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## Salary Survey: In The Money

Compensation and benefits are improving for technology managers, but some find their jobs are evolving into something different than expected

By [Bruce Caldwell](#)

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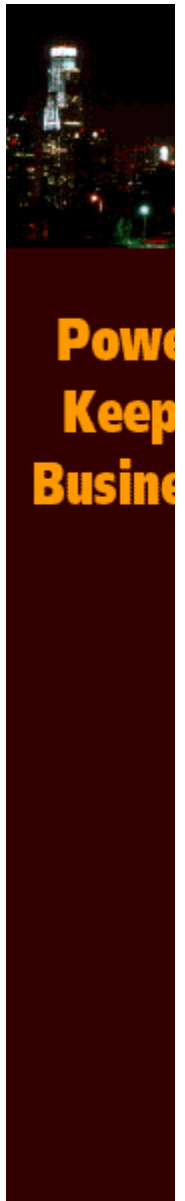


**D**o you like turmoil, tumult, and trouble? If so, that attitude could bring you quite a lot of money. "Where change used to occur periodically, it's a way of life now," says Webb Edwards, executive VP and chief technology officer at Norwest Technical Services in Minneapolis. "There's real value in being able to manage that." Real value, indeed. Edwards joined Norwest--the information systems arm of Norwest Corp., a \$62 billion financial-services company--on

May 1, reportedly lured there by a compensation package worth \$1 million a year. Asked to comment, Edwards laughs, then says only that his package leaves him "very pleased." Many other technology managers feel that way. In fact, three-quarters of the IS executives who responded to *InformationWeek's* 1995 salary survey, conducted in April, described their level of satisfaction with their total compensation as either "good" or "excellent". ([For additional salary survey information click here](#)) And why not? They're making plenty of money. While not everyone can play in Edwards' league, more than 85% of the *IW* survey's 142 IS respondents earn a base annual salary of \$100,000 or more. More than a third receive \$100,000 to \$150,000; A fifth of this year's survey respondents earn a base salary of \$150,000 to \$200,000; And more than a quarter of the group this year earn \$200,000 or more--compared with fewer than a fifth of the survey group a year ago.

For many, base pay is only part of the story. Nearly 40% of the IS executives surveyed say bonuses and other forms of extra-salary compensation add up to 40% or more of their base pay. These perks take the form of bonuses (reported by more than 90%), employee contributions to benefit and savings plans (more than 80%), and stock options (more than 60%). Most extra-salary pay is based on either overall company performance or the executive's personal performance.

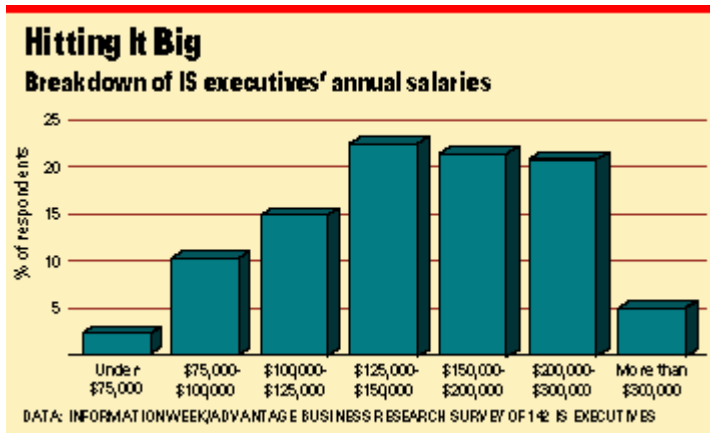
[For a look at how we conducted the survey click here](#)



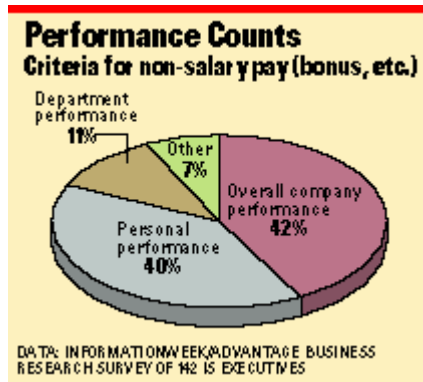
## Mastering New Technologies

What's the key to earning these major dollars? According to an assortment of technology managers and consultants, it's a mastery of new technologies or the ability to lead business reengineering projects. ([For related story on consultants click here](#))

What's clear is you don't have to be a chief information officer to earn big bucks. Demand is great for PC administrators, client-server developers, telecommunications managers, network managers, and end-user support staff, say respondents to the *IW* survey. And some employers offer pay hikes of 30% or more to recruit client-server specialists. In fact, client-server stars can rapidly ratchet up their base pay from a fresh-out-of-school starting salary of \$60,000 to a seasoned pro's \$150,000--and that doesn't include bonuses, which can be generous.



The key to success for client-server specialists is the same as it is for reengineering CIOs. Both positions require the ability to handle constant change. In fact, many high-flyers say change is a challenge they can't resist. "Doing a little work with a lot of customers, being in one city one day, another city the next day, is something I love," says Paul Tocatlian, a specialist in Novell's Tuxedo middleware for client-server systems and technology director at Tangent International Computer Consultants Inc., a New York consulting firm that specializes in distributed computing.



During the past three years, Tocatlian has worked for more than 50 clients, including IS departments and independent software vendors. Those assignments have taken him to Australia, Canada, China, France, and Mexico. It's not unusual for him to travel to two or more cities a week. One week in May, for example, took him from New York to Jacksonville, Fla., and Boston. The following week saw him flying to Orlando, Fla., then back to Boston. Tocatlian says being constantly on the move lets him "see what works and what doesn't--and learn something that can be applied the next time."

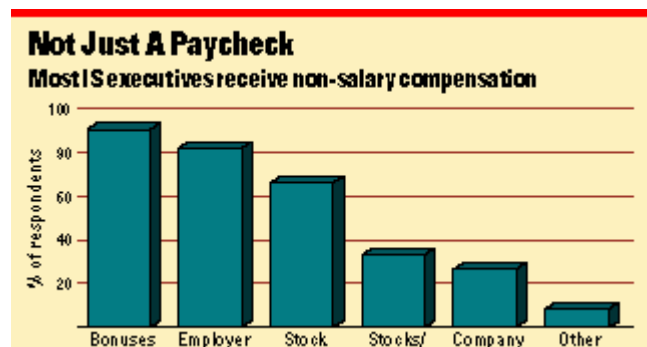
"The next time" was also a strong motivating factor for Edwards, Norwest's new chief technical officer. At the time Edwards first heard of the job opening at Norwest, the major data-center consolidation at his then-employer, First Interstate Bancorp, was winding down. With 10 years at

First Interstate--his last position there was CIO--Edwards was championing at the bit for a new challenge. Besides, he adds, "We had a team that could carry it forward." Also, Edwards now reports higher in the corporate hierarchy, an important point for many. Previously, he reported to First Interstate's executive VP of bank administrative services. Now he reports directly to Norwest's president and CEO.

At both jobs, Edwards tends to people rather than machines. "They would rather have me managing a team than sitting in a conference room talking about cycles on the mainframe processor," he says.

But while change is attractive to many, amid the upheaval it's easy for IS compensation and careers to get out of whack. For instance, high demand for client-server specialists makes bidding wars inevitable. Companies that have spent a great deal of money training employees to build and run client-server systems are reluctant to let those employees leave. Many will offer the employees special compensation to keep them. That can be good for technology managers in the short term, but not so good in the long term.

One company grappling with the issue is Employers Health Insurance in Green Bay, Wis., which started down the client-server path just 18 months ago by training 25 IS employees in client-server skills. The insurer rolled out its first client-server system--ironically, a human-resources management and payroll system--in December, and headhunters already have lured away a few of the Employers' Health trainees. The insurer hopes to retain the others. "We need to protect our investment and may have to take compensation out of the box," says Ken Roesler, Employers' Health's VP of information



systems. "If somebody tries to recruit superstars, we want to use some creative means to retain them." One employee was made a "creative" offer to stay, Roesler adds, and so far, it's worked.

Satisfying the needs of the moment, however, can set up the employee and the IS organization for more problems down the road. A day of reckoning could well come when the skills of today's hotshots are no longer in such great demand. While employers may deem them to be worth \$150,000 now, that extraordinary compensation may make it difficult for these employees to find jobs after they've completed their unusually lucrative client-server projects.

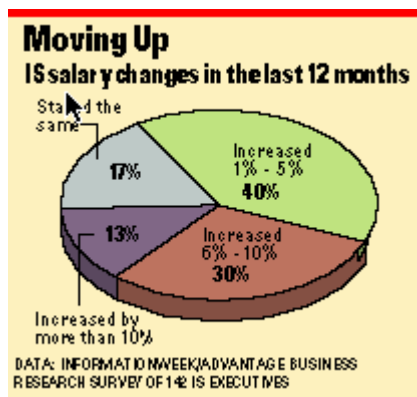
### Decisions, Decisions

Likewise, IS managers who haven't yet been trained in client-server skills will have to reckon with career decisions. At Employers' Health, for instance, not everyone in the 115-person IS organization jumped at the opportunity to gain new skills. The company didn't push anyone into taking courses in client-server development. "There are some employees who have strong business awareness, but have used a certain skill set for 25 years," notes Roesler.

These staffers were made uncomfortable by change, he adds, and they elected to pass on the training. For now, that might not be a problem. "It's not like we're on fire and if they don't have client-server skills tomorrow, they won't have work," Roesler explains. But that reprieve is likely to be temporary. Roesler says it usually takes three to five years to bring in a new technology.

For many, the most distressing aspect of any discussion of careers and compensation is that longevity and a good track record with a company no longer guarantee there will always be a job in the future. And while competency in one or more of the new technologies can provide a steady pipeline of work, it won't necessarily be with the same company. "On a personal level, this is tragic," says Robert Zawacki, scholar in residence for consulting firm KPMG Peat Marwick in Colorado Springs, Colo. "But organizationally, it has to be done to compete."

Zawacki, citing a case from his forthcoming book, *Transforming The Mature Information Technology Organization: Reenergizing And Motivating People* (EagleStar, 1995), tells how a Cobol programmer in his mid-40s, "a superstar," said he would hang in no matter what, but would not learn client-server even though his company offered to train him." Then the company announced a downsizing program, "and he's now finding client-server interesting."



On the other hand, Zawacki knows a networking specialist who was reengineered out of a job at one company and, even before starting a search, got calls from six headhunters. The specialist accepted a project-management consulting job with a software company at a 33% pay hike. "He has autonomy, exciting work, high salary, and--the big thing he kept stressing--no internal politics," Zawacki notes. The downside: The networking specialist believes that reengineering has left him an outstanding performer without a career track, Zawacki says.

Given the new realities, some companies test potential and current employees for the ability to adapt to change. Zawacki, for example, uses a simple, subjective test for his corporate clients to gauge employees' adaptability.

Employees are judged, on a scale of one to seven, on self-awareness, flexibility, resourcefulness, energy, and drive--and whether they are slow learners or quick studies when it comes to grasping the situation. Low scorers are sent to training, while high scorers are charged with helping to lead change efforts. Identifying executives who know how and when to change is crucial for many corporations today. Either a lack of effective leadership, or confused management along with the resistance of employees, have led to many failures in business, according to reengineering gurus Michael Hammer and James Champy, co-authors of the best-selling *Reengineering The Corporation* (HarperBusiness, 1993). Those failures, and the widespread misunderstanding of reengineering, led Hammer and Champy to separately produce new books to clear the air.

Both books say that to survive, individuals as well as corporations need to identify their core competencies and radically redesign the way they work. "Reengineering doesn't destroy jobs," Hammer asserts. "The new competitive environment destroys jobs." Reengineering, he argues, is the only way to create more jobs, by making both corporations and individuals more competitive. "When there is no choice, people find a way to survive," he says.

### Lower Expectations

That doesn't always help those managers who prefer to maintain the standard of living to which they--and their creditors--have become accustomed. That may not always be possible, says Martha Solano, a senior consultant with the Hay Group, a human resources firm in Philadelphia. "If you're not going to make it in the current environment, you have to make a decision about what you really want to do, and you may have to lower your salary expectations and look for other kinds of satisfaction," she says.

Some executives make that choice even when the dollars look good. Ken Daubenspeck, head of Daubenspeck & Associates, an IT and consulting recruitment firm in Chicago, thought he had the perfect candidate for a \$500,000 position. During the interview, however, the candidate revealed a secret hankering. He wanted to opt out of IT to become, of all things, a forest ranger.

"We began noticing about 18 months ago that people who were perfectly suited for technology jobs were turning them down on a regular basis," says Daubenspeck. "We kept hearing people were doing a lot of soul searching, and it turns out clients and customers are no longer certain what they're doing."

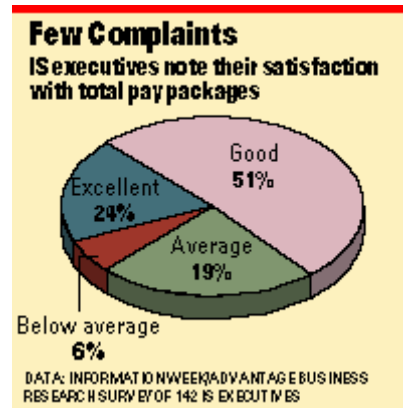
Adds Edwards: "If you grew up in the technical ranks and then all of a sudden the emphasis is on change management, that can be a tough transition."

Not everyone can become a forest ranger. But luckily, good technology jobs don't exist only in the IS department. More than half the respondents to the *IW* salary survey reported that their organizations have technology managers working outside the IS department. Of those, 75% said salaries for these workers match those inside the IS department. About 10% said non-IS technology managers' salaries are even higher.

Small companies can be a good, if unexpected, source of high-paying jobs, too. One privately held, \$75 million retailer that's looking for a CIO was offering base pay of \$120,000 plus a 33% bonus.

Another path, says recruiter Daubenspeck, is joining an outsourcing or consulting organization. Demand is up for IS professionals with deep knowledge of specific industries, a demand that can work hand-in-hand with a desire for a more balanced life. "Consulting has become a refuge for them," Daubenspeck adds.

Family considerations and age are also important, inescapable factors. "A 52-year-old may no longer be willing to do what a 32-year-old is willing to do," Daubenspeck notes. At that stage of life, he explains, there's a feeling that one's dues have been paid in full. For example, leaving the office at 6 p.m. is a right, not a rare treat. "Consulting firms use such people for the handshake," he says, "and the younger people for the long, hard hours."



Consulting and outsourcing firms offer refuge from change by making change their business. Where else but at an outsourcer can a data-center manager always count on having data centers to manage? Where else but at a consulting firm can a CIO with experience as a change agent stay with one employer while helping to radically alter organizations?

But people should not bank on the opportunity to coast out the rest of their careers on one skill or knowledge set, experts warn. The sooner the realities of constant change are confronted, they say, the better. That's advice you can bank on.

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