

## How Should I Tell My Staff That I Can't Afford Raises?

By Wendy S. Myers



**Q.** Traditionally, I've given each team member an annual bonus and raise. With the war and recession, our hospital experienced a decline in revenue last year. Based on current practice performance, I can't afford to give team members raises and bonuses. How should I share this bad news and motivate staff members to help turn the hospital around?

**A.** When 85,000 military personnel and their families left Virginia Beach, Virginia, to serve in Operation Desert Storm, every business in the community—including veterinary hospitals—felt the impact. “When spouses were shipped out, family members gave up their apartments and moved back home because they didn't know how long the war would last,” says Susan Stratman, CVPM, of Animal Care Center-Virginia Beach and a consultant with Veterinary Practice Consultants. A few staff members who were married to soldiers quit their jobs at her hospital to relocate. The team at Animal Care Center chose to absorb extra work rather than fill staff vacancies. Six months later, the community began to rebound.

The current economy and war in Afghanistan has impacted the financial health of some hospitals, particularly those on the East Coast. Telling staff members they won't get a raise or bonus isn't easy, but honesty can strengthen employees' loyalty if you get them involved in a recovery strategy. Follow this advice to get team members' support and get your business back on track:

**1. Gather everyone for a face-to-face discussion.** Bad news shouldn't be delivered in an e-mail message or memo in employees' paychecks. “Present the problem at a staff meeting and discuss the issue,” says Dr. Larry McCormick, MBA, a certified business appraiser with Priority Veterinary Management Consultants in Mirror Lake, New Hampshire.

Swallow your pride and tell people what's happening, echoes Louise S. Dunn of Snowgoose Veterinary Management Consulting in Greensboro, North Carolina. Explain the rationale behind your decision and cite key performance indicators such as the percentage of revenue decline, number of appointments, average charge per transaction, and number

of new clients. Tell team members, “I’m willing to do what it takes to turn this practice around as long as you support me.” If staff members believe in the value of your veterinary services and feel they’re making a difference for clients and pets, they will support you through tough times, Dunn says. Some people may quit, but you’ll soon discover who’s with you and who isn’t. “Surround yourself with people who energize you,” she says.

If a staff member reacts negatively and gossips or harms morale, speak with the individual privately. “Explain the effect of a negative attitude on the rest of the staff and practice,” Dr. McCormick says.

**2. Target realistic growth.** Since September 11, 2001, consumers are more cautious about how they spend their money, Dunn says. “But I don’t think this is going to be a long recession,” she says. Consultants say the hospitals they counsel experienced moderate growth in 2001, ranging from 6 percent to 15 percent. “Many hospitals didn’t have increases as big as past years,” Strattman says.

**3. Set goals with your team and track your progress.** Sharing key performance indicators helps team members understand the state of the business and how they contribute to its success. McCormick recommends presenting graphs of the number of appointments, average charge per transaction, and number of new clients so staff members can follow trends. “They may not understand the actual numbers, but if appointments are down they can see it visually,” he says. “When you encourage employee participation and involve them in decisions, they feel a partial ownership in the practice. The more staff ownership you have, the easier these situations are to deal with.”

Set goals that team members’ can impact instantly, such as promoting diagnostic services. Staff members and doctors can recommend pre-anesthetic blood tests for all surgical patients as well as life-stage wellness screening. Run a computer report to determine the number of blood profiles you performed at this time last year and target a number for growth.

Also keep your team involved with quarterly budget planning and discuss whether you’re meeting your percentages, Strattman advises. “If you keep your team informed, you shouldn’t have any surprises,” she says. “You’ll know ahead of time so you can make adjustments.”

**4. Offer rewards instead of money.** Forego an incentive bonus system for immediate rewards that team members value. “Money rewards have to be significant to be motivating,” Dr. McCormick says. “Most of the time bonuses are just a few hundred dollars. Money rewards lose their motivating effect rapidly.”

Instead, provide frequent praise and feedback. Create a recognition program to applaud team members who have improved practice performance. Offer a day off, two-hour paid lunch, birthday off, magazine subscriptions, stress-relieving massages from a massage therapist who visits your practice, and extra continuing education. “The three keys of getting over the hump are good technical assistance, accountability and tracking, and the assurance that when the practice turns around everyone will share in its success,” Dunn says. “When times are tough, people will pull together.”

### **About the Author:**



Wendy S. Myers owns Communication Solutions for Veterinarians in Denver. Her consulting firm helps teams improve compliance, client service and practice management. Communication Solutions for Veterinarians has provided mystery phone shopper training to more than 2,600 receptionists nationwide. Wendy is a partner in Animal Hospital Specialty Center, a 13-doctor AAHA-accredited referral practice offering internal medicine, surgery, neurology, oncology, specialty dentistry, and emergency care in Highlands Ranch, Colorado. She is the author of four books and five videos. Subscribe to Communication Solutions for Veterinarians' e-newsletter on our website at: [www.csvets.com](http://www.csvets.com). E-mail Wendy at: [wmyers@csvets.com](mailto:wmyers@csvets.com).