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20 seconds to a better  
bonus



# Two lists you should look at every morning



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Larry was a mid- to senior-level employee at Overlook, a technology company. (Names have been changed.)

I began to work with him while he was running a project to bring Overlook's newest technology tool to the marketplace. Despite a number of obstacles, some of which came from inside Overlook, Larry delivered the product on time and pretty much on budget. He received a solid bonus that year.

Which is why I was surprised when he told me he was leaving Overlook because of the bonus. It was the last straw, he told me. And it wasn't the size of the bonus that bothered him; he agreed it was reasonable. It was *how* he received it.

His manager just left the check on his chair without a word. Now you might think that doesn't sound so terrible. Why does Larry care how he received his bonus? He should be happy to have one, especially a good one. Larry must be one complicated, hard-to-please prima donna.

But he's not. More than once Larry was described to me as a boy scout, the kind of guy who would routinely stay late to help colleagues through a tight deadline. He was smart, hard working, humble, and reliable.

In other words, the kind of guy Overlook shouldn't want to lose. So what went wrong?

To understand that, we need to understand what a bonus means. On one level, it's simple: a bonus means more money.

But it doesn't take long to get more complicated than that. If I asked you to guess which bonus people would prefer, \$50,000 or \$100,000, you'd guess \$100,000. Pretty obvious, right? But, according to researchers Sara Solnick and David Hemenway, the answer is: it depends.

The researchers asked people if, assuming prices for goods and services remained the same, they would rather earn \$50,000 a year while other people made \$25,000, or earn \$100,000 a year while others made \$250,000. About half preferred the \$50,000.

That's because a bonus is not just money and the things money can buy. It's feedback. We want to know how we're doing. And one of the clearest ways we get the message is by comparing ourselves to others.

But, for so many reasons, that's a losing game. It's one of the reasons I'm not a fan of ranking employees. Each employee adds value in a distinct way, using his or her unique strengths to address particular problems or opportunities.

A manager's most important job is to match the right person to the right job, which makes it virtually impossible to compare one person to another. That's the advantage — and challenge — of diversity.

So how do you escape the comparison trap? You make sure that each employee doesn't simply understand that you value him but also understands, very specifically, why.

Ultimately each one of us cares about three things:

1. Achieving challenging goals
2. Being liked
3. Being respected and having influence

That's it. Money is simply a symbol, a surrogate, for these three things. If I get paid well, it communicates to me that you like me, I have influence, and I've achieved my goals.

But, it is possible that you can pay someone well *without* communicating those things. And if that's the case, the money loses its power. This is what happened to Larry.

See, Larry hadn't received any meaningful feedback, praise, or supportive communication during the course of the year. He had very little relationship with his manager and only a vague sense of how he was viewed in the organization. When he found the check sitting on his chair, with not as much as a note of thanks for his hard work and dedication, the absence was louder than the presence. His financial needs were met, but his psychological needs were neglected.

This problem is so prevalent you would think it's hard to solve. But it couldn't be easier.

Larry's manager could have personally handed the check to him and, no matter what the amount, said, "Larry, this is all we could do this year, but I want you to know that it doesn't begin to reflect the contribution you've added to me, our department, and to Overlook.

You've spent a year of your life dedicated to making this project successful, sometimes even fighting with me to make it work, and I really appreciate that. You can't put a monetary value on that. Thank you."

That's it. Less than 20 seconds. (Yeah, I timed it.) That's what it would have taken to keep Larry.

Of course, Larry isn't dumb and if he heard that speech once a year after being ignored for 12 months, he wouldn't believe it. So the reality is, it takes more than 20 seconds. It would have taken 20 seconds once a week to tell Larry what he did that week that was appreciated. That's about 20 minutes a year. To work it needs to be personal, specific, clear, and heartfelt.

But even once a year is a good start. I know a construction firm that didn't have much money for bonuses one year. So, instead of doling out checks for a few hundred bucks, the COO took all the project managers to a high-end men's store where they were measured for, and then sent, a custom fitted shirt. Cost? \$150 per employee. Value? Priceless.

The COO thought about what they would want. He put effort into it. And by doing that, he communicated that he appreciated them, liked them, and recognized the value they brought to him and the firm. That's more value than a check five times the size.

By the way, the things that work at the office? They work at home too. Don't waste a great holiday present by just giving it. Think about what you want to say and then, well, say it. Let the other person know how much you value her and why. How you appreciate what she's achieved, how she's influenced you, how much you like or love her.

So, you might be wondering, what happened to Overlook? Larry was part of a larger exodus. When senior management was asked about it they answered, "We can always replace people."

Which is a good thing, because they had to do it a lot.





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