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## People First

# Ethics and profits

Compensation should never be based on exploitation

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The first time I heard “coin-operated” in reference to a high-profile salesperson, I winced. Makes you wonder: If some executives will do anything for money, how are they any different from the working girls in Nevada? At the end of the day, there’s the same moral erosion, isn’t there?

Sadly, many industries have constructed complicated fees, commissions and bonuses underpinned primarily by the intent to exploit someone. Look at real estate — when most people buy a home, they intend, somehow, to pay for it. Many subprime lenders took advantage by floating loans with the help of salespeople in front of home buyers they knew couldn’t afford the homes. Yes, money was made, but the costs — both financially and emotionally — have been immense.

### Look in the mirror

Making money is a good thing — there’s no question about it. But as Michael Lewis, the author of “Panic” warns, “You have to figure out a way to make money without screwing your client.” That seems to be a relatively obvious statement. Can it really be good business for companies to pit employees’ needs to survive against their needs to remain respectable? And if so, why are so many top companies able to become enormously profitable while also serving the emotional needs of their stakeholders?

Take Jones Day, for example. According to George Manning, managing partner in the law firm’s Dallas office, “On every level we are client-driven. Our compensation system is confidential; partners don’t know how other partners are compensated. This policy has contributed to Jones Day being rated No. 1 by the BTI Consulting Group in client service for the last four years. There have been no layoffs at Jones Day, and we are always looking for problem-solvers with talent and energy.”

## **Enjoy what you do**

Ethical behavior is serious business, but the focus on getting things right doesn't mean you have to leave employee enjoyment at the door.

Dallas technical consulting firm Lumenate is a big believer in play. President Reagan Dixon cringes when he's referred to as "the boss," and you know you're in a fun environment when both plain and peanut M&M's are in abundance. You would think Dixon's team never works a day, but don't let the candy fool you — Dixon runs a lean machine in good times and bad. "Reduce, reduce, reduce and grow, grow, grow your people," Dixon says. "I believe that leadership is less about control and more about fostering the right environment and fair rewards."

Another key element to Lumenate's success? Dixon listens.

## **Compensating generations**

Law firm Munsch Hardt, Kopf & Harr PC has resisted the common recruiting practice of offering first-year lawyers \$160,000, knowing that the majority of these young lawyers will be gone in less than three years.

Leona Hammill joined Munsch fresh out of law school. Now a three-year veteran in the Dallas office, she has a new role as the firm's associate liaison to its management committee. Hammill helps knit together the tie that binds the associate attorneys to Munsch's 64 shareholders.

"I found a firm that has taken great care to understand me and the concerns I have individually and that the associates have collectively," Hammill says. "We feel we have a voice." Associates have a sense of ownership that comes from the firm's willingness to invest in training, mentoring and, most important, a voice in the future direction of Munsch.

Managing Partner Glenn Callison in the Dallas office agrees. "Perspective is the key," Callison says. "Having the view from the other side of the desk is essential to the long-term prosperity of this firm."

We all wonder how so many smart people and companies were foolish enough to trade in their good names for short-term gain. The only logical explanation is they truly believed they could have both — not unlike the monkey that reaches into the jar to get the banana and then realizes he is trapped. He can either release the

banana or remained trapped. Whoever put the banana in the bottle knew the choice the monkey would have to make.

### **The demoralization of society**

“Stigmas are the corollaries of values. If work, independence, responsibility, respectability are valued, then their converse must be devalued and seen as disreputable.” — Gertrude Himmelfarb

The ongoing economic crisis is forcing forward-thinking business leaders to rethink and to craft compensation packages that meet the financial and emotional needs of all stakeholders. Creating a win-win is essential — not only for business but the community as well. Capitalists need to be just as good at producing good citizens as they are at turning profits.