



IF YOU WANT TO EARN MORE, YOU NEED TO BE WORTH MORE

Are you someone who contributes so much to your organization your salary merits doubling? Or do you merely have a sense of entitlement and feel you are worth more than you are paid?

I cannot tell you how many times I have heard statements like the following:

"I made this much four years ago; therefore I should be making more right now."

"My wife told me that I need to get a raise."

"I think it is really important that I get this car because it will show some outward sign of success."

"I know of someone who makes even more money than this in [some other city] and, therefore, I need to make that much as well."

"This is an expensive city, and I need to be paid that much to live well."

"I would like to have some extra spending money for travel and other things, after paying the [mortgage](#) on my house."

"I need to make enough money to afford to send my kids to a private school."

These are actual statements I have heard from people over the years. The sense of entitlement that drives people to make these sorts of demands needs to have a basis in reality.

Again, your financial requirements have nothing to do with how much you are worth in the market. Unless you are truly indispensable, your employer simply does not care what those requirements are. You are paid a certain amount based on your ability to generate value for your employer, and, with very few exceptions, that value generally must be far greater than what you are paid. Your contribution to any organization must generally be at least three times greater than the reward you are seeking.

Far too many people fail to realize what they are paid is based on the company's profitability. Organizations have overhead, such as rent, [advertising](#), and the cost of [manufacturing](#) the products or services they provide. Organizations need to have reserves in order to pay you when money is not coming in. Organizations need money for research and development. Organizations need money to pay for your health benefits and social security taxes, to print brochures, pay for office machine maintenance and more.

Since I am a [legal recruiter](#), I would like to share with you some information about how partners are traditionally compensated in [law firms](#). There are numerous compensation systems. However, the one I am about to share with you is the most prevalent.

When many young attorneys graduate from elite [law schools](#), they tell themselves when they join equally elite law firms they will one day make astronomical amounts of money. About 10 years ago, I remember the number young attorneys my age were throwing around was \$1 million. How does an attorney make \$1 million a year?

Remember: any amount of money you are paid will have to add much more than that to the firm's bottom line. Typically, the rule is that for every \$1 a partner makes they have contributed at least \$3 to the firm. That means that the partner is lucky to receive only 33 percent of what he or she brings in as business to the firm.

How does a partner contribute a total of \$3 million to the pot for a firm? The partner brings in loads of business, works extremely hard, and then collects the money that has been billed. The partner also has associates doing work, he ensures their work is getting done and that all invoices are getting paid.

If partners in the world's largest law firms are lucky to receive only a 33 percent return on the contribution they are making, you should understand you will need to make a giant contribution to any organization you are part of in order to justify the amount you would like to be paid. In order to justify a high salary, it is important you begin concentrating on what you can do to make your contribution even greater than it is now.

You need to make yourself indispensable to your employer by virtue of your hard work and contribution. There are certain people within any organization who are indispensable, and others who are not. These employees usually don't last very long in organizations.

I want to tell you a quick story about one of the worst hiring mistakes I ever made. It involved hiring a manager to lead a small company I was starting at the time. In order to try out for the job and show me what he could do, I asked the man to put together some financial figures that took into account the potential performance of the company and what he believed he should be paid if each milestone was met. Since it would take several hours to go over these figures, I agreed to meet the man at my home on a Sunday afternoon to go over them until we could reach an agreement.

After three to four hours of reviewing these figures with him, I realized there was absolutely no way the company could make any money and that, no matter how well or how poorly the company did, the man would end up making plenty of money from the business. It really didn't make a lot of sense, and I saw immediately this man was not interested in making a contribution to the company. He was only interested in taking money from the company as quickly as possible.

There were many warning signs I should have noticed early on. The man was extremely flashy in the way he dressed. He bragged about always getting stuff for free. His car had been modified, and was very over-the-top. Basically, the man made me feel uncomfortable.

By 10 p.m. that Sunday, I realized I could not reach any sort of agreement with this man. Instead of offering him the job to lead the company, I offered him a commissioned [sales-type job](#) in another company. The man had stellar qualifications and had formerly been the leader of a large division of a national company.

The man responded by telling me how he had a home in Beverly Hills with an expensive mortgage payment, a nanny he needed to pay, a private school he sent his daughter to, and that his wife really liked to shop for expensive shoes. Therefore, he told me, he needed to bring home a certain amount of money every two weeks to pay all these extravagant expenses. I told him I understood and I agreed to loan him a massive amount of money against his future commissions over the next several months, as he started his job.

This man ended up being the worst performing salesman in the company's history. He failed like no other and disappeared with all of the money he was lent. To this day, I still do not know where he is.

The primary mistake I made here was not paying attention to the various signs this man would make an extremely bad hire. Mainly, he was entirely focused on what he believed he deserved, and not at all focused on what he could contribute. The most revealing thing was his business plan, which basically did not permit the company to make money and survive.

In order to thrive in your job, you need to be the sort of person who over delivers and provides incredible value to your employer and organization. You need to focus on over delivering in order to be worth more than the other people who are doing similar jobs.

I am from Detroit and an interesting subject to me is the decline of the American [automobile industry](#). I remember in 1984, when I was 14, my mother purchased a Honda Accord. Before she purchased the car, we went and looked at numerous other, American cars. Even then, I realized that the quality of the Honda far surpassed any American car in the same price range. You could tell by the way the car started, the way the doors closed, the way the lights clicked when you turned them on, the way the radio fit into the dashboard, the hue of the paint, the tightness of the ride, and more. As a young [teenager](#), I thought someone would have to be an absolute idiot to purchase an American car in the same price range.

At the time I did not even know about things like resale value, how long the car would last, and overall brand reliability. Purchasing the Accord would actually

be even more valuable to someone in the long run, once reliability and resale were factored into the equation. In this respect, it made even less sense to purchase an American car. Ten years later, I sold that Accord to a classmate of mine for around \$4,000. If it had been an American car (assuming it were still running), the sale price would have probably been around \$400.

My main point is the Honda provided far more value than its competitors at the time. It was worth far more than its American counterparts, even though it was priced less. It is no wonder, then, the market share of Japanese manufactured cars has grown rapidly in the United States, while the market for American cars has declined. It is an issue of providing more value for the money.

Since your labor is a commodity to your employer, you should aim to become a higher-priced commodity that is worth far more than your competition. In order to merit raises and other employment related benefits, you need to shine and really stand out as someone who provides tremendous value. Do not expect to be paid a certain amount simply because it is what you want. Get paid more because you are worth more and because you deserve more.

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