**Creating a Weekly Bonus Plan**

Having a properly structured bonus plan will reward your staff, while keeping account of your practice’s bills. This model will pay staff when the practice is collecting more than the breakeven point. This means that it is tracking that cash flow is fine before rewarding bonuses.

1. Find your breakeven point from HDA Accounting. Your breakeven point consists of:

|  |  |
| --- | --- |
| Variable Costs | Fixed Costs |
| Payroll for everyone (including dentist) | Rent |
| Lab Fees |  |
| Cost of materials |  |
| Marketing expenses |  |
| Utilities |  |

1. After finding your breakeven point, divide that number by 4 weeks.
2. Add 10% to that number. Costs vary each month, so this buffer will help account for the volatility.
3. Divide this number by the collection rate %. Production % is not accurate, because the office does not get 100% of the cash owed from patients.

Example:

 Breakeven Point is $43,985/month

 After dividing that number by 4: $10,996/week

 Adding 10% to that number: $12,096/week

 Divide by .96 (collection rate) $12,600/week

From there, calculate the ranges for small, medium, and large bonuses. I have provided corresponding numbers from my example.

|  |  |
| --- | --- |
|  | Calculations Needed |
| Small Bonus | $12,600 to $12,600 + 10%\*  |
| Medium Bonus |  $13,900 to $13,900 +10%\*\* |
| Large Bonus | $15,300+ |

\*$13,900 = $12,600 + 10%

\*\*$15,300 = $13,900 + 10%

Once you have calculated your ranges, here is what the corresponding amounts would be for small, medium and large bonuses.

|  |  |  |
| --- | --- | --- |
|  | Weekly Production | Bonus Amount |
| Small Bonus | $12,600 - $13,900 | $20 |
| Medium Bonus | $13,900 - $15,300 | $60 |
| Large Bonus | $15,300+ | $120 |