

# Are you spending **more** by paying your staff **less**?



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It seems like simple math: The more you pay your employees, the lower your profits. Think again....

Some operators pride themselves on keeping their overheads as low as possible and while this might be good for some areas of your practice, those who pay minimum, or close to minimum wage have the highest turnover and lowest employee satisfaction.

To put it simply, if a company has 100 percent annual turnover in a position, it's essentially hiring two people over the course of the year to fill one job. Now, many conscientious human resources leaders will cite studies showing that replacement costs for workers can be anywhere from 30 to 150 percent of yearly pay.

Everybody knows it's a big, expensive problem – they just don't realise exactly how big.

Anyone can have an idea. It's putting those ideas into practice and hard work that builds a business. You can't do that without having a strong team behind you.

Ask yourself what it is that sets you apart from your competitors. You may instinctively nominate new technologies, processes and quality control, what the practice looks like or how much you charge. Does your staff rate well down the list?

We deal with business from all spectrums from small one man bands, to large corporates. For those just starting out, you long for the day when you can pay yourself a decent wage let alone thinking about whether you are competitive in the market place. Admittedly, my first hires were juniors on the low end of the pay scale due to lack of resources however there comes a point in time, when you need to do what's right for the business in terms of remunerating your staff competitively.

Think about what you would do if your most valued employees left for another opportunity. What would the impact on your business be? What would you have to pay to find a replacement and get them trained?

Give this some serious thought and it will give you a more realistic idea of what the position is worth to your business. While pay isn't the only reason people leave, it's definitely up the top of the list. Staff leave their job because they don't feel rewarded. Recruiters are now more accessible than ever before. People are also being contacted by recruiters, other business owners and sharing information with friends. So thinking that your employees are not aware of what is going on in the market is usually misguided.

One strategy is to have a review of the local market conditions or try speaking to some colleagues. Try and work out what each of your employees may command if they were looking for another role. If you paying in or below the low end of the market rate, you are probably not paying competitively. Now what?

There is no overnight fix and increasing the wages of all your staff is not reasonable but you can get started today.

One of the most important things is to communicate with your staff. If your employees know that you want to invest in them long term, it will make a difference. You will be surprised at how quickly you can turn things around. One conversation can see someone who was verging on resigning, to becoming totally committed to your business. Start with a small increase and go from there.



Firstly, you need to work with current competitive rates. Create a list of target future wages and work this into your budget and see what the net impact is and more than likely it won't be a bad as you think. Staff turnover has its own expense and can damage internal and external relationships and service levels.

So if you are not being competitive, the best way is a little bit at a time. You won't make everyone happy but you will be on the right path to having a successful and happy team. ♦

**Pam McKean** is a Director of AB Dental Employment Agency. The company has been in operation for over 15 years. Over the last 10 years AB Dental has grown into one of the country's leading recruitment agencies for the dental industry, servicing all sectors from government, corporate and private practice.

Currently, AB Dental services over 1,200 businesses with recruiting services including supply of temporary, contract and permanent employees. As professional recruiters, AB Dental can manage as much as little of the recruitment process as required, even if only providing advice.