



Keeping morale up in a down economy

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Dear Dianne,

I have been in practice for 20 years. For the first time ever, I am seeing a marked decrease in the income of the practice over last year. We've had lots of downtime over the past six months, and I worry that I may have to make drastic changes in my practice if the downward trend continues. This is also the first time in 20 years that I have not given a salary increase. I am continuing to fund the 401(k), and so far I have not had to lay off any employees. I keep wondering how to present this to my staff in such a way that it will not destroy morale, while emphasizing that we must continue to work through this recession.

Dr. M

Dear Dr. M,

The fact that you are concerned about the morale of your staff tells me you care deeply for them. It is obvious that you regret not being able to increase their wages. Most likely, you understand that your staff is your most valuable asset.

However, these difficult business times have taken many business owners out of their normal comfort zones. We are being forced to take a serious look at how we manage our businesses and cut extraneous spending. Simply put, we cannot pay out what does not come in. Job loss and pay cuts are all too common today.

Let me say first of all that it is important for staff members to be made aware of certain practice statistics in regularly scheduled staff meetings. By sharing production/collection figures as compared to last year's numbers — plus certain overhead data — they will develop an informed stake in the practice. It helps them see how much it actually takes just to keep the doors open. They can also clearly understand the importance of keeping costs down and keeping the schedule full. Doctors who share this data with *all* staff members show their employees how important they are to the financial health of the business. Regular meetings bring to light practice dips, so when it's time for management to institute changes, staff members are not shocked.

Your monthly staff meeting should include several reports presented by different staff members. For example, you could report last month's production compared with the same month last year, and a year-to-date comparison. The financial coordinator should report last month's total collections compared with the same month last year, and year-to-date totals. The scheduling coordinator could report on the total number of patients seen, new patients, and patients requesting transfers. The chairside assistant could report on the dental supply costs and total number of prosthetic restorations (crown and bridge, CEREC, etc.). Hygienists could report hygiene department statistics, such as the total number of patients seen, total production, and units of unfilled chair time.

If you have not been having regularly scheduled staff meetings and reviewing practice statistics, it's not too late to start. Always start with the good news, which in your case is not having to cut positions plus continuing to fund the 401(k). Then bring out the production/collection data compared to last year. Tell them the business cannot support raises when collections have actually fallen. Let them know it is with much regret that no raise is forthcoming for anyone, including management, and that they are all very worthy. End your meeting on a high note with hope for better days ahead and a return to better financial health for the practice. Verbally express your appreciation for their hard work.

In times of financial difficulty, do not expect your staff members to be understanding if they see you living a life of excess while they are expected to make concessions. Fairness is important.

Try not to underestimate your group. Staff members are not stupid, nor are they insensitive to the plight of businesses that are struggling (unless they are incredibly immature or naïve). Employers who have shown appreciation and respect to staff members and have won their loyalty will find them to be understanding of the necessity to control spending during economic downturns. Some will be glad to keep their jobs sans raises. Staff members who feel appreciated and respected will weather the bad times. **DE**

Dianne Glasscoe Watterson, MBA, assists dental practices in achieving their highest potential through practical, effective, on-site consulting. Call (301) 874-5240 to discuss how your practice management challenges can be solved. Visit Dianne's Web site at www.professionaldentalmgmt.com or e-mail her at dglasscoe@northstate.net.