



Supply Chain Operations & Technologies  
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Since January 1996

I know that newspapers, magazines, and related web sites spend time to lay out their content, but I still smile when I see contradictory articles side-by-side as I did on August 29, 2013 in the Miami Herald newspaper when the two stories, *Workers to protest low wages* and *Study: Many CEOs are overpaid* ran one on top of the other.

Listening to a dinner-meeting presentation some ten years ago, the speaker asked the audience to name who touches a consumer's items last. The audience members – including myself – piped in with job titles like "waiter/waitress", "cashier", "warehouse worker". While these were all correct in job role, these were not the answer the speaker was looking for, though they all have the common attribute representing the answer: the lowest paid employee.

Other lowest-paid employees include theme park personnel who dress up in unbearably hot costumes and entertain the masses, hotel maids, customer service representative, and retail floor help.

These lowest-paid employees are expected to perform their jobs to 100% perfection, sometimes fully in the face of the customer, and too often without adequate training and tools be they software or hardware. It is unlikely that any executive strategy could ultimately succeed in a variety of industries (e.g. retail, entertainment, hospitality, or fulfillment) without the full engagement of the lowest-paid employee. Yet the disparity between executive compensation and that of the lowest-paid employee remains staggering. When CEOs fail to perform they get golden parachutes consisting of tens or hundreds of millions of dollars in compensation and then they are off to their next company, sometimes to implement the same failed strategies. When lowest-paid employees fail to perform, they get the boot and sometimes struggle to get unemployment compensation.

Remember when receptionists were re-branded as the Directors of First Impressions? This was an accurate reflection of the first interaction people had when they walked into a corporate office. And often our interaction with the lowest-paid employee is our first and lasting impression of our interaction with a company.

Good governance – something preached by many corporations – is summed up as doing the right thing. While corporate social responsibility (e.g. donating money to good causes) is all well and fine, good governance cannot just be about looking from the inside-out, it has to be about the introspective look within.

As the discussions about fast-food workers protesting for higher wages and raising the federal minimum wage continues to make the news, combined with allegations that some companies cut workers hours below the required minimum to disqualify some employees as full-time to prevent from having to provide benefits, I wonder when the subject of doing the right thing enters the picture. When financial strategy supersedes human sympathy good governance has likely failed, especially if your bank account balance is in the billions (or lots and lots of millions).

In the overpaid CEO article, a study by the Institute for Policy Studies found that 40% of the highest paid CEOs in the U.S. over the past 20 years were either eventually fired, paid fraud-related fines, or accepted government bailout money. The study calls for "corporate compensation common sense", a term that I think should apply to not just CEO pay at the top but also employee pay at the bottom. Good governance dictates it. It's the right thing to do.

Thank you.

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