



## SHOW ME THE MONEY

Compensation ... it's what many of you seem focused on as the third quarter winds down – especially with all the uncertainty in the market these days.

Earlier this week, I took a call from a candidate who wanted to know whether his firm was paying him “market” compensation. My first question to him was whether he liked his job. He responded that he did, but that he thought he was “underpaid”. We delved a little bit into what was driving his sense that he wasn't getting fairly paid and it turned on what a colleague told him he was getting paid at a different firm. We walked through the differences between the firms (fund size, number of professionals, fund performance, the likely economics of the firms, the specific experience he was getting, what his lifestyle demanded, the personal interactions he had with the other professionals, a whole host of variables.) In the end, he still felt that since a peer of his was getting paid more, that he was “underpaid” and that he would begin to look for another job unless his firm matched his compensation expectations at the end of the year.

There is no right or wrong in the result this candidate reached from our discussion, but it did make me reflect on the issues of compensation and how many of us perceive our own value based upon what we are compensated. It made me wonder whether happiness with one's career is really tied to compensation, or whether the presence of greater compensation can keep someone from acknowledging their unhappiness with other aspects of their position. And, importantly, how to separate the two so that the cycle doesn't repeat in the next job, especially since his sole focus for negotiation was only on getting more money, not on fixing the other things (like changing his responsibilities) to make him happier.

A colleague suggested that comparing compensation is useful when there aren't a lot of comparable positions in a firm – for example, you're the only associate at a firm – so how will you know if what the firm pays you is “fair”. Playing devil's advocate, I said you will always know by checking your gut about how you feel about the job and the people – are they fair in their other dealings with you? Do you like going to work most days? If the answer is no, then getting more money is just selling out – acknowledge that you're willing to do work you don't enjoy, with people you don't like, but that you have to get the right amount of money to stomach it.

We thought it would be helpful to offer some useful guidance on what we're seeing comp-wise in the market. See our **2007-2008 Compensation Data Points** on our website under the Candidate button.

Of course, no compensation study would be complete without my personal caveat that compensation is the final component in evaluating any career opportunity. First, is the

work intellectually stimulating. Second, are the members of the team people you respect and with whom you enjoy working . Finally, is the compensation what fits the lifestyle you need and offers an opportunity for you to grow professionally and how does it fit with the economic realities of the firm. Using a compensation study (or what someone else tells you they earn in a similar job) to determine your job satisfaction seems backwards. That's not to say that one should work for a substantially sub-market rate, but if you were able to not worry about money, and simply do what you love, you'd probably do it for substantially less than what you think you're "worth" doing a job you don't love.

In the movie, *Jerry McGuire*, Jerry's client, Rod, was focused exclusively on the money and Jerry calls him a "paycheck player with no heart" who needs to remember that financial success in professional sports comes from inspiring people with his performance and his love of the game. The mantra, "Show Me The Money" became a '90's expression and epitomized the empty search for money above every other value. The movie, like our lives, turns on the point that the pursuit of financial success need not be incompatible with family values or personal relationships or job satisfaction, simply that it should take second place to them.

My personal favorite line from the movie comes at the end when Jerry's mentor says "I don't have all the answers. In life, to be honest, I've failed as much as I've succeeded. But I love my wife. I love my life. I wish you my kind of success."

Compensation studies, including ours, represent **averages**, not exact numbers applicable to each and every firm. We're happy to chat with you about compensation and encourage you to keep compensation in perspective, as one of many factors in evaluating an opportunity and how it will improve your life, not just your portfolio.

Kindly,  
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