

What is Wrong with Greed?

Most of you attend school in the hopes of landing a well paying job with upward mobility.

Many of you will incur significant debt and work your butts off over multiple years to get through school. Then you will endure many more years of hard work and late nights in climbing the corporate ladder.

Goldman Sachs has 32,500 employees, yet there is only one CEO. The bulk of employees will not make it to a point where the rewards greatly exceed the cost. For those that do, the journey is difficult and, I believe, usually well-deserved.

Is there anything wrong with this?

Three thoughts for you to consider.

What is Greed?

As you have probably realized by now, I have many pet peeves.

Today it is people that hijack the English language for their own purposes.

It is commonly held that Wall Street (and doctors, lawyers, entrepreneurs, corporate fat-cats, etc., etc.) is greedy. But what exactly is greed?

Dictionary.com defines "greed" as "excessive or rapacious desire, esp. for wealth or possessions." Greed "denotes an excessive, extreme desire for something, often more than one's proper share." Synonyms include "avarice, avidity, covetousness; voracity, ravenousness, rapacity."

Rapacious itself is defined as "given to seizing for plunder or the satisfaction of greed." It's own synonyms include "avenous, voracious, grasping; preying."

Pretty tough stuff.

But are Wall Street et al. professionals filled with “rapacious desire”, wanting “more than one’s proper share?”

In every group there are examples of people that take things to the extreme. But is it a sign of ~~avarice or voracity~~ greed to simply want to earn the best possible income given the amount of work one must put in? I think not.

In business, or life, if you let your opponent define the terms used, you will usually lose the debate.

In the abortion debate, the common term is Pro-Choice, not Pro-Abortion. Choice is a great word. Everyone wants the right to choose. If the anti-abortionists had managed to instal the phrases, Pro-Abortion or Pro-Death, it would be harder to feel sympathy for those on the left.

If you can control the words and adjust their definitions to your needs, you will do well in life. If you cannot, you will seldom win.

This is an important concept to remember (and use).

The Road to the Top is Difficult

At UBS, I rose to the rank of Executive Director. Below me were Director, Associate Director, Non-Officer, and Employee. About 85% of all staff; the majority being at the Employee level. Above were Managing Directors and General Managers; perhaps 8% of all staff.

By then, I had completed my Commerce degree and attained professional designations as both a Chartered Accountant and Chartered Financial Analyst. I also had over 15 years of practical experience in finance and accounting.

I had paid a fair amount of dues to get to my compensation level.

In [Things to Avoid in Business Writing](#), I compared Lloyd Blankfein (CEO of Goldman Sachs) to Arthur Sulzberger, Jr. (Chairman of The New York Times) and Roxanne Spillette (CEO of The Boys & Girls Clubs of America (BCGA)).

Mr. Blankfein began work as a lawyer in 1978, after receiving both a B.A. and law degree from Harvard. In 1981 joined Goldman Sachs. 25 years later, he became CEO, succeeding Henry Paulson. I have no idea if Mr. Blankfein's compensation was merited or whether he is a voracious person. I am just pointing out the time and effort he put in to get to the level he is currently at.

Per Wikipedia (not always 100% accurate), Mr. Sulzberger, "earned a Bachelor of Arts degree in political science from Tufts University in 1974. He was a reporter with The Raleigh Times from 1974 to 1976, and a London correspondent for The Associated Press from 1976 to 1978. He joined The New York Times in 1978 as a correspondent in its Washington bureau. He moved to New York as a metro reporter in 1981 and was appointed assistant metro editor later that year. He is also a 1985 graduate of the Harvard Business School's Program for Management Development. From 1983 to 1987, he worked in a variety of business departments, including production and corporate planning. In January 1987, he was named assistant publisher and, a year later, deputy publisher, overseeing the news and business departments."

Mr. Sulzberger succeeded his father, Arthur Sulzberger, Sr., as Chairman in 1997. Junior has also spent significant time in the industry. Whether he would have been made Chairman if his father was not in charge, I do not know.

I do wonder if it is greedy to groom one's son to take over a publicly traded company though.

According to her BCGA bio, Ms. Spillette "earned her bachelor's degree in education from the State University of

New York, and did graduate work in guidance and counseling at St. Lawrence University. She also studied public health administration at Hunter College in New York.” “Her 1996 appointment to the presidency of BGCA marked a major milestone in a career spanning more than 25 years in Boys & Girls Club work. Spillett joined BGCA in 1978 as director of the National Health Project. Within a year, she was promoted to director of Program Services, responsible for the development and implementation of many national programs and partnerships. In 1991, Spillett became BGCA’s assistant national director, and led the development of the Commitment to Quality process to ensure the effectiveness of program and service delivery in Clubs nationwide. Spillett also served as vice president of BGCA’s Northeast regional office.”

As an aside, I would note for readers that when people state that they “did graduate work” or “studied” in some area, that usually means they did not successfully complete the programs.

Again, a fair amount of time was endured by Ms. Spillette.

But is she greedy? I mean, the money paid to her could have otherwise been spent on more programs for needy children. Instead it went into her own pocket.

All these people worked hard, at significantly lower wages, to finally get to the top positions where the compensation is strong.

Do you think they are ~~ravenous or preying~~ greedy?

And if you think they are greedy, how do you feel about those on [this list](#). The media is strangely quiet over the compensation of these folks.

Capping Compensation at the Top Affects Everyone

At UBS, I worked under Marcel Rohner when he led the Wealth Management unit. At one senior management conference, someone

asked Mr. Rohner about the high compensation paid to him and Marcel Ospel, Chairman of UBS at the time.

Mr. Rohner essentially said that we senior managers should be happy with his compensation. As CEO of Wealth Management, he made the most money in the unit. If his pay was capped at CHF 1 million, that cap would trickle down and negatively impact all those below him.

This is almost always true (there are some exceptions, but for most of you they will never apply). The pay scale starts at the top and works its way down through the organization.

If the CEO of ACo. earns \$500,000, his direct reports will make somewhat less. Their underlings, in turn, will make even less. Compensation will fall until it reaches your level.

But if the CEO of BCo. makes \$5 million per year, there is more room for her direct subordinates (and their underlings) to make higher amounts as well.

Unfortunately, the relationship is not such that the everyone working for the CEO making \$5 million will make 10 times what those under the \$500,000 CEO make. In fact, at the lower levels, pay between the two companies will be comparable. However, as you progress in the BCo., the potential upside will be better than in ACo.

Better compensation is what drives people to put in the time and energy, to focus on the job over having a social life, in order to get to a senior enough level to merit excellent income.

You will work hard to get through school and climb the corporate ladder. Most of you will never reach the level where you earn multi-million dollar compensation. That is simply the nature of the game. But you should have the opportunity to maximize your income.

Final Thought

To get near the top of a company, where the compensation is decent, takes an incredible amount of time, energy, and personal sacrifice.

Whenever you hear complaints about how much someone makes or how you are being greedy by wanting to do well in your career, remember the three points above.

Never feel bad because you want to succeed financially.

Until I see the media going after Oprah, Letterman, Katie Couric, and other celebrities, I shall not get worked up about an actual businessman and his \$9 million in compensation.