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## **SALARIES BY DESIGN NOT BY DEFAULT**

**By Janet Steward**

When the dreaded time for a staff member's raise comes, the majority of practices have an unplanned approach. The consideration often comes down to things like: whether or not they like the staff member, how much the dentist next door is paying and how little they think they can give without losing them. The planning in terms of staying within the overall salaries overhead guideline is often not at the core of the decision.

Salaries are the single highest expense in a dental practice so let's take a look at the ideal ratios.

- Salaries should be between 18-25%. Included in this figure are assistant, hygiene and administrative salaries. Associates are not included. Use gross salaries figures (i.e. include the staff portion of taxes but not the practice's portion of taxes).
- The practice portion of taxes should range between 1-3%.
- Staff benefits should be between 2-4%. This includes things like uniforms, health insurance, vacation pay, etc.

We believe that all staff members' salaries should be review annually in January or February. This does not mean that performance appraisals are held at the same time. In fact, we recommend that performance appraisals and salary increases be separate.

- The first step is to project your collections for the coming year taking into account any fee increases.
- Next, determine how much you wish to increase your salaries while staying within the overhead recommendations.
- Calculate the cost of a cost-of-living increase for each team member and determine how much you have left over. This figure then is appropriated according to individual merit.

Following this strategy gives you a planned approach that protects your overhead and guarantees fairness for the team.