

## Talent-poaching revs up among tech firms

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Over the past seven months, executives at Zynga, the popular social gaming company, plotted how to recruit Neil Roseman, an engineer who had led Amazon.com's launch of its digital music business and development of the Kindle e-book reader's software.

Instead of hiring a search consultant, Zynga relied on a former Amazon manager who had worked under Roseman to make the first contact. Then Chief Executive Officer Mark Pincus invited him for a one-on-one in his San Francisco office.

Pincus told Roseman how much he wanted him to lead a team of engineers and assured him he wouldn't have to leave his home near Seattle. Roseman started working at Zynga as a vice president last month.

"I thought Mark was a guy I could hang out with, and I wanted to realize the future this company has," says Roseman, who'd turned down several offers from other technology companies in recent months.

As the economy rebounds, tech companies are battling over engineers, designers, computer scientists and executives who can stay ahead of rapid change in the industry. Those workers are being courted with everything from coffee with the CEO to lots of cold cash. The competition for talent is especially fierce among social media and other Internet companies as well as computer systems manufacturers.

Facebook's expansion "has outpaced our head count growth," says Lori Goler, the company's vice president of people. "We're hiring to keep pace."

### Repeat raids on rivals

Some companies are even staging repeated raids on rivals' stars. Juniper Networks has snatched three executives from Cisco Systems in the last year.

Big targets are fighting back. In January, Google rebuffed Twitter's bid to hire Sundar Pichai, a star product-development vice president, by making a substantial counteroffer, say people familiar with the situation. Google also recently awarded a \$5 million bonus package to a top engineer to keep him from defecting to a startup, according to a person with knowledge of the competing offers. The bonus will be paid out over several years.

"Companies are now becoming very concerned about retention," says Jeff Sanders, vice chairman of search firm Heidrick & Struggles. "You are seeing them do equity grants not during standard cycles. They

are really taking a look at the top 10 percent of performers and asking themselves, 'Are they locked in?' "

All this is pushing up pay at technology companies for employees with skills deemed in short supply. Zynga, which has more than 1,500 employees, expects to double that number in the next year. The company uses software to match prospective hires with current employees who have worked with the candidates previously, attended the same college, or share a similar interest such as skiing. It then asks the employees to place an initial call to the target and talk about Zynga.

Executives at larger tech companies who jump to startups typically take a 20 percent to 40 percent cut in their base salary in the hope of securing a big payday later, says Jeff Stump, a former executive recruiter who now tracks talent for venture capital firm Andreessen Horowitz. If they land at a startup in a vice president-level job, they'll probably receive shares of the company equivalent to 1 percent of its value when there is an acquisition or public offering, he says.

Several factors are driving the talent grab. The rapid growth of social media, mobile technology and e-commerce has fueled a run on employees with expertise in those fields. The recent increase in the number of startups is also fueling hiring. And established tech companies such as Oracle, Hewlett-Packard and Cisco are diversifying into one another's businesses - and stealing talent to speed the transition.

Juniper Networks, which makes routers and switches for Internet service providers, has reshaped its management team in the past year by hiring three executives from Microsoft, two from Oracle and three from Alcatel-Lucent, in addition to the three from Cisco. Some former Cisco executives who moved to Juniper received 30 percent to 50 percent pay increases even when the move was lateral, according to search consultant Rick Devine of Devine Capital Partners, who recruited some of the new hires.

Median voluntary turnover at 616 U.S. technology companies rose 27 percent from the first quarter of 2010 to the fourth quarter, with no sign of slowing, reports San Jose compensation consultant Radford. In the fourth quarter of 2010, Radford found 16.3 percent of 520 technology companies surveyed planned to hire aggressively, versus 9.1 percent at the start of the year.

"You've got a lot of people who aren't interested in staying where they are and employers who are saying it's time to get aggressive and poach talent from bigger players," says Alice Hill, managing director of Dice.com, a technology job-posting site. "Companies like Google, Yahoo, Microsoft and Amazon that have put a lot of money and time into recruiting and training are the most vulnerable. They're great sources of proven talent for startups to plug into."

### **Moves to startups**

In January, Danielle Deibler left her job at Adobe Systems, where she'd been an engineering product manager for four years. She rejected several cold calls from recruiters, then was intrigued when a friend told her about a vice president-level position at a 14-person gaming startup, Casual Collective. She took a salary cut and relinquished her Adobe stock options and restricted stock. Instead, she's receiving stock options that could be lucrative if the startup is acquired or goes public.

More important to Deibler, who started her new job in San Francisco last month, is that she'll have more

say about the company's future.

"In a large company, it's hard to have a lot of impact on the direction of a product or the strategy," she says.

Despite the appeal of startups to some job seekers, new companies often must do lengthy hunts and sharply increase salaries to snare talent.

Vitruve, an Atlanta company that does corporate marketing on Facebook and other social media, now pays starting salaries of up to \$90,000 for engineers with one year of experience, compared with \$70,000 six months ago. Vitruve wants to quadruple its workforce to nearly 300 employees this year, says CEO Reggie Bradford.

Joseph Ansanelli, co-founder of San Francisco photo-sharing startup ZangZing, staged a four-month quest for a graphic designer that began in the Bay Area and widened to a national search before heading overseas. Ansanelli found his designer of interactive graphic applications in Europe - but won't disclose his name or location because he's concerned he could be poached away.

The hot job market in tech isn't likely to cool anytime soon. A Dice.com survey of almost 2,700 managers and recruiters released this month found that 54 percent of respondents expect talent-poaching to rev up this year.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/03/07/BU3G114BMK.DTL>

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