**2021 Profit Sharing Plan Worksheet**

1. The Profit-Sharing system starts: \_\_\_\_\_\_\_\_\_\_\_
2. The B.A.M (bare and minimal) Where the profit starts at is: $\_\_\_\_\_\_\_,000. This is where we break even. Our budget for the next 6 months is set. The fact is that we must collect $\_\_\_\_\_\_.000 each month (*new office, added team, equipment and increased marketing expenses*.) Beyond $\_\_\_\_\_\_\_,000 in average collections the business will profit, and BUSINESS NAME will be happy to share that profit with you. If we collect it one month and not the next it throws us off balance so the “average collections” is critical for our program.
3. The current month and the 2 previous months collections will be added together and divided by 3 for the average.

Month: November 20\_\_ collections \_\_\_\_\_\_\_\_\_\_\_\_\_

Month: December 20\_\_ collections \_\_\_\_\_\_\_\_\_\_\_\_\_

Month: January 20\_\_ collections \_\_\_\_\_\_\_\_\_\_\_\_\_

TOTAL = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Three Month Average= \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(3-Month Averages)**

|  |  |
| --- | --- |
| **Feb** –Dec/Jan | **Aug**- June/July |
| **March-** Jan/Feb | **Sep**t- July/Aug |
| **April** – Feb-Mar | **Oct-** Aug/Sept |
| **May-** Mar/April | **Nov**-Sept/Oct |
| **June**- April/May | **Dec**-Oct/Nov |
| **July**- May/June |  |

1. The **Profit-Sharing** bonus is based on the “employee expenses” of our overhead for (COMPANY NAME) which is 1/5th of the total practice expenses. 20% depending on the practice. This means 20% of each dollar (this is .20 cents of each $1.00) OVER the Monthly Collection B.A.M of 100,000 is placed into a pot to be split with the team invested.

**3 Month Average = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Minus B.A.M (\_\_\_\_\_K) = - $\_\_\_\_\_,000,00**

**Practice Profit = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**x.20 (Employee Expenses) = x .20**

**Team’s Total Portion = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**/ by Eligible Employees = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Individual Share Total =\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. How to be “Ineligible” from ‘**Profit Sharing** for the month?
   1. **Introductory period of your employment**. (first 90 days) This period of time is where you are learning your job responsibilities and the systems; not necessarily growing (COMPANY NAME). During this period of time your team members are doing their duties, helping you do your duties and growing the practice.
   2. **Disciplinary Action-** If you are under disciplinary action (form filled out with signatures and filed away in your employee file) you sit on the sidelines for the month.
   3. **MORE than 1 Unexcused Absence in the month**. (sick, call in, last minute unpaid day off etc) If you’re on ‘Paid Time Off” that is pre-planned covered event that was part of your Benefits for being employed here.

**B.A.M.**

**$ XXX,XXX**

**Monthly Profit-Sharing Work Sheet**

**Months Being Averaged:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Adjusted Collections: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Adjusted Collections: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Adjusted Collections: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Average Monthly Collections:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

-

**B.A.M** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

=

**Practice Profit** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Employee Expenses** x.20

=

**Team’s Portion of Profit** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Eligible Employees** /

**My Share of Practice Profit** = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the Month of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*\*BAM is practice budget (bare ass minimal)*

*\*Adjusted Collections is Collections less refunds.*

*\*Practice Profit is what (COMPANY NAME) has left after all the overhead expenses are covered for the month.*

*\*Employee expenses is 1/5th of the budget*

*\*Eligible Employees are those who are in the profit share for the month*

*\*My share is what you personally take from the profit of the practice.*

**Dental Practice Owner’s Implementation of Profit -Sharing Program**

**Values of Program:** This Profit-Sharing Program is based on **Average Collections** only. This program is NOT designed to be production based. Profit Sharing is based on **“Average Collections” NOT** a single collections month. The practice has overhead that rolls over into other months. (bills that you pay annually, quarterly, etc. along with lab fees. supplies, employee increased expenses based on days in month) The practice also has collections that rolls over into other months. (pre-paid cases, medical/dental insurance payments, and refunds) This program is Total Team driven. You would replace this program with all other individual/department or practice bonus programs. Owners want:

* To incentivize team members
* Share ONLY when there is profit to share
* Reward those that work hard
* NOT reward laziness
* Have a program that is understandable
* Want their team members to make more money and be financially responsible and have endless opportunities.
* NOT expect bonuses monthly if the practice isn’t doing well.

**Step 1:** Determine your B.A.M. It’s important to do your homework and budget properly. Often times owners will buffer of 20% to ensure that the number is properly set and unlikely to adjust for the year**.** Owners always have the right to adjust the BAM. Systems have high failure rates if proper notice to employees is not followed.

***Example:*** *New Provider is added (not replaced) to practice. We didn’t budget that addition. We need to adjust the program. Don’t last minute adjust and upset the team. Give them a 30 day notice that its adjusting because…..*

**Step 2:** Re-check your BAM! Ensure that you have forecasted your BAM properly by thinking about annual practice needs.

TIP# 1: Pull Previous Years P& L and work your budget out. Ask yourself the following: “Did we have any bills that were one time? If yes, subtract out. Was our overhead cost in line? Did the owner make an appropriate salary? (needs met)”

TIP# 2: What practice needs do we have this year? Are we staffed properly now?

**Step 3:** Give team 30 -day notice that you are discontinuing all current programs and implementing a new program that will benefit them more and give them UNLIMITED monthly opportunities for taking extra money home without working more hours or physically harder each day. There is NO cap on how much you can make.

**Step 4:** Get your associate(s) and manager(s) on board with the changes. Do the worksheet with them and get them bought into the system before sharing with team. (you need cheerleaders that are NOT you on board with program) This ensures a smooth transition to the program as well as month one success.

**Step 5:** Have a scheduled team meeting to discuss new system. Have real “Company” collection numbers to use when explaining the system. Have them pull their phones out and physically walk through the math. Do lots of scenarios! (good months, great months, record breakers, and bad months.) COMPARE program advantages for the team to come up with “What all will make this system make you more money and be better than our old ones?”

TIP # 4: DON’T delay payments or FORGET to pay out profit sharing monthly. Even if you DON’T make the bonus you still do the math for it so the team understands. This invests them into the system. Create CONSISTENCY!

**Step 6:** Have the team determine how much money they realistically want to make each month. This will then guide you to help them do the math and determine their “**Monthly Average Collections Goal”.**

TIP# 5: We talk about this number each day in our huddle. “We are at \_\_\_\_\_\_\_\_ Your goal is \_\_\_\_. We have \_\_ days remaining, and our average daily collections needs to be\_\_\_\_\_ for you all to reach your goal and take home \_\_\_\_\_\_.”

**Step 7:** Evaluate Success! CELEBRATE with the team! Adjust Annually! Make winning a big deal!

**Step 8:** Share your Success with your colleagues. When something works for you that was shared by a friend, colleague, speaker, mentor. Follow up and share your success! This keeps them going! PAY IT FORWARD!