

**COMMISSION SYSTEM: THE PRACTICE EQUALIZER**  
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The single biggest problem that faces most practices is how can each individual practitioner be compensated fairly. Obviously there is a great deal of difference between individual practitioners and this difference is often times the cause of internal practice problems. I have seen many practices try different approaches to this problem with varying results. There is no right way or wrong way to compensate practitioners, but it is important to choose a method that properly compensates all veterinarians in the practice.

I think the most important question that needs to be answered by all veterinarians is how many hours do you actually get paid for. Most veterinarians have no idea how many hours they are actually getting paid for. By not knowing, the rate of compensation between veterinarians can be completely different. If the average veterinarian is charging \$50 per hour for their professional time and work on average of 60 hours per week for 50 weeks a year, their salary should be \$150,000 a year from professional work only. The salary would be higher for using and selling medicines and supplies. Are you making this much or are you falling way short of this because you are supporting others that are less efficient or productive? Take the time to actually figure out your hourly rate and you too might be disappointed.

A concept that was introduced to our practice over 5 years ago was the commission system. This new system has brought equality to the compensation of the individual practitioners. As the way we practice veterinary medicine changes, so must the way we get compensated change. As individuals develop new interests and programs, they may put in many extra hours of work. As these programs develop and become popular, it is only right that there is just compensation for ones efforts. It is also important to realize that if one wants to take the time to develop these newer programs, compensation will be less until the programs start to generate income. This way all veterinarians in the practice are treated equally and compensated fairly.

The commission system has eliminated much of the complaining that occurred in our practice as individual veterinarians developed new programs. No longer did individual veterinarians complain that they were doing all the work as others were busy doing new things. Now all veterinarians are fairly compensated so if one works harder, they are paid more for their efforts. The commission system has really brought some equality to our vacation time and continuing education time too. Now if one takes a day off for either vacation or CE, there is no compensation for being gone. If you don't work, you can't make any money. This now rewards those that don't take off all their earned time off and penalizes those that take too much time off. The key is that it brings equality to all involved. This new system has also improved the ability to trade nights on call or week ends off. Now there is less of a need to trade since the other gets more compensation.

I think one of the biggest benefits of this system is how it stopped the constant complaining that occurred between members of the practice. Now everyone is happy because you get paid for what you do. There is now less wasted time for the veterinarians in our practice. They are scheduling their time more efficiently and giving better service to our clients. You would be surprised how many wasted professional hours are occurring in your practice.

Take the time to figure how many wasted hours occur each day in your practice. Our clinic started its day at 7:00am yet at 8:00 or 8:30, two or three veterinarians were still at the clinic either drinking coffee or stocking their trucks or returning messages. There were more wasted hours at lunch time. Some veterinarians would go home for lunch at noon regardless of the distance from their home or whether more calls were in their present area. After lunch the veterinarians usually stop by the clinic and wastes another half hour or so. In a five person practice such as ours, there was at least 8 to 10 wasted hours per day. This really meant we had one more veterinarian than we needed. This wasted time also meant our clients were not getting the service they deserved.

The commission system really eliminated the wasted time. Now veterinarians are spending less time at the clinic in the mornings as well as getting calls done in their present areas before going in for lunch. Giving better service to our clients has been rewarding to them as well as ourselves. Being more efficient has just increased the compensation for the work you are doing as well as usually getting you home a little sooner at night. Less wasted time makes everyone happy including your family.

The commission system also became an important tool when veterinarians decided to leave the practice or to practice part time. Since the commission system is designed to pay you for the time you work and not the time you are gone, it is easy to work out systems that make it easier to let practitioners change their careers. The commission system can also be applied to employed veterinarians and again they have the opportunity to make more money if they want to work harder and less money if they want more time off.

There must be standard rules in a practice in order for the commission system to work. You need to have a limit on time off and all time off must be scheduled in advance. You need to have a work schedule made a month in advance that assigns time each person is responsible to work so they have the opportunity to trade if necessary. You need to limit the number of veterinarians that can be gone at any given time so you always have an adequate work force on call.

Our practice gives each veterinarian a draw twice a month so they always have an income coming in to help keep bills paid. By the 5th of the next month, the veterinarian is either given an additional check to compensate them for the extra work done beyond the two draw checks or is given a pink slip that tells them how much money they owe the clinic by not generating enough income to cover the two draw checks. The veterinarian then has 90 days to pay back the pink slips. This method has worked extremely well and no one has ever defaulted on a pink slip.

Another option that can be added to the commission system is to have each veterinarian accountable for the work they have charged. If any account goes over 90 days, the veterinarian is then required to collect the over due amount or reimburse the clinic for the commission they received from that account. This has really reduced the risk of over due accounts and high account balances. It would be easy to develop this part of the system to fit any practice style.

Our commission system gives different levels of compensation to professional fees and drugs used or dispensed. The commission paid on professional fees is 50% and is 15% on drugs used or dispensed and on all other services such as lab fees, feed testing or feed sales. This compensation method has worked best for our clinic but the values could be different for each practice.

The commission system is alive and well at our clinic. Many other clinics have implemented this system and have found it to be very effective. The commission system has eliminated the daily complaints and allowed us to concentrate on doing a better job providing service to our clients. Our practice will never go back to any other method of payment because this system has brought equality to our practice. I realize this system is not for everyone, but it sure makes sense to the typical group practice. The commission system brings equality to compensation and allows each veterinarian to pursue their own interests. The commission system works.