

"A Piece of the Pie" Long Term Incentive Program

Production / Collection Average

Practice Name: John Q. Dentist, D.D.S.

Time Period: May, 2003

1. Calculate the monthly base figure.

Take an average of Gross Production and Collections to determine base figure:

$$\frac{\$75,930}{\text{Gross Production}} + \frac{\$73,289}{\text{Net Collections}} \div 2 = \frac{\$74,610}{\text{Base}}$$

2. Calculate the available dollars for total staff salaries.

Multiply the base by the predetermined salary percentage guarantee:

$$\frac{\$74,610}{\text{Base}} \times \frac{25\%}{\text{Salary Percentage}} = \frac{\$18,652}{\text{Available \$'s for Staff Compensation}}$$

3. Determine the Total Office Monthly Bonus.

Subtract staff compensation from the available dollars to determine total office bonus:

$$\frac{\$18,652}{\text{Available \$'s for Staff Compensation}} - \frac{\$17,426}{\text{Total Staff Compensation May, 2003}} = \frac{\$1,226}{\text{Total Office Bonus}}$$

4. Determine Individual Bonus Shares.

Divide total bonus by total number of employee days worked to determine per-diem bonus amount:

$$\frac{\$1,226}{\text{Total Office Bonus}} \div \frac{65}{\text{Total \# of Employee Days Worked May, 2003}} = \frac{\$19}{\text{Per-Diem Bonus}}$$

Multiply Per-Diem bonus by number of days each individual employee worked to determine each employee's actual bonus:

$$\frac{14.5}{\text{Number of Days Worked}} \times \frac{\$19}{\text{Per-Diem Bonus}} = \frac{\$272}{\text{Individual Employee Bonus}}$$

This Month's "BREAK EVEN" Base Figure for Bonus:	\$69,705
This Month's ACTUAL Base Figure for Bonuses:	\$74,610
<i>Difference:</i>	<i>\$4,904</i>

"A Piece of the Pie" Long Term Incentive Program

Rolling 3-Month Collection Average

Practice Name: (Your Practice Name)

Time Period: (Month, Year)

1. Calculate the rolling three-month collection average.

Take the last three month's collections total and divide by three:

<u>\$239,073</u>	\div	<u>3</u>	$=$	<u>\$79,691</u>
Last 3 month's collection total		# of months		Rolling 3-month collection average

2. Calculate the available dollars for total staff compensation.

Multiply the average by the predetermined staff compensation percentage guarantee:

<u>\$79,691</u>	\times	<u>25%</u>	$=$	<u>\$19,923</u>
Collection Average		Compensation Percentage		Available \$'s for Staff Compensation

3. Determine the Total Office Monthly Bonus.

Subtract staff compensation from the available dollars to determine total office bonus:

<u>\$19,923</u>	$-$	<u>\$17,894</u>	$=$	<u>\$2,029</u>
Available \$'s for Staff Compensation		Total Staff Compensation (Month, Year)		Total Office Bonus

4. Determine Individual Bonus Shares.

Divide total bonus by total number of employee days worked to determine per-diem bonus amount:

<u>\$2,029</u>	\div	<u>60</u>	$=$	<u>\$34</u>
Total Office Bonus		Total # of Employee Days Worked (Month, Year)		Per-Diem Bonus

Multiply Per-Diem bonus by number of days each individual employee worked to determine each employee's actual bonus:

<u>15</u>	\times	<u>\$34</u>	$=$	<u>\$507</u>
Number of Days Individual Worked (Month, Year)		Per-Diem Bonus		Individual Employee Bonus

This Month's "BREAK-EVEN" Collection Average for Bonus:	\$71,576
This Month's ACTUAL Collection Average	\$79,691
<i>Difference</i>	<u>\$8,115</u>