

## Goals gone wild (and hitting back) at Wells Fargo

by [João](#) on May 29, 2017 at 8:00 am

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The scandal around Wells Fargo's opening of fake accounts continues to evolve. Last year, news emerged that bank employees opened up to 2 millions of bank and credit card accounts without getting customers' authorization. And the reason was the adoption of high-pressure sales tactics, driven by "[the bank's pressure-cooker sales environment](#)" – an intense pressure for sales people to meet their goals, requiring them to [work extra hours to meet widely unrealistic sales goals](#) – otherwise, they would [lose their jobs](#).

After the scandal emerged, the much-criticised [sales goals were dropped](#), the [CEO apologised and soon afterwards retired](#) and employees were fired "[for improper sales tactics](#)". [New account openings and bank traffic have sharply reduced](#). Although distinguishing between the reduction caused by the end of the irregular practices and the reduction caused by negative publicity and badwill is difficult, it is likely that the second effect is quite significant.

And there are very significant and direct "out-of-the pocket" costs. After paying \$185 million to federal and California authorities in 2016, they have just announced that they will [pay an additional \\$110 million to settle a class-action lawsuit](#).

"Goals gone wild", is the title of a very interesting 2009 paper by Ordoñez, Schweitzer, Galinsky and Bazerman (published version [here](#); HBS WP [here](#)), alerting about the "systematic Side Effects of Over-Prescribing Goal Setting". Its list of examples of aggressive goal setting in large organizations going terribly wrong can be easily updated throughout the years, as many organizations are lured by the promise of better performance if they set very (too) ambitious goals. The Wells Fargo's scandal provides a recent, and very notorious, addition to such list of examples of goals going terribly wrong – indeed, of "goals going wild".

