



DO BUSINESS FASTER™

Jim's Profit Accelerator 174 The Bonus Myth

The headline in the *Wall Street Journal* page one article reads: "Wells Fargo Bankers, Chasing Bonuses, Overcharged Clients." Ignore for a moment whether they did it, and did it for the reason in the headline. Consider the scale of damage to any business, let alone one that has a trust reputation headed for the basement. Despite our best logic, our emotions scream, "If they did it to those people, they'll do it to me, and I won't know until it's too late." Do you want your customers spiraling that way about you and your business?

Worse, your employees know what happened, and it erodes their faith and commitment to the company, often beyond repair. The *WSJ* article subhead: "Employees say foreign-currency staff ignored 265 pricing agreements."*

SPEED BUMP: The hope and faith of your employees may be your most powerful competitive advantage.

One of the standing facts for every CEO I've met is this: "Our employees know everything that's going on." Though not literally true, they likely know all the gossip and some of the company objectives, despite relentless management effort otherwise.

Here is a lesson provided free, by Wells Fargo: Your culture matters. Your employees can describe it, so check periodically about what matters, which is trust and "doing the right thing." On top of the annual employee survey, watch closely for behaviors that don't fit, and insist that your managers do the same. Instead of discarding strange actions as a "one off," dig into them to get the facts. Then provide the necessary discipline or guidance; this will communicate what you stand for to your other employees. They will know what action you took—always.

Create a framework so it's easy to do the right thing, especially for actions that impact bonuses or commissions. What does that framework look like? Some examples:

1. **Check with customers** about their experience of a specific transaction.
2. **Audit the paperwork.**
3. **Ask your direct reports** what happened. Make it clear that you expect the full story immediately. Do your own checking occasionally.

When I worked in a supermarket I was horrified to learn that the assistant manager had been fired by the district manager. The assistant manager seemed like an excellent leader with a great future, so I dared to ask the DM what happened. He replied frankly that the AM had

borrowed a few dollars from the employee pop machine. It wasn't the money, it was the example. I've never forgotten it.

SPEED BUMP: It's seldom the specifics of the bonus plan. It's usually the culture.

Leaders tie themselves in knots trying to devise the perfect incentive pay plan. Some effort to match pay to results is worthwhile to avoid the appearance of favoritism. The perfect plan, like the perfect anything else, is scarce to nonexistent. Instead, turn your focus on the framework around it, both ethics and audits.

ACCELERANT: What needs improvement in your ethical frame around bonuses?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

A note on **SPEED BUMPS:** Use them to click quickly with an idea that can immediately be implemented in your life as a business leader. Think: "How can I use this today?" or "Who can use this?"

* *Wall Street Journal*, 11/28/17, P A1

For more information, visit www.grewco.com.

Jim Grew, the Business Defogger and Accelerator, helps leaders discover hidden opportunities within their businesses and exploit them for dramatic results. Jim has led 9 businesses, worked in 31 companies at C-level, and is an expert in strategy and executive leadership. He presents regularly to industry groups, mentors business leaders, and shares insights in his Executive Letter (above). Jim holds BA and MBA degrees from Stanford University. In his new book, *The Other Side of Succession*, he shares how to plan for the future by growing your business now.

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