

# To Go or Stay A Personal Risk Analysis

AIAA 47th Aerospace Sciences Meeting Orlando, FL

Career Enhancement Committee

Jan 6, 2009

Bob Wessels

Lockheed Martin

## Disclaimer

- Nothing in this presentation should be viewed as professional career counseling advice. Please seek advice from the professionals of your choice.
- This presentation is my personal view, and the opinions expressed in this presentation are not necessarily the view or opinion of LMC.

## Purpose

- Develop an analysis to guide a decision process
  - Similar to a trade study where alternatives are developed
  - Alternatives are evaluated and objectively scored
  - Risks are analyzed and quantified
  - Writing it down forces objectivity

## Agenda (Factors)

- Resolve the forcing function
- Consider the short and long term potential impacts
  - Salary
  - Industry/Company prospects
  - Pension
  - Benefits
  - Perceived opportunities
  - Post retirement benefits
  - Relocation
- Conclusion

## Resolve the Forcing Function

- Data suggests dissatisfaction with immediate supervisor is driver for deciding to leave
  - However supervisor has little impact in most most trade study factors
  - Supervisor sphere of influence is smaller than first appearances
    - Salary pools determined by HR surveys, somewhat correlated to experience
    - Little to no influence on industry/company prospects, benefits, pension, ....
- Data also suggests generalists may be more adaptable than specialists
  - Consider your affinity for
    - “an inch wide and a mile deep” versus
    - “ a mile wide and an inch deep”

## Resolving the Forcing Function (cont.)

- Your biggest asset may be your breath of knowledge
  - Knowledge of different departments, disciplines, companies, industries
  - Acquiring breadth may be most easily accomplished by leaving
- Or your biggest asset may be your specialty of knowledge
  - Company is one deep in your domain expertise- and you are it
  - Your ability to expand your company/specialty knowledge base is company supported
  - Acquiring company/specialty knowledge may be most easily accomplished by staying

## Consider the impacts - Salary

- Current employee/occupational salary scales are obtainable
  - Human resources may publish
  - Monster.com and others give broad ranges
  - Underground sources within the company
- There is a strong correlation to experience
  - New grads are relatively closely bunched
  - Significant spreads exist with job title
- You are unlikely to be paid outside your population norm
  - Within your geographic location, experience, job classification
- You can increase your salary and decrease your standard of living
- Or you can increase your standard of living and decrease your salary

## Consider the Impacts - Industry/Company Prospects

- Industries and companies experience the normal "S" curve of development/growth
- Nothing grows exponentially forever
  - Its easier to grow faster from a smaller base
- Industries and companies can cease to sustain their business model
  - Vacuum tubes and Enron/Bear Sterns



## Consider the Impacts - Pension

Pensions can favor short term or long term employees

- Example #1
  - Cash accumulation approach recognizes most employees don't stay
  - Typical in businesses where primary market is commercial
  - Lowest impact on Cost of Goods Sold
  - Favors linear accumulation of final benefit
- Example #2
  - Defined benefit approach favors long term employees
  - Aligns with government model
  - High cost to overhead rates
  - Encourages "lifers" after ~15 years
  - One 30 year pension much more valuable than two 15 year pensions
  - Significant luck may be required to collect by avoiding layoff in build to order environment
- Increases in salary can influence final combined pension payout
  - Use EXCEL to build what if cases

## Consider the Impacts - Benefits

- Large companies tend to have a broad stable of competitive benefits
  - 401(k), 401(k) match, medical, dental, vision, life insurance, disability, child care and medical savings accounts
  - Can approach a significant % of salary
- Smaller companies often “balance the scales” with deferred compensation and or stock options
  - Determining the future value (range) must be evaluated
  - Vesting periods often limit flexibility
  - Tax implications can be tricky-see professional help
- Cafeteria plans allow customizing to individual needs
  - Mix and match between spouses can yield synergistic approach

## Consider the Impacts - Perceived Opportunities

- Staying can present a more defined known path to the future
  - Historical observations can show probable path or ceiling
  - Limiting outcomes can sometimes be predicted based on “who’s who in the pew”
  - Your network is more complete (supportive) in your known domain
  - Inertia is difficult to overcome causing comfort zone behavior and the corresponding (non) reward

## Consider the Impacts - Perceived Opportunities

- Leaving can instantly propel you into a slot you had little chance of achieving at your current employer
  - Leaving shows a willingness to adapt to change (easily)
  - A fresh perspective sometimes allows clear vision of future wants and desires
  - Evaluation of the “greenness” of the grass may be influenced by your work chemistry

## Consider the Impacts - Post Retirement Benefits

- Some companies determine post retirement benefits such as medical premium payments based on length of service
- 401(k) balances may have post employment/retirement restrictions and or opportunities associated with them
  - Grace periods, conversion requirements, maximum timelines
- Bridging of benefits to required minimum age milestones may be applicable
  - Leveling pension plus Social Security payments
- Get the detailed benefits plan from current and prospective employers and study it very carefully

## Consider the Impacts - Relocation

- Most people are happy where they currently live
  - They can also be content in multiple environments
- Opportunities are not strongly correlated with your current location
- Friction loss from moving can be significant if not covered by next employer
- Family considerations tend to limit relocation options
  - Closeness to relatives
  - However good schools exist in most communities nationwide

## Conclusion

- Attempt to quantify ambiguous quantities
- Be realistic- everyone can't be vice president
- Listing pros and cons in writing forces objectivity and realism

**To Go or to Stay-  
A Difficult Process  
On An Ambiguous Scale**



*The World's Forum for Aerospace Leadership*