

Compensation & Career Path - v2.3

Compensation and career path are important topics for any company that aims to grow into a sustained success. When people make a decision on where they want to work, these are among the points they take into high consideration.

As we set out to finding a great solution for compensation and career path, we must keep well in mind that the best people don't work primarily for money or labels, but are instead turned on by far more important factors, such as contributing to fulfilling an ambitious vision, being part of a very talented and passionate team, having freedom and responsibility, and being challenged and tested so to grow to their full potential. Money doesn't make up for a lack of those, but it's certainly a factor that Bending Spoons should properly take care of.

One last thing: we like to discuss compensation and career path together, because they quite obviously go hand in hand.

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Goals

To help us make good decisions on problems as complex as compensation and career path, let's set clear goals. Our compensation and career path should help:

1. Acquire the best talent that fits our needs at any time;
2. Retain Spooners for as long as possible;

3. Put every Spooner in the condition to make the largest positive difference they possibly can;
4. Keep people-related expenses efficient by avoiding waste.

Let's go through each point quickly. We're committed to building an incredible company and achieving exceptional results. Companies are defined by their products, and these are built by people. It seems obvious that outstanding products require outstanding people. However, it's key to realize that the definition of "outstanding" depends on the specific company and type of work: the smartest guy can underperform a less bright one, if he isn't passionate about the work and doesn't like the team.

Experience has taught us how hard it is to find great people. Additionally, these people become ever more valuable to the common cause, as they become more experienced with our business, understand our vision, and embody our values more and more. We don't want to screw up and stupidly lose them.

3 is a subtle, but all-important point. Football players perform very differently in different clubs. This can be due to the surrounding players, the team's style of play, the coach, changes in their personal life, the position they're asked to play, etc. Similarly, we must strive to get the most out of each other, so that we can produce the best work of our lives at Bending Spoons.

Lastly, as salaries and other people-related expenses are our largest expense category, we must pay special attention to attain the previous goals without mindlessly overspending, or we'll eat too deep into the company's margins. Higher profits mean we can invest more and grow faster, and ultimately build a more successful and valuable company.

Mantra

With the above goals in mind, at Bending Spoons we've decided to center compensation and career path around a few core beliefs: generosity, meritocracy, transparency, ownership, intrinsic motivation, and excellence.

Generosity

Bending Spoons will pay Spooners generously (but not wastefully, of course). We believe this makes sense for at least three reasons.

First of all, we're determined to build an extraordinarily successful company and create products that can eventually bring in insane revenue. Betting on the scenario where we succeed at this, it won't really matter if we've paid a little extra in compensation along the way.

Secondly, the nature of our work is not labor intensive, and few fantastic people can make a far greater difference than many mediocre ones. We want to work with amazing individuals, and paying them what they're worth is the first step.

Thirdly, we're convinced that we can produce our best work only if we feel safe and well taken care of. We must ensure compensation is sufficient to lead a nice, comfortable life (at least in Milan, where we're based), so we can focus our preoccupations and energies on making Bending Spoons a smashing success.

In general, **we'd like to be able to offer top-of-market compensation. This means that any person that can help our cause should earn more at Bending Spoons than they would in the overwhelming majority of other companies**, at the very least in our geographical market. Being able to do this clearly depends on how effective we are at creating value. We can't possibly pay each other more than the value we add to Bending Spoons in the long run. Hopefully we'll be good enough to keep earning great returns on talent. This depends not just on our strategy, but on how smartly and relentlessly each and every Spooner contributes to its implementation. Let's work hard!

A word of warning: excessively generous compensation is not only inefficient, but also harmful, as it tends to attract mercenaries and locks in people that are not motivated but can't give up the financial benefit. We'll try to avoid this pitfall finding the right balance at all times.

Meritocracy

There'll be no politics, no ass licking, and tenure won't mean a thing. **People will be assigned responsibilities and compensated according to their value to Bending Spoons, which quite clearly strongly correlates with their contribution to the fulfilment of our common vision, and the skills they develop.**

Bending Spoons is not responsible to define an exact set of steps people can follow to keep growing in the company. Some companies do this, but we think it's inefficient and hypocritical. First of all, it puts the ways people can contribute in boxes. This kills freedom and passion. Second, it demands an elaborate system of job positions, requirements, and evaluation systems, which are inflexible and time-consuming to maintain. This is undesirable for any company, but especially so for a fast-changing one like Bending Spoons.

It's in the company's interest to give people opportunities to shine, and we'll try to do this as much as possible. However, very importantly, it's ultimately every Spooner's responsibility to be proactive and find ways to have a major impact.

So, while it's clear there's no precise recipe to do especially well, we've found that the best piece of advice is: be awesome. People tend to be awesome when they're selfless, they follow

their passion, and they think like owners of the company, or at least of the projects they're involved in. Here some (but probably not all) ways of contributing and becoming more valuable:

- Coming up with killer ideas that help expand the business;
- Working harder to produce a larger outcome;
- Staying longer to grow in expertise and skillset;
- Inspiring other Spooners to do better;
- Persevering when things don't go well;
- Helping to recruit outstanding individuals;
- Doing one's job with great quality and very efficiently.

A note about hard work is due at this point. We have deep respect for hard work. Bending Spoons wouldn't even exist as we know it, if it weren't for countless evenings and weekends devoted to pushing things further, faster. Most entrepreneurs that have made it really big are well known for working impossibly hard (Elon Musk, Steve Jobs, Jeff Bezos, and Bill Gates, to name just a few). That said, no one will ever be measured on hours worked, but solely on how valuable they make themselves to Bending Spoons. If you can be earth-shatteringly impactful by working two hours a day, great! However, more often than not, working hard helps a lot: you can do more, and therefore increase your contribution; you can be exposed to more, and so get more experienced and smarter faster; and you'll inspire others, which is a great way of making a difference.

Transparency

We should strive to have complete transparency in general, and so also when it comes to compensation and career path. Transparency helps keep things clean and honest.

To be concrete about it: we strongly believe in giving feedback. Every Spooner should be aware of how the rest of the team feels about how they are performing, and we should help each other identify our strengths, so that we can use them more, as well as our weaknesses, so to mitigate them. Obviously this means letting each other know about the unpleasant stuff, not just writing lots of rose-scented love letters. **While we'll do our best to foster a transparent environment, It's every Spooner's responsibility to seek honest feedback and advice and work on their own personal and professional development.**

We'd especially like to avoid creating an exceedingly soft environment, where people have to pay special attention not to hurt others and are uncertain of if, when, and how to bring up criticism. We want to be a team of top performers that are ambitious with themselves and the team in general to the point that not only can they take some criticism constructively, but even seek it. If we aim to achieve exceptional things together, we should cut the crap and help each other excel. [Someone](#) once said: "no pain, no gain."

Ownership

People do their best work when they work on something they feel it's theirs. Because our goal is to help each other do the best work we possibly can, **we're committed to having a compensation system that promotes ownership, and building a team of partners, not employees.** This means that allowing people to acquire shares of the company, or sharing the profits are very good ways of compensating each other.

It's important to note that equity is not free, though. Once we've valued Bending Spoons (and this is not necessarily an easy task), a certain percentage of the company will have a well defined cash value. Every time we award shares to a Spooner, we'll always start from a cash value, and, subordinate to using our cash resources efficiently, the Spooner will be able to decide whether they'd like to get part or all of that in the form of shares at a predetermined valuation. We believe this is the most efficient way of throwing shares in the compensation mix: people will pick what they value the most (either cash or shares).

Intrinsic motivation

Bending Spoons won't use compensation to incentivize or artificially motivate Spooners to do something specific, especially if it's something they wouldn't otherwise want to do. **We'll work hard to establish the conditions allowing talented people to effectively tap into their innate, intrinsic motivation to the max.** Leveraging compensation to foster meritocracy and ownership, as discussed above, is an important step, in our opinion.

However, we'll reject all sorts of individualized incentives that are triggered by acting in a specific, codified way. At Bending Spoons, we'll not have performance-based bonuses or stick-and-carrot-like rewards that are attached to following a certain script, such as "if you do this, you'll get that". These seem unrespectful of talent and betray the underlying belief that the person being "motivated" isn't already honestly determined to do the very best for the company.

We'll seek Spooners that are intrinsically motivated and whose passion is well aligned with our common vision, and give them space to be awesome, without exact guidelines. Research¹ and our own experience suggest that rewarding specific people for specific actions will make them lose the big picture and will be detrimental to passion and motivation in the long run.

Let's stress this important concept once more: we don't believe Bending Spoons has the tools to directly boost anyone's motivation substantially and in a sustained way over time. So we won't even try. We'll strive to provide great surroundings, but ultimately every Spooner is expected to do their very best at all times and care about what we're trying to build together. Those that feel otherwise are unlikely to do especially well here.

¹ Punished by Rewards, Alfie Kohn.

Excellence

We believe one of our strongest propositions to new hires is the outstanding quality of our team. Top talents like to work with equally bright, passionate, and skilled people, and will stay with Bending Spoons much longer, if this condition is verified.

We also think that the radically important and nearly unique way Bending Spoons can help boost every Spooner's skills and help them grow is by surrounding them with exceptional colleagues (together with giving them room to apply themselves to overcome tough challenges and reach lofty goals).

For these reasons, we're committed to building an A-class team and keep it that way. We'll put extreme attention in screening applicants carefully and thoroughly and hiring people that we feel have a very good chance of being extremely successful with us. Nonetheless, from time to time we'll make mistakes in gauging a person's talent and fit with our team and vision. In these cases we'll not hesitate to let the person go.

We'd like Bending Spoons to be known for treating people on their way out especially well, but we'd also like to be known as a place where people that can't or don't want to give a significant contribution don't stay long.

System

The actual implementation of the above mantra follows. Keep in mind that this system is a live one, as everything else at Bending Spoons, and we'll keep working on it going forward.

Career path

At Bending Spoons, we don't have a defined career path, unlike most companies do². We like to keep things simple, and just use a tiered system for compensating meritocratically. **At any point in time, we'll strive to assign people to the tier that best represents their value to the company. Each tier corresponds to a specific compensation level** (more on this below), so that compensation should grow, as the Spooner gets to make an ever bigger difference and becomes more valuable for the company and the fulfilment of the common vision.

We don't have any labels or internal job descriptions. We might have some of these that we use to effectively interface with the outer world (for example, to post job ads), but internally we feel we don't need them. First off, they're complicated to write and define properly. Secondly, they once again box people and implicitly limit the spectrum of the ways in which they're expected to contribute. For example, if someone is primarily a Software Engineer, we want to make sure they

² Trivia: did you know that as of 2015 Google had as many as 10 levels just for the Software Engineering career path? Here they are (some job titles are funny): Software Engineer I, Software Engineer II, Software Engineer III, Senior Engineer, Staff Engineer, Senior Staff Engineer, Principal Engineer, Distinguished Engineer, Google Fellow, Senior Google Fellow 8-).

feel very welcome to exceed their typical job description and provide product ideas or help solve app-distribution-related problems.

If a Spooner needs a nice job title for their LinkedIn profile, they're more than welcome to pick one that they like, as long as it's somewhat in line with the type of work they usually do (we're representing Bending Spoons, when potential applicants check us out online, so we shouldn't write anything too idiotic).

Spooners can climb the ladder to ever higher tiers by focusing on any type of work. Just to provide a couple of quick examples, someone could go all the way to very high tiers by sticking to pure Software Engineering. Over time, they could invent, develop, and maintain technologies that truly revolutionize the way we work and really help us succeed, or solve intricate technical problems that few others seem to be able to tackle effectively. Managing a product or coordinating the efforts of multiple Spooners might on average provide a slightly better chance to progress, as the level of responsibility is higher, and with it the expected range of impact. However, it may often not be so, and it'll probably be more conducive to follow one's passion, than to force oneself into a role that one doesn't like. **Careers are open and their direction and pace of progress depend (almost) exclusively on each Spooner's decision and willpower.**

Evaluations

Some form of assessment is necessary to allow movement between tiers. To make sure the system is fluid and deserving people don't get stuck for long, we have in place relatively formal evaluation sessions that take place semiannually, in June and December. Higher-tier Spooners will evaluate the lower-tier ones.

The goal of the evaluation is solely to promptly adjust the compensation of those that are contributing above and beyond their current tier, so that they're roughly rewarded in line with the value they've been adding, and especially with the value they're expected to add going forward. Age, tenure, or similar factors won't play any role in the process. So, it'll be entirely possible for some people to proceed faster than others, and for younger Spooners to be at higher tiers than older ones. This doesn't mean that tenure won't help getting to higher tiers. On the contrary, experience is key to improving knowledge and skill, and with those promotions are likely to come. But tenure in itself won't be a factor.

We're reluctant to have concrete and specific requirements for what it takes to get to the next tier. We think this isn't a good idea for a number of reasons. First of all it's hard to do in a meaningful way. Such a list risks to be either too general (which would defeat the purpose of its existence) or so exact that it'd make bad decisions more likely (situations evolve and contributions can hardly be defined in a lasting, reliable way as a laundry list of actions or accomplishments). Secondly, we could see such pre-defined paths and frameworks put people's

creativity and passion in boxes. We'd much rather we all strove to make as big of a difference as we can in whatever way we can find, rather than trying to conform to a model.

We think it's much easier and far wiser to leave it to higher-tier Spooners to define what tier is most appropriate for all the other Spooners. Compensating fairly, generously, and according to each Spooner's worth to the company is in everyone's interest and there's no reason to expect conflicts of interest.

People will only move upwards, or rest at the same tier. Downward movement won't happen, because the requisite to move to higher tiers is to have performed at that level very consistently for some time, so that it can be expected that the performance won't falter significantly thereafter. Should a Spooner (very surprisingly) drop their performance noticeably and for a sustained period of time, that'd probably be due to their having lost interest in being part of our journey, and they'll probably be better off leaving Bending Spoons. We expect this to practically almost never happen, but we'll make sure persistently poor contributors don't stay long.

New Spooners will be assigned to a tier depending on the assessment of the Spooners acting as interviewers and evaluators. Despite our major efforts to evaluate candidates very thoroughly, given the limited exposure we have to them prior to their joining us, we think the possibility of making the wrong hiring decision is material. In these cases, we'll try to act swiftly and let the person go as early as possible.

We'll constantly review that the compensation Bending Spoons ends up awarding to a particular Spooner is higher than the almost totality of the alternatives available to someone of that level of talent and skill in the local labor market. Also, we'd like for it to be very competitive on as large a geography as possible, compatibly with the return on talent Bending Spoons manages to generate, and without it becoming so high as to attract the wrong people or locking in the Spooner for financial reasons only. Should we become unable to pass this test of competitiveness... Well, we'd be in trouble!

Each Spooner will be assigned a Sponsor. Sponsors are higher-tier Spooners that take part in the aforementioned evaluations. Their goal is to offer periodic feedback and help ensure their Sponsees make the best of their talents, and have the most satisfactory and fulfilling career in Bending Spoons. It should be noted that this service is offered to support every Spooner, but it in no way relieves Spooners from the responsibility to think for themselves, be self-critical, and work hard to find ways to deliver significant impact towards the fulfilment of our common vision. We're all makers of our own destiny, and this responsibility should never be outsourced.

Base compensation

Spooners will receive a base salary. This might very well be one of the most innovative ideas discussed in this memo! This base salary depends on the tier and grows substantially with it

(perhaps it'd be more accurate to write that their tier depends on the compensation that best reflects their value to Bending Spoons at that particular time). See below a table with all gross salaries, up to tier 10. **Spooners can start at any tier, depending on our assessment of how valuable they can be. In fact, typically a Software Engineer with great potential but modest experience joins at tier 5 or 6.**

Tier	Gross annual salary
1	24,829€
2	27,436€
3	30,317€
4	33,500€
5	37,688€
6	43,152€
7	50,272€
8	59,573€
9	71,785€
10	87,937€
...	...

Note that we'd like to make sure the compensation for the lowest tiers is sufficient to live a nice, comfortable life in Milan, where our headquarters are currently located. So, although we feel we could effectively compete for very junior talent with lower salaries, we still prefer to avoid going lower. People need a good degree of financial peace of mind to be able to focus on their work.

We like our base compensation to be a very large share of the total compensation, because i) it reflects the trust we place in our colleagues and their being intrinsically motivated, as opposed to being paid for performance (we still promote to higher tiers, but that's for a significant step up in ability to contribute, not for a slightly more productive than average quarter), and ii) it helps attract new candidates, as the base salary is a more relatable, concrete number, instead of highly variable components, which are hard to properly weigh. Nonetheless, we do have some significant variable components too, which are discussed below.

We might occasionally negotiate changes to these compensation levels for special arrangements, such as Spooners working from a different country, where the cost of living is much lower, or the job market far less competitive. This is to avoid excessive inefficiencies.

Bonuses

At Bending Spoons bonuses will be handed out based on a Spooner's continued contribution (as time goes by and depending on the Spooner's tier), with some potentially substantial extras to reward heroic, out-of-the-ordinary contributions (doing one's job very well doesn't qualify; one needs to make something important happen that wouldn't have happened without their outstanding initiative).

Typically, these bonuses will be handed out in occasion of the aforementioned semiannual evaluations, and in the case of particularly skilled hires at sign-on time. The bonus will have a certain value, and the receiving Spooner will decide how much of it to get in cash and how much in share options of Bending Spoons at a given valuation (more on valuing Bending Spoons below). It should be noted that the value of the bonus is intended as cost to Bending Spoons, not net compensation, and that when deciding whether to receive cash or share options, Spooners might also want to consider taxes.

The bonus will be unlocked over a period of four years, in four yearly instalments. If the Spooner decides to be awarded cash, they'll receive a quarter of the total due (net of taxes) at the end of the first year since the date the bonus was granted, and then another quarter at the end of each of the next three years. Similarly, if they went for share options, they'll be able to get a quarter of the total amount due at the end of each of the four years.

Last but not least: Bending Spoons reserves the right to limit the percentage of a certain bonus that the receiving Spooner is allowed to get in cash. This means that some bonuses could be solely or in part in the form of share options, without the possibility to receive cash instead. This is a measure we could take at times when we're convinced that cash will be especially valuable for Bending Spoons. An example could be when we see an extremely juicy investment opportunity, and obtaining cash in ways other than drawing from our internal reserves would be risky or very expensive. In such situations we'll limit the amount of cash spent on compensation to that needed to cover base salaries. Clearly, this will be done to optimize the use of cash in the best interest of Bending Spoons' long-term value.

Valuing Bending Spoons

Granting share options of Bending Spoons to Spooners requires that we first value the company. Once we've done that, we can put a monetary value on the share options, and figure out the proper amount that the specific Spooner should receive.

We must remember that share options are far from being free. We think that handing them out for a fair price is a responsibility of the current owners, as doing otherwise would devalue Bending Spoons. This concept becomes easy to grasp, by imagining the transaction didn't involve just a fraction of Bending Spoons, but all of it.

A lot of people quite mindlessly think of shares as percentages: 0.1% is nothing, 50% is a lot. That's quite irrational: better to have 0.1% of a great, valuable company than 50% of any random newborn startup. So, we must value the company, before we can decide the amount of share options to be granted.

If a company is publicly traded, the price of its shares is decided by the open market: some people own the shares, and decide for how much they're willing to sell them. Others would like to buy them, and have a price in mind. If the buy price is equal to or higher than the sell price, a transaction takes place. Obviously on the large scale typical of publicly traded companies, lots of transactions happen all the time and at different price levels, and what we end up seeing on the ticker is a fast-changing, average price.

This is the natural way any goods are sold on the open markets: through the meeting of supply and demand. Transactions of share options for Bending Spoons will take place in the same way. Every time a Spooner is interested in purchasing share options (for example in the context of a bonus, as explained above), the Spooners owning most shares will gather and decide what price they feel it's fair for them to sell share options to the buying Spooner. The Spooner will then decide whether the price is acceptable to them, or whether they'd rather receive cash. Every time such price is set, we'll record it for everyone to see. We'll also add some notes on the rationale behind the valuation.

We've stressed how important it is for a company to assign an appropriate value to its shares, and not deal in them like they were worthless paper. Similarly, when available, **the choice of being compensated in share options rather than cash should be one made very thoughtfully and consciously by each Spooner.** It's quite obvious that the Spooners that currently own most shares strongly believe we'll be able to accomplish exceptional feats together, and that we'll increase the value of Bending Spoons manyfold over the next few years. Also, being owners of Bending Spoons is an incredible feeling, and it'd be wrong to downplay that. However, we must underline there's no guarantee we'll actually succeed on the scale we intend to. In fact, no one honest and in their right mind can either predict or promise that.

Perks and other people-related expenses

Who doesn't like perks? Rumor has it, at least one person at Bending Spoons would like a friendly tiger hanging out in the office. However, very unfortunately, one of our goals with compensation is to avoid waste (who the hell set the goals?!). So there will be no tiger (nor belly dancers!).

We're not averse to perks, as long as they constitute a relatively efficient, non-wasteful use of resources. Every time Bending Spoons spends lavishly, it becomes a little poorer. So, let's have perks, but with moderation and a reasonable degree of frugality, always trying to do what's most efficient for the company.

If something is expensive, but helps us save enough time to justify the spend, we shouldn't hesitate to buy it. Elsewise, we can still consider buying it, but we must believe it'll help increase our ability to acquire and retain talent enough to justify the cost. This will be the guiding principle for any people-related purchase we do.

Let's discuss a few specific cases. Something we're not going to save on is technical equipment. We all need fast computers and phones to be productive and efficient. So, every Spooner will get best-in-class hardware when they join, and they'll have it periodically upgraded, when the advancements in such hardware have been sufficient to justify the switch, or if they spill coffee on it (don't even think about doing it on purpose!).

We'll also guarantee good food. Eating well makes us happy and healthy. Within reasonable limits, we'll try to get everyone nice meals.

Finally, we have a tradition of company retreats. These are quite a cost. So far we've considered them worth the money, because they let us see the world together, which is a special way of bonding and getting to know each other in ways that normal professional contexts rarely allow (although, it should be noted, our professional context is seldom very normal anyway). For now, we intend to continue the tradition.

Changes from v2.2

- We specified that the value of bonuses is intended as cost to Bending Spoons and not net compensation, and that taxes are a factor in valuing cash vs. share options.
- We removed the 15% discount on the company's valuation for those converting bonuses into shares.
- Minor fixes.