(#145) Dear Management:

September 16, 2019

Are you thinking outside-the-box for pay structures?  
  
Well if you aren't, how about walking through this exercise with one of your best LO's, who's questioning their bps...  
  
In front of a white board, write 400 bps at the top... THEN tell them you'll give them that WHOLE 400 bps (yes 400 bps!), less the expenses it takes to make that margin...  the expenses they don't often see in their world.  
  
400 bps  
  
- 30 for sales support/processing/admin staff    
- 25 for sales management  
- 20 for accounting/human resources  
- 30 for marketing/compliance depts and advertising  
- 20 for underwriting and funding  
- 15 for secondary dept and loss reserve  
- 10 for benefits and payroll taxes  
- 20 for IT dept and software  
- 25 for office and equip rents and office supplies  
- 10 for regulatory audits and licensing  
- 5 for company events  
- 10 for company insurance and bonds  
- 10 for meals/entertainment and travel  
- 10 for utilities, utilities and phones  
- 40 for even wanting to keep the doors open  
  
= 120 bps... their comp range (give or take)...  
  
The numbers are greatly simplified, but hopefully you get my point...  Sometimes the only way for them to see, is to show them the pie being divided.  
  
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