

TOP OF MIND

Free Advice

What Oprah Can Teach the Boys at Goldman Sachs

Why do Americans protest Wall Street salaries when celebrities rake in even more? It's a matter of personal branding.

By Jon Picoult

Public outrage over executive compensation is running high these days. Perhaps no one knows this better than Lloyd Blankfein, CEO of investment bank Goldman Sachs, whose personal compensation, and that of his colleagues, has been the target of considerable criticism of late.

Bowing to public pressure, Goldman scaled back its 2009 compensation pool to just over \$16 billion. That's half a million dollars, on average, for each employee. It's a lavish payout that still has many people rankled. And it doesn't help that countless Americans outside of Wall Street are desperately awaiting the day their own fortunes will change.

While the anger over Wall Street compensation may be amplified in the current environment, it's not a new issue. Even before the Great Recession, there were plenty of voices expressing concern over Wall Street compensation trends. From Mr. Blankfein's \$54.3 million take in 2006 (his first year as Goldman's CEO), to the hundreds of millions of dollars earned by top hedge-fund managers, disgust over Wall Street pay dates back to the robber-baron era.

But what if Mr. Blankfein were a star player in the NBA, or an entertainer who sold out every concert, or a Hollywood director with a string of blockbusters? What would the public say about his compensation then?

Not much, probably. He'd be in the company of individuals like LeBron James, Madonna, Steven Spielberg and Oprah—people who routinely earn tens (if not hundreds) of millions of dollars a year, yet somehow avoid public wrath when it comes to what's in their pay envelopes.

Of course, whether the compensation of any of these individuals is appropriate—and how those lofty amounts reflect on what we value as a society—is a commentary for another day. A curious dualism remains: While people question whether anything a Wall Street investment professional does could possibly

be worth upwards of \$50 million a year, they rarely voice the same doubts about a handsomely compensated athlete (even a badly behaving one), a singer or a film star. Why the double standard?

The dichotomy speaks, in my view, to the



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real root cause of Main Street's disaffection with Wall Street: The average American doesn't have a clue what Mr. Blankfein and his cohorts actually *do*.

Goldman says it "provid[es] investment banking, securities and investment management services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals." Is it any wonder that Peoria doesn't get it?

It's a lot easier for people to relate to—or at least appreciate—the contributions of highly paid sports figures, entertainers and celebrities. Anyone who's tried to shoot hoops can begin to understand the sheer talent of an NBA star. Anyone who's been awed by a great film can begin to comprehend the genius of a terrific director. It's easier to tolerate these figures' enormous compensation because what they deliver to society seems more tangible. What they stand for—their personal brand—is much more accessible, even if it's just about simple entertainment.

How else can one explain the huge popularity and adoration that Ms. Winfrey (whose brand is about "helping people to live their best lives") enjoys? Or that nobody's raked J.K. Rowling over the coals for the billion dollars she's earned from her Harry Potter book

series? (Hint: at least she got millions of kids away from the TV set and into a book.)

The common characteristic of great brands, personal or corporate, is that they're grounded in a compelling sense of purpose—a noble crusade, something a consumer can easily relate to and believe in.

To its credit, Goldman appears to have recognized their disconnect in this regard. The company made a public relations splash late last year when it earmarked \$500 million to assist small businesses. And, in a November 2009 *Sunday Times* interview, Mr. Blankfein dropped the industry jargon and instead described Goldman as a firm that "helps companies to grow by helping them raise capital." Good start—though he stretched it a bit by adding that his firm was doing "God's work."

I remember a business school professor of mine who singled out his job as a roofer as being the most rewarding of his long corporate and academic career. After all, he noted, at day's end he could always look up and clearly see that he'd created something of value: a roof

over a family's head.

For many Americans, what they know about Wall Street investment firms is what Gordon Gekko taught them in the movie *Wall Street* when he proudly declared, "I create nothing." To them, the Street is a secret society where wealth is transferred from one party to another, often in mysterious and suspect ways, with nothing tangible left behind.

Whether or not that depiction is accurate is immaterial. As long as that perception prevails, Goldman and its ilk won't find many friends in the general population, no matter how many bonuses they forego for the sake of PR. If Wall Street executives want to gain favor in the court of public opinion, they need to redefine what their firms actually do and articulate how that helps everyday people. Absent that, they'll continue to raise ire with their compensation—unless, of course, they conquer a different kind of court and earn a first round NBA draft pick. ■

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