

## Caution...Staffing *VIRUSES*

A practice is made up of its doctors and staff, who act as a team for the good of the patients and practice. But, you need to be aware that sometimes certain individuals become non-team members that are out for themselves to the detriment of the team, practice and patients. They seem to be infected by anti-social viruses, two of which will be considered here; the “dismoral virus” that destroys team moral, and the “embezzlement virus” that steals from the practice and its team.

### The **DISMORAL VIRUS**

Morale is essentially defined as: “When an individual's or group's spirit exemplifies confidence, cheerfulness, discipline, and willingness to perform assigned tasks.” Thus, a dismorale virus will lower or reverse this spirit. To keep a practice team healthy, all team members need to guard against the dismorale virus, which usually strikes when there are major changes in the practice. Major changes may include taking on an associate, major reorganization of the practice's systems, increases in work of existing team members, major changes in a doctor's or team member's personal life, hiring of an infected person who seems uninfected when hired, and others.

The virus usually spreads from an unhappy, influential, established team member. The virus may be insidious, or it may be evident, yet ignored by the doctor who fears that the important team member may leave if their negative attitude is confronted. The virus may also be dormant, not obvious in an established team member, only to be unleashed when this team member is looked over or put under the supervision of another team member, losing their autonomy and direct link with the doctor. Actually, any unhappy team member can be infected by the dismorale virus. The virus is prone to infect practices where the doctor is strong in the director and/or analyzer style. It sometimes shows up in practices with doctors who are disorganized socializers, and rarely shows up in practices where the doctor is a strong relator, although it can.

The **SYMPTOMS** of the dismoral virus are:

1. An infected team member that is vocally unhappy.
2. Widespread complaining among team members about working conditions, compensation or the attitude of the doctor.
3. Grouping of infected team members into factions that find fault with everything in the practice.
4. Clinical team members complaining about clerical team members and vice versa.
5. Team members complaining about the practice in front of patients.
6. Team members making disparaging remarks about the doctor.
7. All team members grouping together and demanding that the doctor either make the changes they want or they will all quit at the same time.

**EXAMPLES** of the dismorale virus infection include many practices I have worked with, and each has a point to make.

- In one case, the doctors let their self-serving, immature supervisors run the practice. They screened out any potential employee who would, by comparison, show them to be ineffective and unproductive. Eventually the virus struck other team members who were unhappy with the supervisors' ineptness. The doctors replaced some of the team members, but the virus was too entrenched that after about six years of strife, they finally fired all of the team members and replaced them with happy,

effective and productive team members, supervised by competent people whom the doctors monitor through weekly meetings.

- Another example is of a doctor who had a swift and complete infestation of the virus. Within a few months, all of the team members were infected by one influential person who led them to demand that the doctor make certain changes in the practice (which were to their advantage, not the patients' or practice's), or else they would all leave. The doctor removed the virus instantly; he fired every team member on the spot and went about hiring an excellent team who are dedicated to doing whatever it takes to give the best patient service.
- Another example is of a doctor who had one highly infected clerical person who undermined the doctor. She was fired, but the doctor made the mistake of letting her train her successor, who she infected. The successor then infected two of the clinical team members and the receptionist before she was fired. When replaced, the new employee never met the infected person she succeeded, but was influenced (but not infected), by an infected clinical team member. The doctor finally removed all of the infected clinical team members and vaccinated the surviving team members with an attitude about patient service and practice loyalty that has kept the virus from flaring up again.

The **CURE** for removing the virus from a practice, and keeping it out, is not always easy to find, since the virus is tenacious and very difficult to kill, requiring drastic measures in many cases, including:

1. Identifying ALL of the team members who are infected and listing them from worst infected to least infected.
2. Documenting viral flare-ups on their personnel file's Disciplinary Actions/Warning Log, indicating:
  - The negative comments made about the doctor or other team members or patients.
  - Their refusal to do the work they are assigned.
  - Theft and breakage.
  - Anything that disrupts the practice.
3. Having at least three, and preferably six, months' worth of viral flare-up data, including glaring incidences from the past, with specific dates.
4. Having a talk with every team member, starting from the uninfected to the most infected. Explaining the viral problem, asking them if they are unhappy working there, and if so, what they feel can be done to heal this practice. Tell them that nothing they say will be discussed with any other team member, and that the practice can no longer employ team members who would be much happier elsewhere.
5. Put an ad in the paper and replace the infected team members with new team members, making sure they are mature, have a positive attitude about working here, have a good self image, and want to do their best to serve the patient.
6. NEVER let the new team members meet the infected team members they are replacing.
7. If not already done, fire infected team members as soon as you have someone to replace them, and make sure the infected team members are out of the practice days or weeks (preferred) before the new team members start.
8. Be aware of any tendency for the new team members to be infected by existing team members who are infected, but who may not seem to be.
9. Tell the new team members about the infection you are trying to remove and have them commit to its removal, as far as they are concerned. Have the new employee tell you if someone is trying to in-

fect her and deal with it by eventually removing the infected employee if it is obvious that they are truly infected.

10. If you try but can't get rid of the dismorale virus by replacing individual team members, then replace all of the team members. This may seem drastic, but it is possible, and the three to six months of turmoil is well worth the happy, positive practice you end up with, which is a pleasure to work in and be treated in.

IN SUMMARY, detecting and replacing infected team members is not an easy task, and the best preventative measure is to have a happy, effective and productive team members who can work in an environment that doesn't promote the dismorale virus. The above examples may apply directly to you, or not at all. Fortunately, many practices have key immune team members. Unfortunately, many practices hire infected team members and are not aware of this infection until it is too late. But if the doctor and team members are aware of the symptoms of infected team members, they can remove the infected team member and stop a crippling illness in a healthy practice. But the best cure is prevention, so organize your practice well and stay in relationship with your team members. An ounce of prevention costs less than a pound of cure.

## **The Embezzlement Virus**

This section provides a painless vaccine for what seems to be an epidemic: embezzlement of funds in orthodontic practices with computerized financial control. I have heard many sporadic horror stories over the past 35 years, but it is only recently that I am running into them regularly. It is difficult to determine the full extent of embezzling, since both the embezzlers and the embarrassed embezzled, prefer not to talk about it. However, a good guess would be that many, if not most practices have been infected by the embezzlement virus, with most of them unaware. The embezzled funds can vary from a few hundred dollars to hundreds of thousands of dollars taken over several years!

The greater utilization of computers for billing has increased the opportunity for embezzlement, since doctors usually don't understand them as well as they did the old one-write ledger system. But computers not only provide opportunity for creative embezzlers, they also provide safeguards against it if they are properly used. Embezzlement is as simple as A-B-C:

- A) accept cash
- B) pocket cash
- C) cover it up.

But, safeguards against embezzlement are also as simple as A-B-C:

- A) Separate financial functions among the team members:
  1. The receptionist opens the mail, logs the in-mail payments, collects and logs in-hand payments, and gives it all to the bookkeeper.
  2. The bookkeeper posts all payments and makes up the deposit slip, besides posting charges and adjustments and sending statements.
  3. The receptionist checks her log against the bookkeeper's bank deposit slip.
- For a complete proofing system, use the Daily Cash Control Log and refer to the article "Daily, Cash & MISC Charge Control" located in the "Free Articles" section on the website < [deanbellavia.com](http://deanbellavia.com) >.

- B) Reconcile your monthly bank statement against your monthly computer payment totals.
- C) Reconcile all adjustments monthly, whether credit or debit. Print out an adjustment log each month and check all *credit* adjustments.

The above preventive A-B-C's should stop embezzlement, but only if you fully practice them. If you don't, please check off your reasons below:

- "I trust my financial person implicitly!" All embezzlers are always trusted employees and some are even significant others or wives.
- "I don't want it to look like I don't trust my team members!" In general, the preventive A-B-C's are for the good of the team members. If you are not organized and something accidentally goes wrong, and it will, the implication of embezzlement will create discontent for all.
- "I hate getting involved with financial Matters! Great!" Then you'll never know how much you lost. It is much cheaper to have your accountant instill the controls than it is to be embezzled.
- "I have few employees, and thus only one person who handles all financial matters!" At least do preventive measures B & C and you'll save some of your loss.

## Embezzlement **STRATEGIES** and *Counter-Strategies*

While embezzlement simply involves pocketing cash, the cover up strategies of the embezzling team members can be elaborate. Strategies range from simple (1) to sophisticated (6). Embezzlement strategies and the counter-strategies you need to employ are discussed below.

**STRATEGY-1:** Emily is the only clerical team members and handles all the payments. Each month, Mrs. Jones gives Emily \$150 in cash and Emily puts the money in her pocket when no one is looking, neglects to post the payment on the computer, and makes sure that Mrs. Jones never gets a statement.

*Counter Strategy-1:* For this to work, Emily must never get sick, never take vacations, and make sure nobody else ever messes with her bookkeeping. You can foil this strategy with a second person handling the payments or statements. If not possible, you can do a Six-month balance check by having your accountant personally run statements on all of your patients, asking them to call his accounting office if there are any discrepancies. Also, make sure that Emily gets a vacation every year.

**STRATEGY #2:** Emily pockets the \$150 payment from Mrs. Jones, but posts the payment to her account, preventing exposure from statements. This strategy is the most dangerous to the doctor, for it's the doctor's word against the bookkeeper's as to who actually pocketed the cash. This cover up strategy was also used in two cases where the bookkeeper created a separate bank account that she could sign on and deposited checks into. This is much more lucrative than waiting for cash. In one case the team member was the doctor's wife and she befriended a bank V.P. to create the account. They went to Europe together with about \$300,000.

*Counter Strategy-2:* If possible, separate the duties as in preventive measure A above, and then, each month, print out a report showing how much was posted, and then compare it to the bank deposit slip receipts (not the deposit slip).

**STRATEGY #3:** Post the cash as a credit to the patient's account and not a payment. The patient does not complain, the doctor's deposits vs. payments match, and Emily has the cash.

*Counter Strategy-3:* Most computer programs have an adjustment log, or a way to list all adjustments. The doctor must require that Emily explain all adjustments, in writing, and then spot-check them.

**STRATEGY #4:** Cover up the stolen cash with an insurance payment—this one is creative. In many systems, insurance owed is not separated from the patient portion and insurance checks are just posted to the future due. In others, the insurance and patient portions are handled in completely separate accounts. In either case the key is that the patient is not aware of the insurance balance and payments. Today Emily gets a \$500 check from an insurance company, which she uses to cover a \$500 cash payment. She posts the insurance payments to the accounts as cash, but not the cash payments. She pockets the cash and deposits the insurance check. Everything is in balance and no one notices that the insurance account is behind because Emily doesn't tell them.

*Counter Strategy-4:* Again, preventative step A, separation of financial duties, would have stopped this one, if you also control your insurance payments, knowing: 1) what is due this month; 2) what is paid this month; and, 3) why they don't match.

**STRATEGY #5:** As the doctor closes the loopholes in the system, Emily is left with fewer options, but this is a good one! Johnny Smith loses his retainer and brings in \$150 cash to pay for it. Emily just pockets the money, neglects to post the \$150 charge, leaving no trail.

*Counter Strategy-5:* Have the doctor use a Charge Control Book, refer to the article “Daily, Cash & MISC Charge Control” located in the “Free Articles” section on the website < deanbellavia.com > to initiate the charges, and have someone other than the receptionist/bookkeeper check that the charges have been posted each month.

**STRATEGY #6:** When all the receivables loop holes are closed, Emily resorts to the payables, by creating a fictitious business called ABC Orthodontic Supplies. She then buys clerical or communications supplies from herself every so often, and if she doesn't get too greedy, she can do it for years.

*Counter strategy-6:* Be aware of all of your vendors and have the doctor sign all checks.

## IN CONCLUSION

Yes, you could employ some of the counter strategies, but why not just implement them all for an embezzlement-proof practice in the first place? The preventive A-B-C's, if properly implemented, will assure you that the rest of your team members are free of blame for the embezzling of another.

Implementing the preventive A-B-C's to protect your practice from embezzlement should take about 10-15 minutes a day of the receptionist's time. It will also take less than an hour a month of your time, which could be the best investment that you ever made. If you do it now, you will be spared the trauma of finding out how much money you would have saved, had you immunized yourself against the embezzlement virus sooner.

You must also BOND all the team members who handle money in your practice. Better yet, bond everybody in the practice. Therefore, when there is a loss, whether intentional or not, the practice will not suffer the financial loss, which the bonding company must cover. It is then the job of the bonding company to find any guilty party to make restitution. Bonding can be done through your practice insurance or other means. Ask your accountant how you can have your team members bonded. The cost is minimal and the personal satisfaction of knowing you are covered is maximal.

**The average embezzlement is always in the tens of thousands of dollars range—the cost of its prevention is minimal!**