Budget

Owner Compensation
25-40% GP
40-55% Specialist

Employees 22-38%

Lab
8-12%

Facilities
5-7%

Dental Supplies
5-7%

Promotions
1-3% Peak
(3-5% growth)

Minor
10-12%

Discretionary
<10%
(Your technology
purchases)

The Seven Factors of
Performance Short Fall

. . . and how to effectively communicate about them

❶ **Lack of task clarity**

❷ **Lack of task priority**

❸ **Lack of competence**

❹ **Real or perceived obstacles**

❺ **A perceived reward for failure**

❻ **Lack of performance feedback**

❼ **Role/Person mismatch**

Your Observations and Beliefs
about **Feedback**

	True	False
1. The best way to give change-oriented feedback is to praise first and then give the critical feedback so that the person's feelings are spared..	☐	☐
2. Saying, "Thank you" is a form of feedback..	☐	☐
3. Wait 24 hours before you give feedback if you are under the influence of a "hot button" emotion.......................................	☐	☐
4. Feedback means telling someone what he or she did right or wrong; it isn't a dialogue or a conversation..............................	☐	☐
5. Because you have staff you can't directly observe all day, it is okay to sometimes give feedback about something you heard about...	☐	☐
6. By choosing not to give change-oriented feedback, you are saying that you are comfortable with the behavior	☐	☐
7. Praise is an effective form of reinforcing feedback...............................	☐	☐
8. If asked, my staff would say they get enough feedback from me..	☐	☐
9. I've asked my staff about how well I give feedback.............................	☐	☐

A Coaching Question

1. Is simple, clear and open-ended.

2. Usually takes considerable thought and time to formulate a response.

3. Rarely starts with "why" because the response to those questions are more useful in counseling, not coaching.

4. Does not convey advice (like "have you tried…").

5. Ignites fresh thinking.

6. Proves an answer more valuable to the Talent than to the Leader Coach.

THE THREE LAWS OF
COMPENSATION

I
Compensation is competitive with what the market is paying.

II
The practice can afford to pay the compensation.

III
The compensation is based on demonstrated skill and competencies.
(Clinical, practice management and people skills)

PHASE ONE

Creating a "Pool" for Staff Salary Increases

- Decide in advance what statistic creates the pool.

- Define what percentage of the increase will be designated as the salary pool.
  (10 – 20% acceptable range)

- Inform the team of the percentage and that the pool will be divided up based on individual demonstrated competencies.

- Inspect what you expect throughout the year.

PHASE TWO

How to Divide the Salary Pool per Individual Employee

- Decide in advance what skills and competencies you intend to reward with a salary increase and their weighted importance.

- Tie each individual's potential increase to national business norms (0–15% increase over the employee's prior year's gross salary).

Sample Compensation Model

A Day in the Life of
DR. UPTREND

1. Dr. Uptrend had a collection increase in 2017 of $85,000. He is using 15% of his collection increase as a pool for salary increases:

$$\begin{array}{r} 85{,}000 \\ \times\ 15\% \\ \hline \mathbf{\$12{,}750} \end{array}$$ ➡ Salary pool of 2018

2. Dr. Uptrend has five staff and their total wages in 2017 was $186,080. To choose which range he will use for individual dispersals, he asks what will the total increase be if all staff merit the full increase.

    1. Average 5% increase =   **$9,303**

    2. Average 10% increase =   **$18,608**

    3. Average 15% increase =   **$27,912**

(Dr. Uptrend chooses the 10% model as not all staff will receive the maximum percentage and he has $12,750 to spend.)

Demonstrated Skills

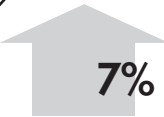*Based on mid-range (10%)*

✚   Adequately / consistently performs
all duties as written on job description ....**0 – 4%**

✚   Takes on new clinical, managerial or
customer service skills ....**0 – 3%**

(2% per skill, max. 3 skills)

✚   Enhanced team skills, performs as
self-directed team member ....**0 – 3%**

Sample Compensation Model

Staff Member	Last Year Hrly & Gross	Demonstrated Skill		New Gross %
Sally Appointment Coordinator	$15.00/hr **$26,880** *gross wage/yr*	+ Consistent per job description = 3% + No new skills = 0% + Passable team skills = 1%	4%	26,880 + 1,075 **$27,955** 15⁶⁰/hr **4%**
Mary Financial Coordinator	$18.00/hr **$29,952** *gross wage/yr*	+ Excellent job skills = 4% + ↑ Negotiation skills ↑ Coll. % YTD 10% ↑ Area mgmt = 3% + Excellent team skills = 3%	10%	29,952 + 3,225 **$33,177** 19⁸⁰/hr **10%**
Jenny RDA EF	$20.00/hr **$33,280** *gross wage/yr*	+ Fairly consistent–Working on influencing skills = 3% + Took on debriefs = 1% + Good team work/meeting participation incons. = 1%	5%	33,280 + 1,792 **$35,072** 21⁰⁰/hr **5%**
Darby DA	$12.00/hr **$19,968** *gross wage/yr*	+ Very consistent = 4% + • X-ray licence • learned to pour study models • verbal skills = 3% + V. good teamwork = 3%	10%	19,968 + 2,150 **$22,118** 13²⁰/hr **10%**
Sara Hygienist	$300/day **$46,000** *gross wage/yr*	+ Consistent/adequate = 3% + Working on prediagnostics = 1% + Team Leader = 3%	7%	46,000 + 3,480 **$49,480** 320/day **7%**

1001 Ways to Reward Employees

Guidelines To Make
REWARD AND RECOGNITION
PROGRAMS EFFECTIVE

- The program should reflect the company's values and business strategy.

- Employees MUST participate in the development and execution.

- Programs can involve cash, noncash or both.

- Remember what is meaningful to you may not be meaningful to someone else - variety!!!

- Should be highly public.

- Programs should have short life spans and must be changed frequently.

- No "jelly bean" motivation - giving the same reward to every employee.

> "There is a huge difference between
> a **thoughtful gesture** and a
> **motivating moment**."
> — *Bob Nelson*