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Park Square, Ernst & Young and WilmerHale Release 13th Annual Tech and Life Sciences Compensation and Entrepreneurship Study

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According to an executive compensation study of private businesses released today, non-founder C-suite executives at technology companies saw their cash compensation increase by 4.8 percent year-over-year, while comparable executives at private life sciences firms experienced an average increase of 3.5 percent.

The CompStudy, now in its 13th year, also revealed compensation levels and trends about specific functional roles. In terms of target bonuses, non-founder CEOs at private technology companies surveyed saw no change between 2011 and 2012, with the average target bonus holding at $114,000. The 3.9 percent increase in average CEO pay was attributable to the bump in their base salaries from $249,000 in 2011 to $263,000 in 2012. CEOs at private life sciences firms surveyed experienced a 4.4 percent increase in target bonuses and a 0.7 percent increase in base salaries, bringing their average bonus and base up to $118,000 and $299,000, respectively.

The CompStudy is produced by Park Square Executive Search in collaboration with Professor Noam Wasserman of the Harvard Business School, and is sponsored by Ernst & Young, LLP and WilmerHale. The 2012 CompStudy survey includes nearly 800 private companies and includes data on more than 3,000 executives.

“Over the past year, we have seen an increase in target cash compensation of approximately 3.6% among CXOs at private life sciences companies. This improvement approaches what we have typically seen in years past and is significantly higher than what we saw last year as a result of the recent economic downturn. M&A activity is up, good companies are still getting funded, and the war for talent appears to be alive and well,” said Erik Lundh, Managing Partner, Park Square Executive Search.

High-growth, innovation-driven entrepreneurial companies place a high priority on building a great team. The competition for talent that is capable of scaling a company continues to place an upward pressure on compensation,” commented Bryan Pearce, Americas Director, Entrepreneur Of The Year® and Venture Capital Advisory Group, Ernst & Young LLP.

The study is the most comprehensive survey of executive compensation among privately-held, emerging technology and life sciences companies and the first to make this information readily available. The results are used as an authoritative guide by venture capital firms and their portfolio companies to make critical decisions regarding attracting, rewarding and retaining key talent.

"As we head in to the end of 2012, boards will be making decisions about 2012 annual bonuses, as well as establishing 2013 budgets for compensation and equity. The CompStudy data would be a powerful guide in that decision making process, ensuring boards that their compensation levels remain competitive as the market for talent heats up," said Kimberly Wethly, Partner, WilmerHale.

Study results are available at www.compstudy.com and were explained in detail on October 11 during two separate technology- and life sciences-focused webcasts. The webcasts, led by senior practitioners at Park Square, Ernst & Young and WilmerHale, discussed how life sciences and technology companies have reacted to the state of the economy and what the future might hold for these VC-backed companies. Materials from both webinars, including audio recordings and PowerPoint slides, are now available.

Methodology

More than 775 privately-held, emerging technology and life sciences companies throughout the United States took part in the survey, which delved into the compensation, bonus and equity packages of top executive positions, including Chief Executive Officer, President/Chief Operating Officer and Chief Financial Officer. The data was analyzed in aggregate with detailed views by position looking at: industry vertical, product stage, revenue, headcount, geography, founder status and financing stage. Nearly 85 percent of the surveyed companies have fewer than 75 employees.

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