

How much software engineer should invest in career growth

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Software engineers can start generating income pretty early on. You don't need permission from anyone, no certificates, no paperwork, no examination. If you have your debts paid off, this is the moment when you should think of yourself as a single-person company. Why? It's not because I want you to go and become a freelancer and be on your own, but because it's easier to understand how to make decent financial decisions that way. Let's talk about this. For the purposes of our discussion let's assume that if your name is David Roberts, the name of your company is "David Roberts LLC". Write it down, if it helps you: "David Roberts, CEO of David Roberts LLC". You're in a company mindset now. We can understand what it really means now.

Your budget

Typical company has money coming in (revenue), money coming out (expenses) and money that stays (profit). This matches the flow of money from your salary: you receive your salary every two or four weeks, you pay taxes, insurance, bills and rent. Whatever is left is up to you to spend.

Companies allocate this excess budget in buckets. Every bucket will go to a department, and they will decide how to spend it. Facilities department needs money to keep the place looking good and habitable, so that people are willing to enter the building and work there. Security department needs money to protect you from crooks and hackers. And so on, for each department.

The amount of money allocated to each department must be justified. For example, if you have an office in a decent part of town, the security department only needs one guard in front desk to check your badge, and another to monitor the parking at night. But they don't need an excessive weaponry. If you give them three times the usual sum of money, they won't know how to spend it.

They will buy unnecessary equipment which will oxidate with time and the money will be wasted.

It's up to you to manage that. You're the chief in command and you divide the the budget to your departments. The other quirk of companies is that you'll be punished by a budget which you didn't spent. Someone will be unhappy with you ("I could have used this money if you didn't forfeit it") and you'll automatically get less next time.

Where money goes

Some departments require fixed amount of cash. Your kitchen money stay the same. Cost of your entertainment and vacation stay at the similar level too, and are required to keep you healthy. One thing to know is that these departments don't bring much leverage, as it's unlikely you'll get ahead of your competition thanks to the fun you're having. All departments are required and necessary to conduct business, but departments which move you ahead are: product, sales and [research and development][].

To move ahead and grow, the company needs constant flow of new developments. New inventions. This is what R&D is doing. Your R&D is learning, your books, magazines, software you've purchased and your side projects. You must start thinking with the same pattern if you want to be successful.

"So how much?"

I looked at the [R&D expenditures][] of big companies. For simplicity I put the data into a table: