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See Quote on Page 2, Lindalee A. Lawrence, President, Lawrence Associates

## Stanford's Lucky Lunch

Every Stanford University employee will get a little wealthier next week.

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To a brief silence, and then thunderous applause at a staff-appreciation lunch, President John Hennessy [announced](#) Tuesday that all 11,000 full and part-time faculty and staff members will get a \$250 bonus next month for their “tremendous effort,” which led to “a very successful year.”

In fiscal 2004, Stanford alumni who were heavily invested in start-ups felt the dot-com collapse, and donations fell off. The university had to tighten its belt, and annual raises got squeezed out entirely, along with some staff positions. That year, Hennessy not only didn't get a raise, but he and other university officers [volunteered](#) for a 5 percent pay cut, which helped employee morale, according to faculty members.

Now that the belt is a few holes looser, Stanford decided to spread a bit of the wealth with those who stayed the course. “We've been through a couple of tough years,” said Diane Peck, head of human resources at Stanford. “People have worked very hard and shown a tremendous commitment during those difficult periods.” The bonus was given across the board because the university wanted to stress that the upswing — Stanford trumped Harvard University in fund raising, according to university officials — was a team effort.

R. Lanier Anderson, an associate professor of philosophy and member of the Faculty Senate, noted that the cost of living near Stanford can be rough for “people not at the top end of the income scale, or who don't have a lot of Google stock,” he said. “Obviously it's not a life-changing bonus for most employees, but times are tight, and every little bit makes a difference. As an employee, I do appreciate

it.”

Eric Roberts, a professor of computer science and chair of the Faculty Senate, agreed with Anderson, and noted the “sustained applause” at the bonus announcement. “The decision means a lot to low paid staff members,” Roberts said.

Lindalee A. Lawrence, president of Lawrence Associates, which does compensation consulting for nonprofit organizations, including colleges, said that it appears Stanford is paying a lot of attention to employee pay. “If there are cuts when things are tight, then it makes sense to have an improvement when things are positive,” she said. She added that bonuses are a flexible way to reward faculty and staff members, because they do not add fixed costs.

Bonuses are also known to pay off in productivity, according to Mia Temple, associate director of the Center for Human Resources at the American Strategic Management Institute. “Bonuses have been proven to work in most Fortune 500 companies,” she said. She added that, though the Stanford bonus was small, the fact that administrators took pay cuts in hard times and then spread the bonus to all employees in prosperous times is “executive leadership at its best.”

In case the dough is burning a hole in employees’ pockets, the luncheon was held at Stanford’s new Arillaga Family Recreation Center, and Hennessy and John Etchemendy, the provost, encouraged employees to buy some new gym clothes with the bonus and use the center.

Peck has other ideas. “We do have a major fund-raising drive,” she laughed. “They can donate to that.”

— [David Epstein](#)

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