How to Have the “Compensation Conversation”

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ISPAN: The Meeting
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Disclosures

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This presentation is not intended to provide legal or consulting advice
3 Goals
Today

Employee or Independent Contractor?

The Compensation Conversation

Mutual Goal Achievement
Can you get fired for sharing your salary publicly? Maybe

By JULIANA FELICIANO RUYES
Philadelphia Inquirer

PHILADELPHIA - In an effort to increase transparency in the art world, more than 2,500 museum workers across the globe have anonymously shared their salaries on a spreadsheet.

Could you get fired for adding your salary to the list? The short answer is: Yes, you could, but it would be illegal.

We called two labor lawyers, one who represents unions and workers — Jonathan Walters of Markowitz and Richmond — and another who represents employers — Rick Grimaldi of Fisher Phillips — for museum workers is absolutely protected activity, Walters said. You do not have to be part of a union or trying to form a union or order to be covered under the NLRA.

What if you're just an individual posting on Twitter or Facebook about your salary? That's protected, too, the attorneys said, because it's considered communication with others.

Grimaldi said he reminded his clients, who are employers, that they cannot prohibit employees from discussing their salaries — "a big no-no," he said.

Companies can, however, require their employees to keep "proprietary information" private, such as customer information or that given the definition of "independent contractor" is being debated in courts and governments across the country. The NLRA also doesn't cover public-sector employees, though many are protected through a union collective bargaining agreement.

So, are you safe? If you're not part of a union and protected by a collective bargaining agreement, you can still get fired for pretty much anything. It's called "at-will" employment.

So, even if your employer can't fire you because you shared your salary with others, the company could say it was because you've been coming to work late or missing deadlines (it's hard to prove these things...)

Who Talks Openly About Salary?
2019 Compensation Survey Data

~$149,576

Average Non-physician Injector Total Compensation

2019 TITAN/GSG Compensation Survey
THIS WAY

THAT WAY
What is Best for Me?
1099 Contractor or Employee?
Evaluate your Options and Objectives

**Independent Contractor**
- Receive a 1099 from businesses
- Control of terms
- More ability to negotiate
- Flexibility

**BUT**
- Responsible for paying income taxes
- Pay 100% of SS/Unemployment taxes
- No benefits or paid vacation
- No job security

**Employee**
- Receive a W-2 from employer
- Benefits, paid vacation, 401K
- Employer contributes taxes
- Better job security/loyalty

**BUT**
- Employer has most of control
- Can set employment terms
- Bound to agreed-upon compensation, etc.
2019 Compensation Survey

14% were Independent Contractors

86% were Employees
COMPENSATION
“What Compensation Should I Offer?”

“What Should I Ask For?”

The most common questions for job seekers and employers
Preparing for the Compensation Conversation
What you Need to Know Before the Conversation

- How do you currently get paid?
- How much did you bring in last year in gross service revenue?
- What additional benefits do you receive?
- What resources does the employer provide to support your business?

And things to consider......
- Were you experienced or naïve when you started?
- What services do you provide or support do you offer in the practice?
- If physician left, could you still practice?
Cash Flow for an Aesthetic Practice

What comes in
- Service Revenue

What goes out
- Cost of Goods
- Cost of Supplies
- Insurance, taxes, cost of benefits
- 401K contributions
- Lights, heat, AC, water, trash
- Salaries to staff
- ETC, ETC, ETC

What is left = Net Revenue
NEGOTIATION
Negotiating:
Making Everyone Happy
How Do You WANT to be Paid?

How Does the Employer

Salary?
Commission?
Hourly?
Year End Profit Sharing?
Working out Comp isn’t Easy

79% of respondents have commission structures paid from dollar # 1.

13% of respondents have commission structures paid once a certain threshold is met.

For 88% of these, the plan is a set value or percentage.

For 12% of these, the plan is an escalating value or percentage.

For 60% of these, it is when a certain revenue value is brought in.

For 20% of these, it is when a certain multiplier of total hourly pay is met.

7% receive a set value.

93% receive a set percentage.

For 88% of these, the plan is a set value or percentage.

The structures are all varied, examples include:

- Base hourly rate plus 7.5% commission on service revenue
- 7.5% on gross aesthetic procedures and 10% on product sales
- 15% of profits on injectables after 225k threshold is met

I get paid commission after I bring in $225k in sales
100,000 then 7.5% of revenue
Once 18,000 met, percentage above that

Caution: Small base sizes n<20
See QNR for full question text. Analysis based on question sequence Q11-Q11d2.
Influence of Compensation on Switching Employers

Strength of Influence on Decision to Switch Employers

<table>
<thead>
<tr>
<th>Factor</th>
<th>% Rating Factor Very Influential</th>
</tr>
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<tbody>
<tr>
<td>Better work life balance</td>
<td>65%</td>
</tr>
<tr>
<td>Better bonus or commission potential</td>
<td>64%</td>
</tr>
<tr>
<td>Training and professional development</td>
<td>60%</td>
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<tr>
<td>Higher Hourly pay or Salary</td>
<td>48%</td>
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<tr>
<td>Career growth or promotion</td>
<td>47%</td>
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<tr>
<td>Profit sharing</td>
<td>45%</td>
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<tr>
<td>Availability of health benefits</td>
<td>42%</td>
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<tr>
<td>Availability of retirement plan</td>
<td>41%</td>
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<tr>
<td>Management path</td>
<td>20%</td>
</tr>
<tr>
<td>Availability of life insurance</td>
<td>12%</td>
</tr>
</tbody>
</table>

Have You Left an Aesthetic Position due to Inadequate Compensation?

- Yes: 40%
- No: 60%

Q20. How strong of an influence do the following factors have on your consideration to move to a new employer? (Please respond using a scale of 1 to 7, where 1 means “No Influence at All” and 7 means “Extremely Strong Influence.” Please select one rating per row.) Q21. Have you ever left an aesthetic position because you felt that your compensation was inadequate? Q21a. You indicated you have left an aesthetic position because you felt that your compensation was inadequate. How much more would you have needed to make to keep you there? (Select one.) Q22. How likely would you be to leave an aesthetic position if you felt that your compensation was inadequate?
So Now What?

- Know your own situation and what is best for YOU
- Understand the challenges that face employers
- Look for ways to contribute to mutual long-term goals

*It is always easier to work together for a positive compensation solution than to start over!*
For More Information on Compensation:

- Register for email updates at www.titanaesthetic.com
- Look for possible publication this fall
- For more information:

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Thank you