Time for money?

Prathap Haridoss

“The more money you earn, the less time you will have to spend with it.”

This is how a discussion with a friend of mine culminated. Anand, my batch mate, and I were discussing how life changes as you go from B.Tech., to a Ph.D. and then on to a job. Of course, as a B.Tech. student you don’t really earn anything, except for some scholarship you may be getting. So that doesn’t really count. What we were discussing pertained more to M.S./Ph.D. – job transitions. It was also generally true for our classmates who had gone on to do MBAs and then picked up employment in some big name companies.

Even as I write this article, newspapers and TV channels report that an IIM graduate has been offered 80 lakh rupees, per annum, as his starting salary. Well, congratulations to him, but perhaps he should consider what he is getting into.

There is a school of thought that says that at any given time, you should try to earn the maximum that you possibly can command. And why not? Why should you be selling yourself cheap? Let the free market dictate the highest that you can get paid for your experience and skill set, and then get this high salary. But how do you know what is the highest you can get? – Well, you have to keep enquiring around. To get the maximum money that you possibly can get, you can’t just ‘get a salary’, you have to actively work towards increasing your income.

Making money can be a full time occupation. I take that back. Making money can be more than a full time occupation – you may not have all the time to make as much money as you possibly can. There are just so many ways of making money that you can go crazy just figuring out the most effective way to increase the money you are receiving each month – salary, shares, stock options, interest from savings accounts, fixed deposits etc. Not to mention the numerous decisions you have to take on tradeoffs between buying a house and renting a house, buying an old car and repairing it versus buying a new car, or perhaps you just want to lease a new car for two years and get a new one after that. Then again should you pay for the car entirely from your pocket if you have the money, or should you take a bank loan for the car, even though you have the money, and put your money in some higher interest bearing account instead? Wait! – about that house you were thinking of buying, should you go for a 3 bedroom house or should you go for a 5 bedroom house (both of which are huge compared to the one, or maybe half a room you are living in now anyway!) – but then you have to keep in mind resale value of the house, and ease of disposing the house at a later stage. Perhaps 5 bedroom houses are easier to sell than 3 bedroom ones. Talking of resale value, you shouldn’t forget this when you buy the car either. Factor in the resale value of the car when deciding the model you wish to buy. Also, if you are really serious about maximizing your money, check to see if the taxes are different in different states – if the policies permit, and in some countries they might, you can buy the car in the lower tax state and use the car in the higher tax state.
And, by the way, I have not even touched upon the value your shares are trading at, so we have a long way to go before you can maximize your money.

Let’s face it, for most of us, there is very little money available during college days. During graduate school in the US, you can manage to own a third-hand car as a graduate student. You learn to repair it and use it within its limitations. With this you visit friends in towns nearby and your best memories are filled with trips where you and your friends packed into this old beat-up car and shouted above the engine noise to be heard as you went shopping, visiting nearby towns, and checked out famous national parks. You exchange visits with friends in different cities and you happily accept sleeping on the floor in a friend’s apartment. Each day is full of fun and possibilities.

Graduation, a brand new job, ten times the money, a brand new car in hand, and suddenly there is no time for friends. You take the brand new high performance car and rush to work. Work late into the evening and drive back home tired. You and your friends all have huge houses with enough bedrooms that you could comfortably host a car full of friends with, not the living room floor, but a bedroom for each of them, but no one has time to visit you. You have no time to visit friends. On an official visit to the city your friend stays in, you rush to catch up over a hurried meal in a restaurant. That big, beautiful house, (yes, that 5 bedroom one) is empty most of the day – you just have time to crash there at night. Worst of all, there are no more ‘memories to treasure’, life becomes a routine, high speed, expensive, blur.

So what has happened? Why is real life so weird? After studying so hard and working so hard and earning all that money, why has the fun gone away? Or is it a different type of fun now?

At some point in time you should ask yourself what it is that you wish accomplish in your lifetime. Sure, there are jobs that pay a lot. As an intelligent person you should also aspire to pick up an intellectually challenging job. Otherwise you will get bored. It is also important to note that a challenging or difficult job is not the same as an intellectually challenging and emotionally satisfying job. True, you can make a huge amount of money as the head of marketing for a multinational soft drink company. True, it is a difficult and challenging job to be the head of marketing for a multinational soft drink company, to convince people to drink more and more of the soft drink your company manufactures. In some circles, you will be considered a grand success if you managed to stay in this position for a decade and if you show steady increase in soft drink sales over that time frame. But look at it this way, you would have spent a significant fraction of your life selling artificially flavored water. Would you like that to be the summary of your professional life?

In the corporate world today, considerable emphasis is placed on terminology – he/she is not a ‘salesperson’, he/she is a ‘marketing executive’. In this world of careful nomenclature, it is interesting to note that they don’t say ‘salary’. The term of choice these days is ‘compensation package’. It is an admission that they are compensating you for your troubles. Just as you are shopping around for the maximum paycheck, or
compensation package, the corporation is shopping around to hand over the maximum troubles for a given compensation package. No matter what your salary, most corporations will try to squeeze you, in their efforts to be efficient. However, in general, the more they compensate you, the more they feel they own you, and have the right to expect every moment of your time and thoughts. I have heard of CEOs (Chief Executive Officers) who have effectively said “I don’t want you to say that you have finished your work for the day and now you can go home and relax. I don’t want you to separate work from home. Even when you go home, I want you to think of work. I want to see that commitment. You never know when you will get a good idea.”

So that’s the catch. In exchange for a ‘compensation package’, corporations expect ‘commitment’, which is a sophisticated way of saying ‘I own you’. It is absolutely true that ‘you never know when you will get a good idea’. It is absolutely great if something in the rest of your life inspires an idea that relates to your work. But I do feel that it is quite unacceptable for any organization to demand this of you.

So, if it is only the large paycheck that you want, have fun now folks. For soon the money will come, and then there are no guarantees on how it will spend you!

Not to scare you off, on a brighter note, I know several alumni who have accepted the tradeoffs of the high road to riches, worked hard for a decade, cashed in, and have taken early ‘retirement’. They are in now in their thirties, have savings for a lifetime and more, and are spending their time doing things they have come to really care about.