Note: This document is from 2015. Things have <u>changed a little bit</u> since then but hopefully this document still provides some value. <u>Let me know</u> if you have any questions!

Compensation at Gumroad.

You should always feel happily (and fairly) compensated for the work that you are doing and the time that you are investing into Gumroad.

Our compensation is biased towards being 1) formulaic and 2) open. It's not perfect but hopefully it's pretty darn close. Ultimately, it should save us time and stress that we can spend on our creators.

Why? Some light reading:
- http://firstround.com/article/A-Counterintuitive-System-for-Startup-Compensation
- https://www.wealthfront.com/tools/startup-salary-equity-compensation

Last thing: this (like most things at Gumroad) is in flux. It will change over the coming months and years. Feedback welcome.

The table:

	Engineering	Design + Growth + Ops
VP	—	—
Leader	$155,000	—
> 4 years	$135,000	$135,000
1-4 years	$115,000	$115,000
New grad	$105,000	$95,000

I have questions!

What do VP and Leaders mean?

VP is probably the most formal definition. We *do not* have these, but I wanted to add them here as they will exist in the future and our current compensation should have a little more context.

VPs typically entirely replace the CEO in a specific function and become the singular point of contact for that part of the organization. For example: VP of Sales, VP of Engineering.

Leaders are trickier. At other startups they're called VPs (though I don't think that's smart, long-term). They may provide:
- Coaching and growth to other employees.
- Guiding others in planning and executing on their work.
- Other exceptional value.

Frankly, we have very (very) few of these. And it'll happen in parts of the organization that need it first. But it's here for transparency.

Why do new grads in engineering make more than new grads elsewhere?

Market dynamics. We should be competitive (and competitive often means fair).

I don't fit in here! According to this I should be paid _____.

Talk to me. Ahead of that, it may be because
- you joined the company before this guide existed, and haven't been part of the annual review cycle, or;
- you don't fit in the verticals we have at the moment.

Be honest! How many people actually fit into this table, perfectly?

Honestly, the vast majority of people (80%) fit perfectly into this even before I wrote anything down. Two were almost perfect. The number sits right now at 85%. After our Series B, my goal is to make that number 95%. It should stick there, forever.

What about salary changes over time (per employee)?

Compensation increases (due to exceptional performance or role changes or inflation or any other reasons) will also bias towards formulaic. They will happen on an annual cycle.

However, this doc does not yet specifically cover that. I'd like to consider adding that too, but I wanted to put something out there in the open and talk about it first.

How is this communicated to new hires?

In two ways: our general approach to compensation. We will be clear with why we decided to bias toward more formulaic compensation and the amount (near-zero) back-and-forth negotiation they should expect.

Second, the compensation "band" that they fit into, and why. We do this anyways, but having this written down allows us to do this earlier in the process.

What about salary changes over time (as a whole company)?

Company-wide "re-calibration" will happen. It will be tied to funding rounds and other significant company progress (employee growth).

I don't see anything about equity either!

You're right. In general, I haven't heard as many questions about equity versus annual compensation. If there's a specific question you have about it, please ask me. At some point, it'll be written down too.

Note: this document is just a formalization of something that I believe is important about all things. It is about making compensation:
- unemotional,
- "data-driven,"
- open,
- scalable,
- and something we deal with proactively.

While not fun to talk about, it is something incredibly important to many people's happiness. Hopefully this moves us closer towards that.