



# The Scale Series | Part 3

# Executive Compensation Guide



# Overview

The 2022 Executive Compensation Guide is the third installation of our Scale Series—an essential part because choosing to be part of a company's executive and leadership team can have an outsize impact on your career and the company's trajectory.

**Here are the 6 parts of our scale series:**

- **Seed to IPO Scale Guide**
- **Internal Recruiter Hiring Guide**
- **Executive Compensation Guide**
- **Executive Hiring Guide (For hiring managers)**
- **Cost-per-Hire: Deep Dive**
- **New Model for Scaling**

Incentivizing executive teams to meet business objectives is critical when crafting executive compensation plans. And as you know, figuring out how to compensate executives is a vital part of getting the **right** executive—with the right know-how—to commit to a company.

You want to make sure that the juice is worth the squeeze. Is this company the right one for you? Do you believe in the product? Are they offering you a competitive compensation package? Myriad questions abound, but we have some essential insights to help you navigate the best way forward. Our Executive Compensation covers executive and leadership compensation in the tech industry and is based on hundreds of placements Betts has made over the last couple of years.

**There Are 4 Parts to the Executive Compensation Guide:**



# 2022 Executive Trends



## We are living in an age of contradiction.

With the second significant economic downturn in two years, one might think that executive compensation would have begun to decline. But instead, it is up nearly 20% over the last year and a half. There are some hints of a slowdown, however, because, for the first time in two years, executive compensation has held steady instead of climbing ever upward. While not in ascension today, executive compensation rates show no signs of decline, and we project they will hold steady.

## It's Been a Great Time to Be a Chief Revenue Officer

Chief Revenue Officers have had the good fortune to see their compensation increase the most—almost a 25% increase in the last year and a half. We are also seeing a sizable increase in retention bonuses. Executives are commanding up to 50% in compensation and equity to stay at their current companies. We recently had an executive get a \$250k bonus and an additional 3% pay bump to stay put at her current company.

## The Great Debate: Talent vs Experience

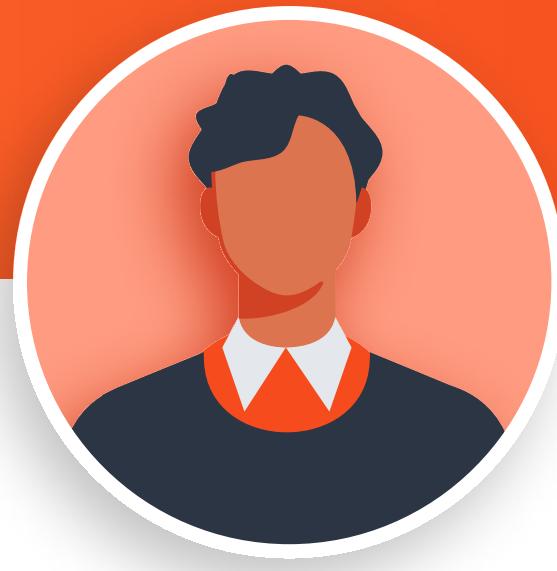
Which came first—the chicken or the egg? While both are essential, our data shows that the most successful executive hires are the ones who have directly relevant experience dealing with the types of goals your company has set. Yes, they have talent—but what may be more significant is their ability to tap into the nuances and learnings of having done it before, allowing them to sleuth out the best way to do it again.

We remind our clients that they don't need Steve Jobs; they need someone who can take their company from \$0 to \$5M or \$50 to \$150M who has done it before. Talent is crucial, but experience is the best driver of success. You give executives hefty comp packages; make sure they can take you where you want to go.

## Be Heard or Be Ignored: All Eyes on Marketing in 2023

With a possible recession looming, it can be tempting for many companies to reevaluate their spending to prepare for a downturn. But tech companies we work with have steered clear of this knee-jerk reaction and are choosing to (quite literally) double down on their branding and outreach. They understand that this is the gateway to connecting and engaging with customers, which is particularly important in uncertain times. Our data shows that hiring for top marketing talent has doubled since June 2022. The message is clear—tech companies are looking to expand their marketing reach and are staffing up now so they can reach their 2023 goals.

# How to Vet a Company



## What matters most?

We like to remind candidates that if they are in search of a seamless interview process from a future employer, they should check out a little company called Apple because interviewing with venture-backed startups can be a bit more of a free-wheeling experience (which is just fine). Focus your attention on what matters most—the opportunity. Do you believe in this company's mission? What do you think of their product? Their leadership team? Are your ethics in line with that of the company? Be sure to ask the right questions so you can get a feel for whether this company is the right fit for you or not.

Before progressing to the interview stage with C-level executives, ensure that the compensation band aligns with your expectations. You don't want to invest time in an opportunity that does not fit your needs.

Here are some key issues to discuss during your interviews to uncover if this organization is the right next step for you.

## Ask detailed questions about the following:



**Key business metrics.** In-depth questions about sales cycles, annual and monthly recurring revenue, quarter-over-quarter revenue growth, and customer acquisition costs will help you understand what is working well and where gaps need to be addressed. While it can be a delicate topic, we recommend asking questions about a company's cash flow. If your compensation plan hinges on meeting specific benchmarks, it is hard to clarify your timeframe for success if you don't know current churn and burn rates.



**Product.** Be sure you understand the product and the problem it seeks to solve. You want to ensure you can carefully assess the product/problem ecosystem because if you take the position, this rallying cry will become your mantra.



**Executive Team.** Before you commit to a company, it is essential to know its current executive team.

- Who are they?
- What have they done previously?
- How long has this team been working together?
- What is working well? What is not?

All this will help you understand the dynamics that will color your potential role at this company.

# Vetting - Continued



**Current Sales, Marketing, and Customer Success team.** The key to improving productivity lies with these team members; it is essential to invest some time in getting a good sense of this part of a company's landscape so you can assess what recommendations you would make to move things forward.



**Sales, Marketing, and Customer Success Process.** You want to comprehend where the gaps are. Is the company all inbound? All outbound?

- How robust is the marketing program?
- What are the most successful channels to date? Why?

Find out where a company's leads are really coming from and the cost of acquisition so you can see where improvements can be made.



**Expectations.** You cannot achieve what you do not understand—be sure to ask what expectations are for growth, hiring, budget, and more. If part of your job is to move the needle, ensure you have as much information as possible to understand best what it might take to meet the company's expectations.



**Tech Stack.** It's critical to understand the infrastructure behind the company's product. Some key questions to ask include:

- What is the company's tech process?
- What systems do they have in place?
- What people support tech-build initiatives?
- Is there a RevOps team in-house?

Find out where responsibility lies for things like crafting Salesforce reports so you can make the most impactful recommendations for how to optimize operations.



**Vision.** Having a good handle on what the next two to five years look like for the company is essential.

- What is the plan for the product, and in what ways does it need to evolve to meet goals?
- How do the team and company overall need to develop?
- What systems or plans are in place to make this happen?
- How could you help move the company closer to its goals?

All these questions are essential for understanding what your place would be in the company's ecosystem.



**Exit plan.** It's the BIG question: What is the exit strategy—Merger? Acquisition? Private Equity? IPO? Find out what the company is valued at today, the valuation goal for the intended exit plan, and the proposed timeline to make the magic happen.

# Compensation Negotiation



Before you begin the comp negotiation dance, you want to understand the market and know your worth—this guide can help. As well, keep in mind that change is the only constant. Last year the job market was booming and flush with cash—today, inflation inches ever northward, and a possible recession looms. When negotiating your comp plan, keep up and down cycles in mind—especially in the tech industry, which is sometimes known for short C-suite tenures.

Since executives assume significant responsibility and provide high value to companies, their compensation packages typically include more bells and whistles than for an average employee. Executive compensation packages generally include salary, benefits, signing, annual and retention bonuses, stock, equity options, and specific accelerators that kick in if certain benchmarks are met.

Generally speaking, we recommend focusing less on outright cash and more on ways to structure long-term wealth and financial protection with executive compensation packages.

Here are some key recommendations for comp negotiation to keep in mind:



**Know where a company is in the startup lifecycle.** Ensure the company's exit strategy is one you can stand behind and that the timeline dovetails with your personal and professional goals. Getting in on the ground floor with a Seed or Series A-level company will likely yield more stock options and potential upside, but only if you believe in and can evangelize the company's mission and product. If you are looking for a less risky situation, you may want to engage with a later-stage company.

## Compensation Checklist

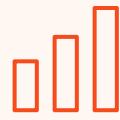
- ✓ Salary
- ✓ OTE
- ✓ Equity
- ✓ Optimized insurance packages
- ✓ Legal representation commensurate with level of risk an executive takes on as a public figure
- ✓ Travel riders to ensure a certain class of travel
- ✓ Company vehicles
- ✓ Education funding
- ✓ Specialized financial services
- ✓ Relocation compensation
- ✓ Wardrobe stipend
- ✓ Association memberships
- ✓ Carefully negotiated severance package—sometimes referred to as a “golden parachute.”
- ✓ Set yourself up for long-term financial success by negotiating for non-cash options like the right to consult.

# Negotiation - Continued



**Determine your salary range and necessary options and benefits.** Before negotiating, determine the salary range you are comfortable with and whether you can dispense with other aspects of executive compensation, like first-class travel, in lieu of different components, like education assistance, that might be more important for you. Create a list of must-haves and negotiables—it will help keep you focused on your goals when negotiating.

**A note to the wise:** if you know your number is out of a company's range and is not likely to budge, be careful in going too far down the line with them.



**Understand option terms and set equity goals.** Smart companies lay out triggers to entice an executive to hit certain benchmarks. Review these specific terms carefully—for example, make sure you understand the difference between:

- Single trigger versus double trigger versus common 4-year vesting
- Extended exercise
- Cashless exercise
- Milestone payments. They can be the difference between retirement (or not) at the exit.



**Lobby for the right to consult.** Another way to build wealth is to monetize your non-competitive expertise via consulting work. When negotiating a compensation package, ensure that it includes a “right to consult” clause.



**Do a SWOT analysis of the new opportunity and compare it with your current role.** Articulate strengths, risks, opportunities, and threats and use this to frame your conversation when discussing compensation.



**Wait to negotiate your compensation.** Focus on the value you bring to the company before talking numbers. You want to sell yourself successfully before getting into a comp conversation. Address other aspects of your candidacy, like experience, skills, and vision. You want to ensure that the hiring team feels you are a top candidate before segueing into the comp negotiation dance.



**Let the company make you an offer first.** If they ask what you are looking for in a compensation package, counter with a request for their initial proposal. You want to avoid asking under their salary range and benefit offerings.

**Above all, hold your ground and believe in your worth. Set a compensation package and let the company know it is one you would sign if the company is in agreement. You want to set yourself up for success, not buyer's remorse.**

# Compensation Breakdown



## Digging into the Details

Here, we begin to break down compensation plans for C-Suite and VP executive levels.

## Compensation Tables by Venture Series Stage

Culling from Betts' extensive data on hiring trends, we can show you, at each funding stage, the hires companies that worked with Betts made versus the greater United States startup community—the results will stop you in your tracks. In short—getting the right number of hires at the right time, with the right experience, at the right cost can be the difference between impressive growth and languishing stagnation. And hiring the right executive leaders at the right time is one of the most critical decisions a startup will ever make.

When you're looking to determine what type of leader you need to hire, first look at Part 1 of our Scale Series, **Hiring Guide: Seed to IPO**, which breaks down hiring by each stage of the VC-funding journey.

### Compensation by Role

#### C Suite

- [Chief Executive Officer](#)
- [Chief Operations Officer](#)
- [Chief Customer Officer](#)
- [Chief Financial Officer](#)
- [Chief People Officer](#)
- [Chief Marketing Officer](#)
- [Chief Product Officer](#)
- [Chief Revenue Officer](#)

#### VPs

- [VP of Sales](#)
- [VP of Marketing](#)
- [VP of People Ops](#)
- [VP of Finance](#)
- [VP of Product](#)
- [VP of Customer Success](#)



# Scaling your organization efficiently with Betts Connect

Now that you got your next job as the executive to the stars, how will you scale your future team? As companies progress through the startup lifecycle, they must find a more efficient way to scale. To learn more about how Betts can help you calibrate your hiring strategy, chat with a team member today at [bettsrecruiting.com/hire](http://bettsrecruiting.com/hire).

[Request a Demo](#)



# Chief Executive Officer (CEO)



Base					
25th%	\$250,000	\$275,000	\$300,000	\$325,000	\$350,000
Median	\$275,000	\$300,000	\$325,000	\$350,000	\$375,000
75th%	\$325,000	\$350,000	\$375,000	\$400,000	\$425,000
Bonus					
25th%	25%	25%	30%	40%	40%
Median	50%	50%	50%	50%	50%
75th%	50%	50%	50%	75%	100%

# Chief Operations Officer (COO)



Base					
25th%	Not Recommended (Not enough data)	Not Recommended (Not enough data)	\$325,000	\$300,000	\$325,000
Median			\$350,000	\$325,000	\$330,000
75th%			\$400,000	\$400,000	\$425,000
Bonus					
25th%			20%	20%	20%
Median			40%	40%	40%
75th%			50%	50%	50%

# Chief Customer Officer (CCO)

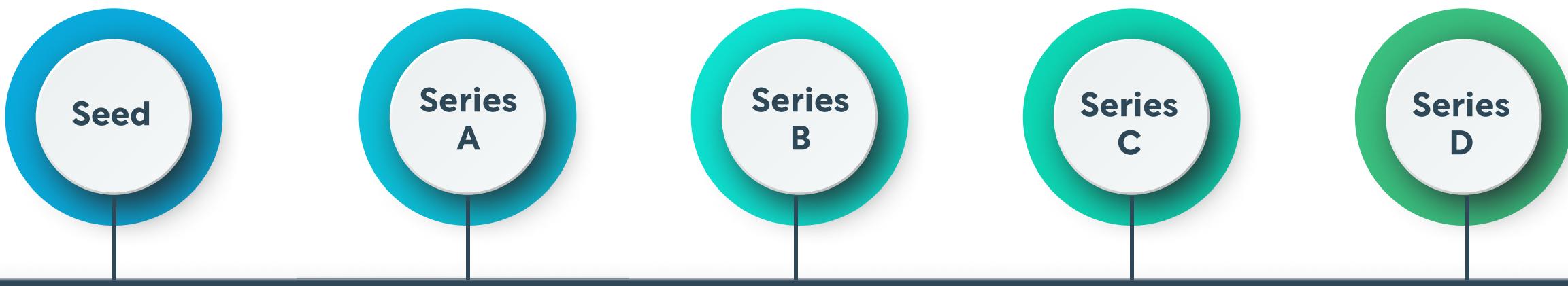


Base					
25th%	\$275,000	\$285,000	\$285,000	\$300,000	\$300,000
Median	\$300,000	\$305,000	\$310,000	\$320,000	\$325,000
75th%	\$315,000	\$350,000	\$375,000	\$400,000	\$400,000
Bonus					
25th%	20%	20%	20%	20%	20%
Median	35%	35%	40%	40%	40%
75th%	50%	50%	50%	50%	50%

# Chief Financial Officer (CFO)

		Seed	Series A	Series B	Series C	Series D
Base						
25th%	Not Recommended (Not enough data)	\$250,000	\$265,000	\$300,000	\$325,000	
Median		\$275,000	\$300,000	\$325,000	\$330,000	
75th%		\$350,000	\$375,000	\$400,000	\$425,000	
Bonus						
25th%		25%	25%	25%	30%	
Median		30%	25%	35%	35%	
75th%		40%	40%	40%	40%	

# Chief People Officer (CPO)



Base					
25th%	Not Recommended (Not enough data)	\$295,000	\$295,000	\$300,000	\$300,000
Median		\$330,000	\$330,000	\$330,000	\$330,000
75th%		\$350,000	\$350,000	\$350,000	\$350,000
Bonus					
25th%		10%	10%	15%	15%
Median		15%	15%	20%	20%
75th%		20%	20%	30%	30%

# Chief Marketing Officer (CMO)

		Seed	Series A	Series B	Series C
Base					
25th%	Not Recommended (Not enough data)	\$252,500	\$275,000	\$275,000	\$290,000
Median		\$265,500	\$300,000	\$300,000	\$350,000
75th%		\$350,000	\$350,000	\$400,000	\$400,000
Bonus					
25th%		15%	20%	25%	25%
Median		25%	30%	30%	30%
75th%		35%	35%	40%	40%

# Chief Product Officer (CPO)



Base					
25th%	Not Recommended (Not enough data)	\$275,000	\$275,000	\$275,000	\$300,000
Median		\$300,000	\$300,000	\$300,000	\$300,000
75th%		\$325,000	\$325,000	\$350,000	\$350,000
Bonus					
25th%		10%	10%	15%	15%
Median		15%	15%	20%	20%
75th%		20%	20%	30%	30%

# Chief Revenue Officer (CRO)

Base					
25th%	Not Recommended (Not enough data)	\$225,000	\$250,000	\$250,000	\$265,000
Median		\$250,000	\$275,000	\$300,000	\$300,000
75th%		\$325,000	\$350,000	\$375,000	\$400,000
Bonus					
25th%		100%	100%	100%	100%
Median		100%	100%	100%	100%
75th%		100%	100%	100%	100%

# VP of Sales



Base					
25th%	\$215,000	\$215,000	\$215,000	\$215,000	\$220,000
Median	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
75th%	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
Bonus					
25th%	100%	100%	100%	100%	100%
Median	100%	100%	100%	100%	100%
75th%	100%	100%	100%	100%	100%

# VP of Marketing

		Seed	Series A	Series B	Series C	Series D
Base						
25th%	Not Recommended (Not enough data)	\$220,000	\$220,000	\$225,000	\$250,000	
Median		\$240,000	\$250,000	\$275,000	\$275,000	
75th%		\$260,000	\$275,000	\$300,000	\$300,000	
Bonus						
25th%		10%	10%	10%	10%	
Median		20%	20%	20%	20%	
75th%		30%	30%	30%	30%	

# VP of People Ops



Base					
25th%	Not Recommended (Not enough data)	\$235,000	\$250,000	\$250,000	\$270,000
Median		\$270,000	\$300,000	\$300,000	\$300,000
75th%		\$300,000	\$325,000	\$325,000	\$325,000
Bonus					
25th%		5%	5%	5%	5%
Median		10%	10%	15%	20%
75th%		10%	10%	25%	25%

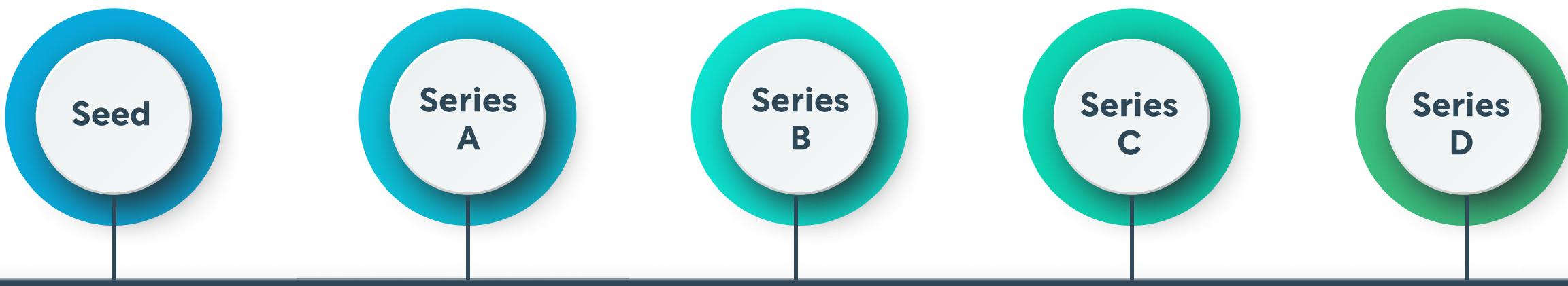
# VP of Finance

Base					
25th%	Not Recommended (Not enough data)	\$225,000	\$270,000	\$275,000	\$300,000
Median		\$250,000	\$280,000	\$280,000	\$300,000
75th%		\$295,000	\$315,000	\$330,000	\$350,000
Bonus					
25th%		15%	15%	20%	20%
Median		20%	20%	30%	30%
75th%		25%	25%	35%	35%

# VP of Product Management

Base					
25th%	Not Recommended (Not enough data)	\$250,000	\$250,000	\$250,000	\$250,000
Median		\$270,000	\$275,000	\$275,000	\$300,000
75th%		\$300,000	\$300,000	\$275,000	\$362,500
Bonus					
25th%		0%	5%	10%	10.00%
Median		5%	10%	15%	15.00%
75th%		20%	20%	25%	25.00%

# VP of Customer Success



Base					
25th%	\$220,000	\$220,000	\$225,000	\$230,000	\$230,000
Median	\$250,000	\$250,000	\$250,000	\$265,000	\$230,000
75th%	\$275,000	\$275,000	\$275,000	\$280,000	\$280,000
Bonus					
25th%	20%	20%	25%	20%	20%
Median	30%	25%	30%	35%	35%
75th%	50%	40%	40%	45%	45%