

Inconsequential Excitement

It is the month of August, on the shores of the Black Sea. It is raining, and the little town looks totally deserted. These are tough times, everybody is in debt, and everybody lives on credit. Suddenly, a rich tourist comes to town. He enters the only hotel, lays a 100 Euro note on the reception counter, and goes to inspect the rooms upstairs in order to choose one.

The hotel proprietor takes the 100 Euro note and runs to pay his debt to the milkman. The milkman takes the 100 Euro note and runs to pay his debt to the cattle breeder. The breeder then runs to pay his debt to the farmer who supplies feed to his cattle. The farmer, in turn, runs to pay his debt to the trucker who ferries his farm goods. The trucker runs to the hotel and pays off his debt to the hotel proprietor for the room that he had rented during one of his overnight stopovers. The hotel proprietor then lays the 100 Euro note back on the counter so that the rich tourist will not suspect anything.

At that moment, the tourist comes down after inspecting the rooms, and takes his 100 Euro note, after saying that he did not like any of the rooms, and leaves the town. No one earned anything. However, the whole town is now without debt, and cheerfully looks to the future with a lot of optimism.....

The town residents are innocent. But the discerning readers of this blog are smarter. They know that the optimism of town dwellers is ill-founded, prosperity doesn't magically materialize from thin air. The town is still in trouble. Their first step towards progress will not start with fictitious exchange of money, but by improving the quality of the hotel rooms.

The lesson has universal applicability. Take our IT industry for instance. Software companies keep losing professionals for better opportunities, only to hire back similar quality at higher premiums. But from an individual's perspective, what is wrong in following the path of one's financial aspirations? Nothing at all! On the contrary, one of the reasons our IT industry is so healthy is because of the prevailing competitive environment for quality talent. However, the only trap here is in the ignorance of the need to add incremental value to our professional abilities proportionate to our financial growth.

It is important to ask this introspective question once in a while – “If I earned x% raise within or outside my organization in a particular year, have I also improved in terms of speed or quality of my contribution by similar x% in the same period”? If the answer is “yes”, our optimism is founded on a realistic backdrop. If not, our excitement has a dangerous speculative flavor and is short lived, no different than the one being experienced by the above town dwellers.