

Migrating to Opportunity

Companies tend to reward loyalty in their employees. Right?

A recent article on the Forbes website uses simple math to suggest that loyal employees who stay employed at the same company for over two years at a time might be earning 50% less over 10 years, compared with less-dedicated workers who seek opportunity elsewhere.

The reasons are fairly complex, but boil down to flaws in the traditional corporate culture. When people stay in their current job, they are given annual raises which are set by policy within tight boundaries, regardless of how ambitious or talented the worker might be. Currently, an above-average employee can expect a 4% annual raise, while underperforming employees might get a 1.3% bump in pay. Meanwhile, in a tight job market, those same companies are looking for new talent and are willing to pay up if they can find a skilled candidate with experience. The average raise an employee receives for leaving an old job and taking a new one is between a 10% to 20% increase in salary.

The same thing applies to titles. Some companies limit how many promotions they allow each year. An extraordinary employee may be waiting in line behind others who should have been promoted a year ago, but were not, due to the limit. If that same person applies to another company, and his or her skills match a higher title, that company will hire with the new title.

But don't companies discriminate against job hoppers? The article suggests that there's a delicate balance. If you change jobs every two years, then the company might feel that the risk is worth the potential gain of landing their best candidate. If someone moves every nine months, the risk appears to be much greater, since it can take three or four months before the new hire is fully productive.

The article notes that this job-hopping advice applies only to highly-motivated workers who are on the fast track to success, and it does NOT apply where that worker is employed by a firm that knows how to fast-track great employees who can make rapid development within their ranks. Treating all employees equally—treating those who are highly-skilled and motivated exactly like those who are not—will tend to encourage the most promising talent to leave for better positions elsewhere. The admonition to find new employment every two years or so might be outmoded someday in the future, as companies realize that they need to provide better opportunities for those who do the best work. But today, job-hopping migration seems to be the best, fastest track to success.

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