

MOVERS AND SHAKERS

By Meridith Levinson, CIO | AUG 09, 2005

OPINION

Kevin Turner's multi-million dollar signing bonus

And I thought Randy Mott's \$2.2 million signing bonus was big money. Kevin Turner, who used to work for Mott in Wal-Mart's IT department in the 1990s, inked a \$7 million signing bonus, according to documents Microsoft filed with the SEC when it hired him. I wonder what Mott thinks of this, his former direct report getting a bigger bonus than he did? His annual salary at HP is still bigger than Turner's is at Microsoft, if that counts for anything, but I'm sure there's no hard feelings between the two gentlemen, who are probably laughing (all the way to the bank) about it.

When I heard about Turner's signing bonus, I naturally called my main executive compensation man Reynold Lewke, the recruiter with Egon Zehnder, to get his take and to see how Turner's signing bonus stacked up in the history of signing bonuses. To my surprise, Lewke was not bowled over by the figure. "I don't think it's anything unusual," he told me. "When you look at what a meteoric rise he had at Wal-Mart—at 34 he was Randy's replacement and within six to eight months they kicked him upstairs—it's not surprising. It shows that Microsoft is willing to bet that Kevin's value add is going to be worth that much."

In addition to illustrating how much an employer thinks a hire is worth, Lewke says the signing bonus also represents the wealth an executive has accumulated in stock over the course of his tenure at a company that he'd be forfeiting if he left that company. "I can only imagine what he had as far as vested Wal-Mart stock. Clearly he was leaving a pretty good chunk [of change] on the table."

The reason why \$7 million sounds so extravagant (at least to a proletariat like me), according to Lewke,

is because the public has more visibility into executive compensation today as a result of Sarbanes Oxley and other changes than it did five to ten years ago. Seven mil also sounds high because it's cash, which has to be reported to the SEC. More companies are giving out cash because it's easier to deal with than stock option packages due to all the accounting changes that have been put in place over the last several years. Cash is also less risky. (Before you get your hopes up, be aware that signing bonuses aren't as common as they used to be, according to our online Executive Career Counselor Beverly Lieberman.)

Some of the biggest executive compensation packages Lewke could think of included Meg Whitman's at eBay and George Shaheen's at Webvan (reportedly a \$13.5 million signing bonus and stock options then valued at \$123 million.) He also mentioned some of the packages that executives received during the infamous leveraged buy-outs of the 1980s, including the \$53 million F. Ross Johnson reportedly pocketed when Kohlberg Kravis Roberts & Co. (KKR) bought out Johnson's company, RJR Nabisco.

In the words of our columnist **Dora Vell**, you get what you negotiate, not what you're worth. See [Negotiating Your Worth for a strategy for your own negotiations](#).

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