

# Perks: How to Keep the Gravy from Leaving a Stain

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It's easy to take potshots at executives' perks. In fact, these benefits often serve valuable purposes. But if misused, they can also impose a psychological cost on the executive himself as well as an unreasonable economic cost on the company.

There is a strong case for time-saving and physical conveniences. Access to an executive dining room, use of a company plane or car, and membership in town and country clubs where customers and suppliers can be entertained enable corporate officers to use their time more advantageously. Similarly, economic incentives such as insurance policies and stock options can further corporate objectives.

But should company credit cards pay for personal expenses? Should the firm's facilities be extended to family members for instance, letting the wife use the company car to convey daughter to and from an out-of-state college? Should employees render personal services on company time at the executive's home?

Such practices are getting closer corporate scrutiny as a result of both recession inspired cost control and public criticism. In any reassessment of company policy, it is important to consider the four basic rationales for perks.

To facilitate getting the job done. Permitting an executive to fly to a business appointment first-class can be justified on the grounds that he will arrive in better shape and will perform more effectively. However, when perks are awarded, they should be accompanied by some definition of the limits, some reference to prohibited uses.

Al Masini, president of Tele-Rep, Inc., says: "I invariably use the company car and chauffeur to go to the airport because I can get in some additional work at the office and on the way. But I never use them on my return trip. My plans change, the plane may be late and I know it's costing the company money if I tie up the car."

Harry Truman, despite his sometime practice of crass "cronyism," could be very scrupulous about his use of presidential perks. On the famous occasion when he chewed out a music critic for an unfavorable review of a concert by daughter Margaret, he made sure the letter didn't go out under the White House frank but was paid for with his own postage stamp.

To provide additional material rewards for services rendered. Perks are often a logical part of the compensation package needed to recruit and retain top-notch executives. They are particularly alluring when they involve tax advantages to the individual.

Business is not the only sphere in which this type of incentive is used. In the academic world, the availability of a mansion on campus as the president's residence is a valuable asset in attracting the best available talent.

Nevertheless, it cannot be assumed that the practice will win universal understanding. Envy remains a human characteristic, and it is a quality that cannot be dealt with head-on. Potential critics can be quieted only if the recipients of such monetary benefits prove their worth by managerial accomplishment.

To symbolize and reinforce authority. In the days of monarchy, the crown, the sceptre and the ermine had no utility other than to let people know where the power lay. Years ago, the industrial magnate's private railroad car served such a purpose in addition to that of convenience. Now, the familiar signs of status are corner

offices with a splendid view of the city, original paintings on the walls, plants, and rich carpeting on the floor.

These paraphernalia of rank are often used to impress the public which, though conscious of high prices, is rarely disaffected by the luxury display of its vendors. In fact, the lavishness usually creates an aura of success and therefore stimulates confidence-an invaluable asset.

Employees, however, may react differently. During a recession they are likely to resent the refurbishing of the plant or office if they are told at the same time that the business can't afford pay increases.

Yet the rank and file of unionists rarely rebel against their own leaderships' enjoyment of perks. The Teamsters used to say of Jimmy Hoffa, "We know that he takes his, but he sees to it that we get ours." Similarly, the members of the United Mine Workers, despite the record of bitter factionalism in the early years, never criticized John L. Lewis for riding to the scene of negotiations in a chauffeured, union-owned limousine.

To meet the narcissistic needs of the executive. Such needs exist in all of us. Certainly perks are constructive instruments of management policy if they do indeed increase the executive's efficiency, add appropriately to his compensation and strengthen his image in the eyes of subordinates, customers and others with whom he deals. But when narcissism makes the perks addictive, they may cause injury both to company interests and to the individual himself.

Unfortunately, some organizations make the mistake of trying to keep their people hooked on what, after all, should be secondary aspects of the job. Then the perks distract attention from the primary purposes of the organization. In many cases, aging executives resist retirement only because they cling to the perks, even though the job no longer interests them.

What can the executive do to make sure his own attitude toward perks is balanced and non-addictive?

First, he must appreciate that perks are always justifiable when directly linked to the needs of the enterprise. To the extent that they boost on-the-job effectiveness they can be enjoyed without embarrassment or guilt.

Second, the executive must be clear on which elements of his reward are actual compensation and which are perks, which are intended to facilitate his work and which address his need for ego satisfaction. The latter must be viewed as temporary. Former Governor George Leader of Pennsylvania has put it this way: "The pomp and circumstance are harmless if you remember that it's just a honeymoon and not a permanent lifestyle."

Finally, the major defense against narcissism and its addiction to perks as an end in themselves is the ability to laugh at one's self. That implies a sense of proportion - a perception of what is basic and to be taken seriously, what is secondary and can therefore be lightly dismissed.

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