



TIP OF THE WEEK

July 15, 2008

Many years ago, a client that was doing poorly implemented an across-the-board 10% pay cut. The owner of the business called me two weeks later. The lease on his Mercedes was up and he could actually save money by getting a new luxury car. He wanted my opinion. I told him that there was no way he could do this without adversely affecting morale. I said, extend the lease even if it IS more expensive. No one will believe that you driving a new Mercedes saves money. Alternatively, I suggested that he lease a cheaper car.

He argued, "I can't do that because my neighbors will think I'm not doing well!" So I said, "Well, I guess they'd be right." He was calling me because in his heart of hearts he knew he was wrong. Then he did it anyway. When I talked to the employees on my next visit, they were convinced that their pay cuts paid for his new car. The tip is, when you're a manager or owner, it really doesn't matter what the facts are. Appearances and perception are everything, and they always trump the facts.

Good luck. Work **ON** your business. Stay in touch.

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