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Joe Giordano's PayScale is helping shed light on one of the best-kept secrets in business: How much people are paid for doing their jobs.

What's in Your Paycheck?

Joe Giordano's company, PayScale, finds out how much people earn—then shares it with the world. **BY MARY BOONE**

JOE GIORDANO knows how much you make. He knows how much just about *everybody* makes.

The former Microsoft executive founded PayScale Inc. in January 2000. Today, the Seattle-based company is a leader in providing compensation data for employers and individuals. The company distinguishes itself from competitors—namely Salary.com, SalaryScout.com, as well as human-resources consultants like Towers Perrin, Watson Wyatt Worldwide and Mercer Human Resource Consulting—by providing online, real-time data.

“Most U.S. companies are relying on census data for salary information that’s a couple of years old, and then you have to adjust for inflation and cost of living,” Giordano says. “Instead, we’re able to provide accurate, up-to-date information that’s specific.”

At most salary information services, Giordano says, customers can type in a search for “computer programmer” and quickly find an average or range for the thousands of people who have that job. With PayScale, however, users are asked more questions about the positions that they

are seeking, allowing for deeper searches.

“We can determine you’re a computer programmer with a master’s degree, working for a medium-sized company for 20 years, with C++ or HTML experience,” he says, as an example. “Our system can anonymously match you with other people with very similar experience and responsibilities. Knowing those details allows us to provide very accurate analyses.”

Giordano says PayScale is able to ensure the quality of its data by following a line of questions that eliminates false salary data. “We already know how much somebody should be making,” he adds. “Data that falls outside the statistical norm is rejected.”

Privately held PayScale has seen steady growth. In early 2003, the website logged 10,000 visitors per month. Today, more than a million people visit the site monthly to see what their co-workers are making. Since 2005, PayScale has grown from 20 employees to 50.

PayScale’s compensation and demographic data come from the thousands of individuals who voluntarily fill out detailed surveys on the company’s website. In exchange for completing a survey, participants get a free analysis that compares their salaries to others with similar experience. For about \$20, individuals can upgrade to a PayScale “premium for salary negotiation” membership, which provides more detailed information about bonuses, commissions, vacation time, health benefits and profit sharing within a specific industry.

While the paid memberships generate cash, PayScale derives most of its revenue from PayScale Professional, the company’s compensation service for HR professionals. The product, which in 2006 was named one of the top 10 HR products of the year by *Human Resource Executive* magazine, costs anywhere from \$80 for a single report for a small business to \$15,000 annually for an unlimited number of reports for larger companies.

So far, about 75 to 80 percent of PayScale’s information comes from the United States, with the remainder originating in countries such as the United Kingdom, Australia and India, Giordano says.

“Salary information is one of those things people don’t discuss in public, but it has a lot to do with self worth and how you see yourself,” Giordano adds. “We believe the anonymity provided by the internet and the kind of information we can provide means we’re in a good place to continue growing.” **SB**