



GREED FOR MONEY MAY LEAD INTO THE WRONG DIRECTION

During my last business trip to Serbia I met some people, ex-colleagues and clients, from the banking industry. And besides a lot of other very interesting news that we discussed I was almost shocked about the fast and dynamic increase of salaries for positions, which didn't even exist some less than five years ago.

At the beginning of 2003 I was searching together with an international Head-hunter for people to take over Risk Management, Treasury, Controlling and Sales Divisions and Departments. And one of my experiences out of this occasion was that there have been a lot of well-experienced experts, but in most of the cases no one with managerial skills – according to my western logic – and with the competence to think in systems and structures.

But this wasn't just the case in our bank, most of the other banks, which I know on the Serbian market, faced the same problem. So the only thing what we were able to do was to recruit the best of the applicants and to take care about their development by educating them in modern banking techniques, management and leadership. By the way: the average monthly salary of a Head of Risk Management or Treasury Department for instance ranged at this time between EUR 900,00 and EUR 1.200,00, net and 12 times per year.

Today, 4 years later, the same guys are earning – if you believe it or not – 3 to 5 times more. Yes, dear Reader, it's really true: the Head of the Treasury Division of a Top-10 Serbian bank is receiving EUR 4.000,00, the Head of another bank's Risk Management Division is getting EUR 3.500,00 – and now compare it to a Serbian monthly average net salary of about EUR 300,00. And of course, net 12 times a year plus bonus and other benefits like business car, life insurance and so on.

On one hand I fear that the salary expenses in such organizations will explode: when looking at the very short time frame for this development and when comparing it to other countries in Central Eastern Europe, then I'm asking myself: **“Where will this lead and where will it end?”** But this is something, with which the related banks have to deal and each of their Bank Managers. And I'm quite sure that these people understand the “game” between supply and demand very well and that they know what is the best solution for their company...

But on the other hand I'm a little bit concerned about the employees, who are running through such a dynamic, money-driven development. Why?

A young man, whom I know personally and whose career I watched from the distance, started like many others as a trainee in the foreign subsidiary of an international banking group – with a net salary of EUR 300,00 per month. He is – from my point of view – a very intelligent person, speaks several languages and understands perfectly to put himself under the spotlight, whenever there is any opportunity.

Already after half a year he didn't like to be a trainee anymore, so he pushed his superior for a better position and higher salary. Finally his superior agreed and promoted him a junior credit analyst, otherwise the young



man would have left the bank (as he said). The pleasant side effect – from the employee’s point of view – was a salary increase from EUR 300,00 to EUR 500,00 – or 67% ... because now he wasn’t a trainee anymore.

And it continued in the same rapid way: one year later he became Head of a One-man-department, dealing with a special customers’ segment, but less because of his results and achievements, more because of his language skills and his pushy approach to earn more money. His superior again agreed, otherwise “the bank would have lost a high potential employee”. And of course, his salary has been adjusted to EUR 1.000,00, because this was appropriate for a department’s head.

Now the young man understood “the game” and moved to another employer, because his renewed salary expectations exceeded all limits and would have damaged the salary structure of the “old” entire company.

During the negotiations with the new employer he “old” himself as the banker: for EUR 1.500,00 net per month and – as part of his contract – the new company invested also in his 1-year MBA program on a famous business school.

Shortly after his graduation he accepted the next challenge: he became member of the Executive Board of a Leasing company, with EUR 3.500,00 net plus bonuses and extras. But on that position there wasn’t anymore the chance to bluff superiors and he couldn’t fulfil the expectations at all; the targets, which he promised to deliver, have been too ambitious compared to his competences and after several “attempts at resuscitation” the Supervisory Board decided to fire him.

What can we learn from this example?

Greed for money may – in the long run – lead to wrong results and I think that a sustainable growth of a career’s development is the basis for a steady increase of an employee’s salary, not vice versa. Results, which have to be compared to the in advance agreed targets, should then be the decisive factor for rewarding someone.

Anyhow, what happened to our “worst practise”?

He moved to another industry, where he is currently employed on the basis of a success fee. His reputation in the banking scene was totally ruined, but not just bankers, the entire glamorous society avoided him, because without his previous position he wasn’t anymore “important” and influenced – according to their perception.

Lack in money wasn’t really the crucial issue, this he compensated by spending less for expensive clothes and vacation trips. Loosing his business car caused more pain, because this was visible to others as well. And of course, his self-esteem is gone.

Nevertheless, I hope that one day he will review his career and that he will change his money-driven approach to a more qualitative and sustainable one ... **in case he will get a second chance.**