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Bonuses and Raises In These Tough Times ©

By

Ron Hequet

A few years ago, I performed a 'Business Analysis' of a very large Plumbing Contractor Company in the Chicago area. The economy at that time was cause for certain belt-tightening of overhead, wage freezes and so forth for this company.

The CEO was giving me the company tour inside and out, when I noticed a new fishing boat parked inside the secured area. I asked the CEO who owned the boat, his face beamed and said, "It's mine, I just bought it, it's a beauty."

Here are some general guidelines when making decisions about bonuses and raises at this time.

- 1. Executive behavior must match edict to employees:** If you ask staff to take risks, freeze wages or other related restraints; does your behavior match your words?
- 2. If you owe, pay-up:** Any employee who has earned a bonus or raise based upon previously agreed to performance objectives must be honored. Any renegeing will be taken as deceit and may even be unlawful. If the company simply does not have the cash for bonuses owed,

then it must either appropriately borrow the funds or establish an acceptable and believable IOU with the employee.

If cash flow will not support a raise that must be honored, the same applies. An acceptable and believable plan must be established with the employee and of course without revealing confidential data to the employee.

People in general appreciate the tough times we face today, and for the most part, are willing to cooperate with a company who's integrity to date has not been damaged.

Leaders who fail to 'walk the talk' lack integrity, and one day may look behind themselves and find no one to lead.

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