

## “If you don’t want monkeys, stop paying peanuts”



**Rotterdam, June 15, 2007** - There are still companies out there who expect to attract the most talented people – those people who really make a difference for a business – whilst still offering roughly the same package as offered to “averagely-talented people”, with the only extra incentive being a healthy dose of goodwill.

In my opinion, this is a result of our culture of mediocrity. Act normal, ‘cause normal is crazy enough. In order to justify an organization’s pay structure, an annual salary survey is carried out where average organizations are the benchmark simply because they like to exclude both high and low achievers. So every year, they see that they are doing fine compared to the average. The proof that they are being industrious. That we are all on an even playing field.

Everybody is satisfied except for those talented individuals who, at a certain point, will flee to somewhere his or her capacity will be properly rewarded or just never considers moving to an “average” organization. ‘Top talent’ and ‘top capacity’ don’t allow themselves to be ensnared by “excellent fringe benefits” or “wonderful scope to develop one’s potential”; they want to be more than generously paid and have long since recognized the development opportunities ahead. After all, they wouldn’t be highly talented people if they didn’t just seize these chances.

What, then, is it that dissuades us from looking at something other than the irritating average? Personnel costs are often the largest expense – especially in the ICT industry. CEO’s are afraid that their labor costs will become too high, margins reduced and end up losing the competitive edge. Which can happen, of course, but with a better remuneration policy, you will be able to attract better people, people who can make the organization excel. Verne Harnish, better known as “the Growth Guy”, recently commented on this in the magazine Sprout:

“Goldman Sachs is showing us all the way. With literally half the number of employees vs. Merrill Lynch and Morgan Stanley, Goldman is paying their people on average twice as much, setting a record as the first company in history to average over \$500,000 per employee in compensation. And what did Goldman get in return? Almost three times the profit/employee than their nearest rivals..... Forget any idea of “fairness” and “sameness” and make sure you keep your top talent happy from a compensation package perspective.”

It pays to give top salaries to top talent.

**Frank Bakker, June 2007**

Partner in HILL Consulting Executive Find.

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