

The "Learn & Earn" Series™
August 18 ,2009

**"How Does My Client Get Sustained
Performance From his Key People?"**



THE VISIONLINK
ADVISORY GROUP

Today's Presenter:

Ken Gibson

Senior Vice President

(949) 265-5703

kgibson@vladvisors.com



Course Credit

Per State Requirements:


To receive CPE credit for today's course, you must respond to at least 75% of the monitoring events – given in the form of polls.

Each person taking the course must respond to the monitoring events from their own computer. You may not share a computer when taking the course

Next CPE Course:

“The Four Keys to Employee Retention”

To be held on:
Thursday, September 24th, 2009



We're happy to provide a copy of today's slides, course syllabus/summary, and a CD of the presentation. Information will be provided at the close of the presentation about requesting these.



For questions during today's presentation:

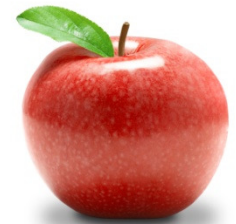
Use the question panel
To the right of your screen

Course Objectives

- Understand the meaning of sustained optimal performance
- Define the role of best talent in sustained optimal performance
- Demonstrate the link between effective rewards strategies, the best talent and sustained optimal performance
- Understand the role of long-term incentives in attracting and retaining key talent
- Show where a company should begin

Key Concepts

- There is a difference between sustained performance and sustained optimal performance
- Sustained optimal performance comes from having the “right” talent
- Incentives need to properly communicate a balanced focus between short and long-term results
- Line of sight occurs when the vision, strategy, expectations and rewards are aligned
- A process is needed to determine which long-term incentives will work
- There is a methodology for determining where you stand



Sustained Performance

Poll #1





Sustained Optimal Performance

Sustained Optimal Performance

- Top line growth
- Bottom line growth
- Proper return on equity

Sustained Optimal Performance- what's required?

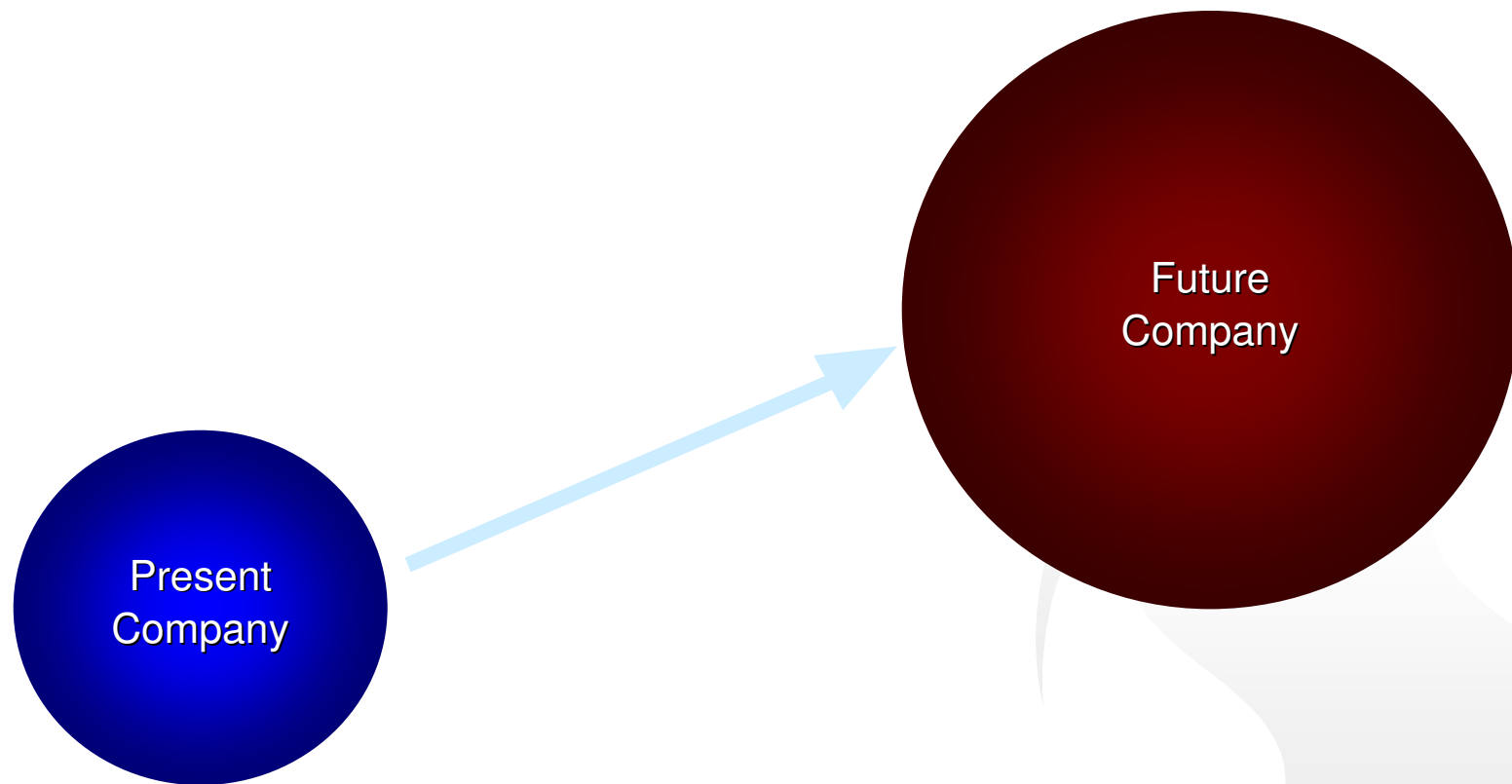
- The right talent
- The right outlook and attitude

Sustained Optimal Performance- outlook and attitude?

- Future thinkers
- Believers
- Doers (results oriented)
- Achievers (ambitious)
- Team players



Optimal Future Company



Optimal Future Company

- Hypothetical
- Maximum output/productivity of all human and financial capital
- “Perfect” execution of the business plan

How close can we come?

- Best talent
- Well defined and communicated plan
- Excellent execution (day-to-day)
- Sustainable sacrifice and commitment (ownership)

Poll #2



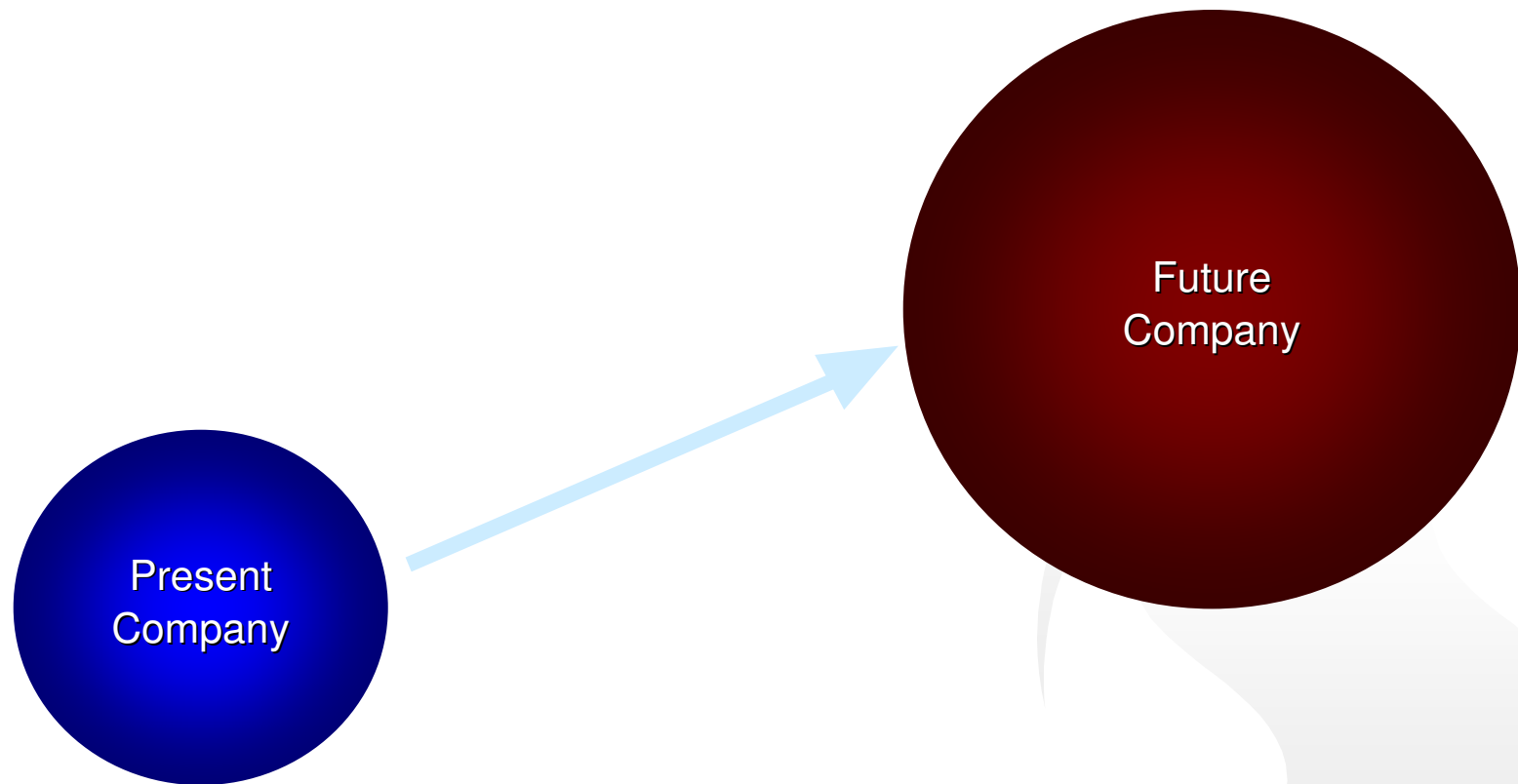


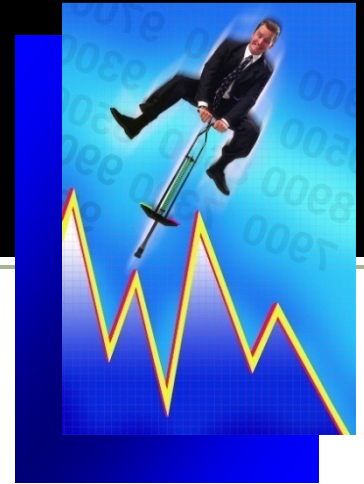
**Retention plus sustained
high performance?**

High performers will remain with a company if they:

- See a compelling future
- Enjoy the environment
- See opportunities for growth and challenge
- Believe in the value of the rewards

Optimal Future Company





**Where and how does
compensation fit in?**

Incentive plans do work if they...

- ...communicate
- ...reinforce
- ...inspire

Incentive plans don't work when they...

- ...obscure
- ...misalign
- ...coerce

Rewards Pyramid



Rewards to Results





"Here is
our
Business
Plan"



I see where we're going
and I believe
we can get there.



"Here is
your
Incentive
Plan"

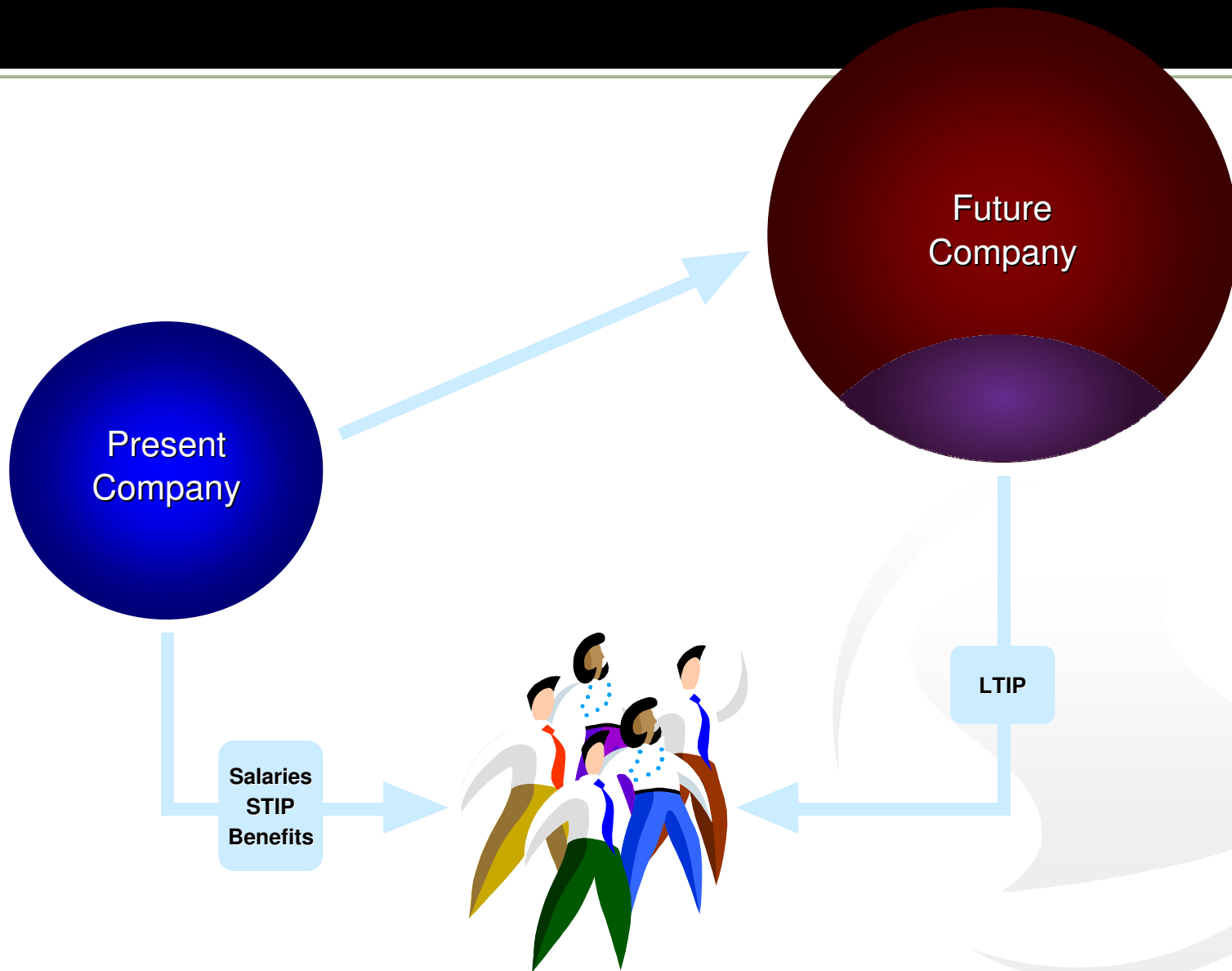


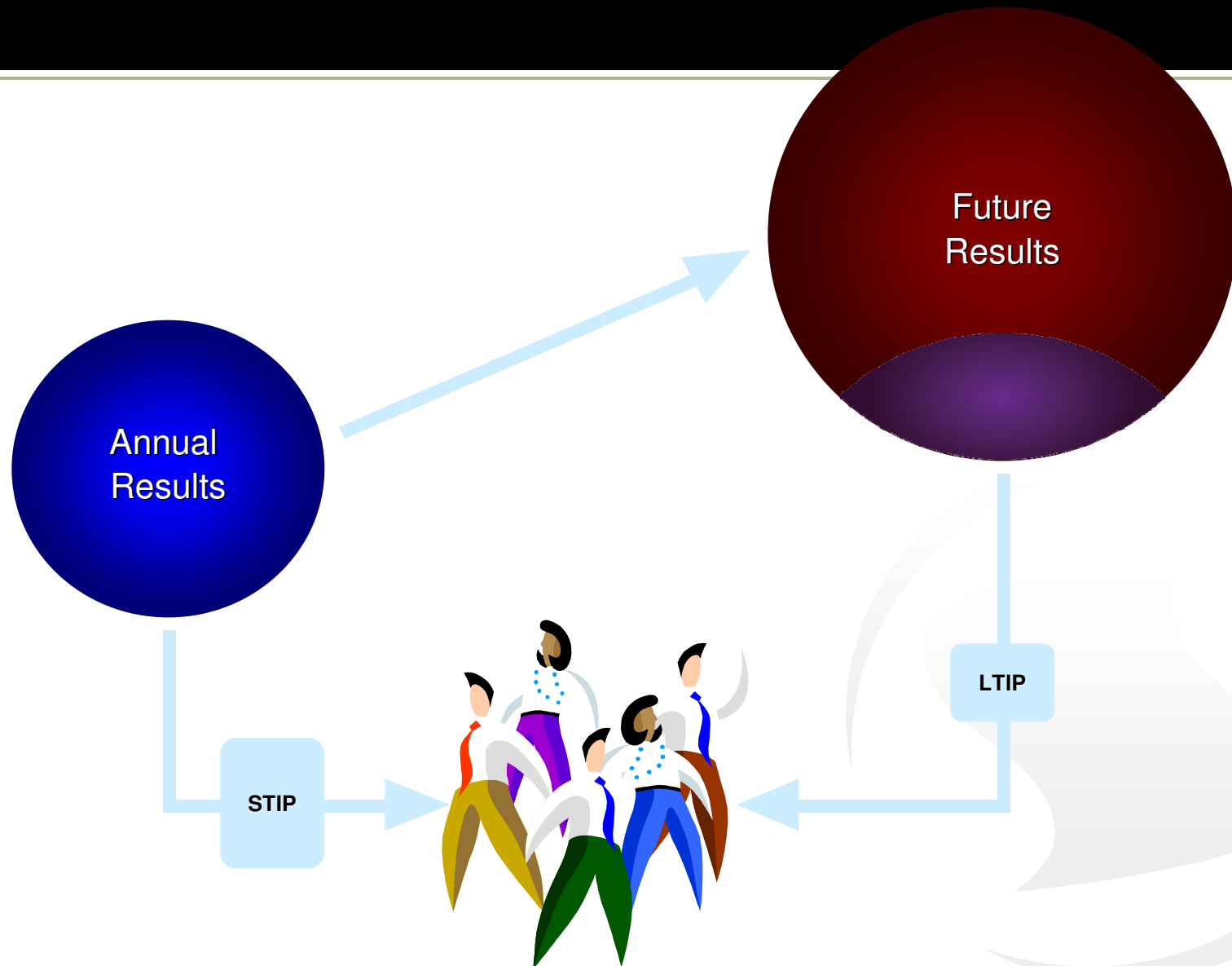
I understand it.

I see how it links
to the business plan.

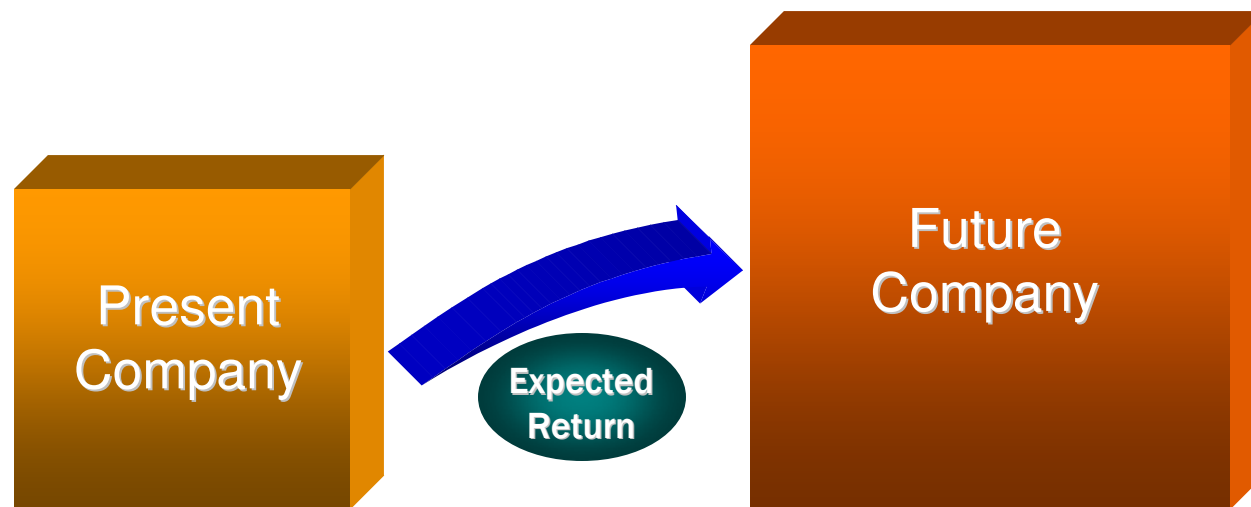
I understand what I
am to contribute.

It means a lot to me.

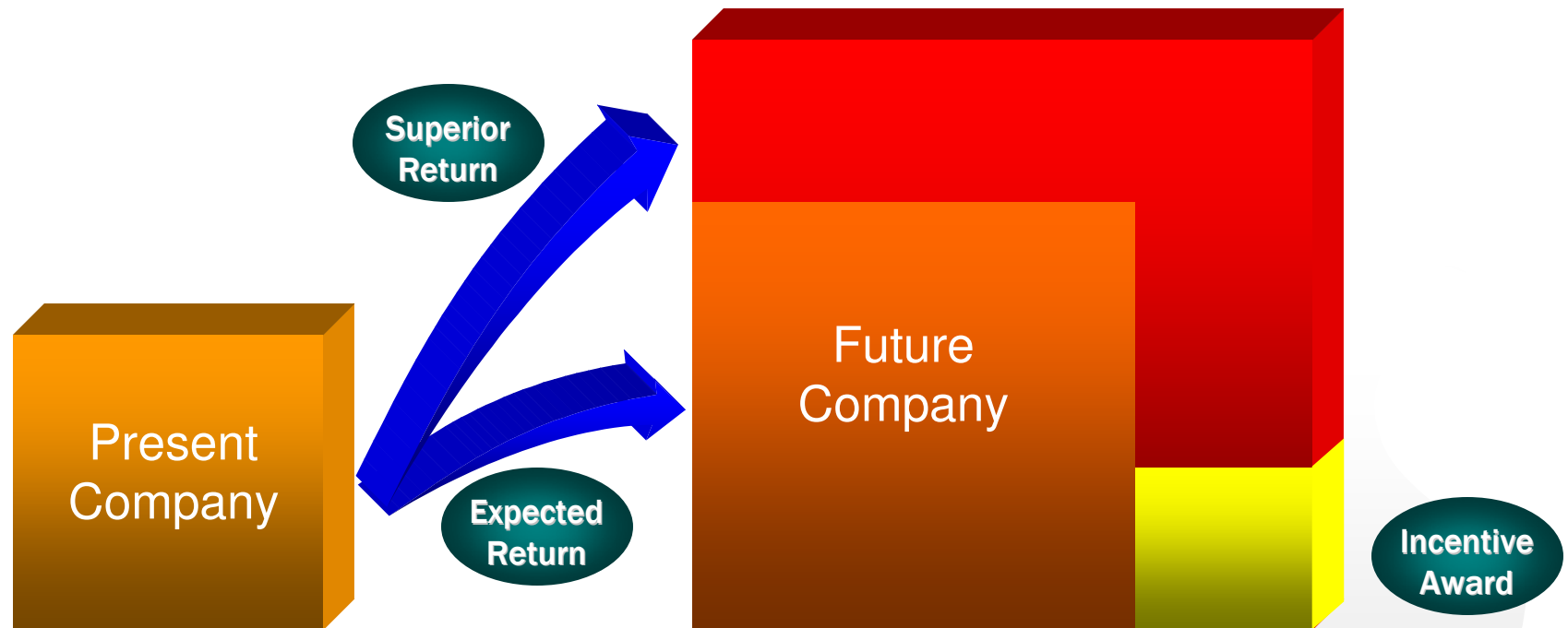




Creating value added results



Creating value added results



Poll # 3



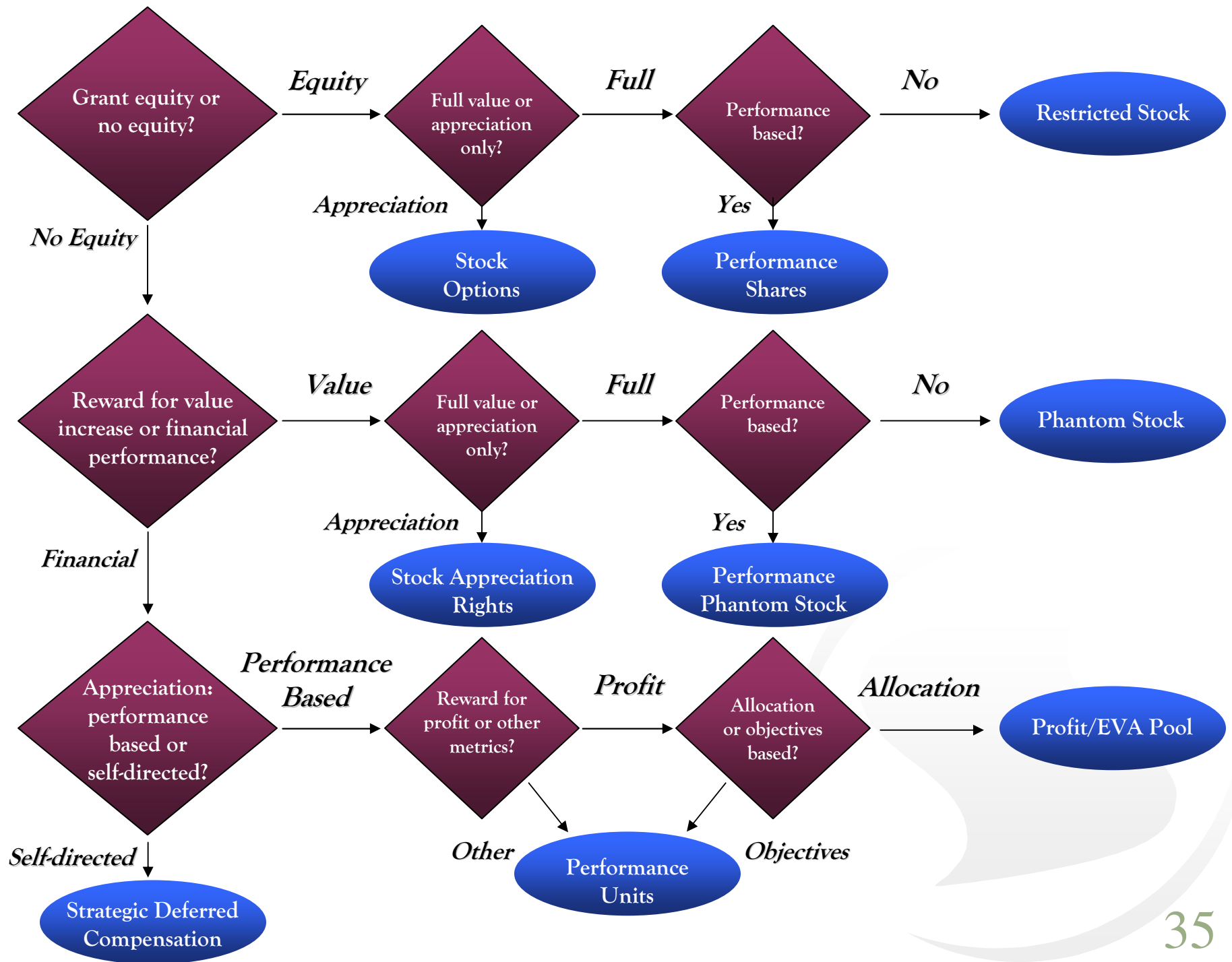


Most common compensation mistake

Failure to install and maintain an
effective long-term incentive plan



Long-Term Incentive Plan Decision Tree



Which plan is right for your client?



A few “best practice” tips

- Annual grants (not one-time)
- Start at top, work down
- Employ effective vesting schedule
- Model cash flow, consider pre-funding

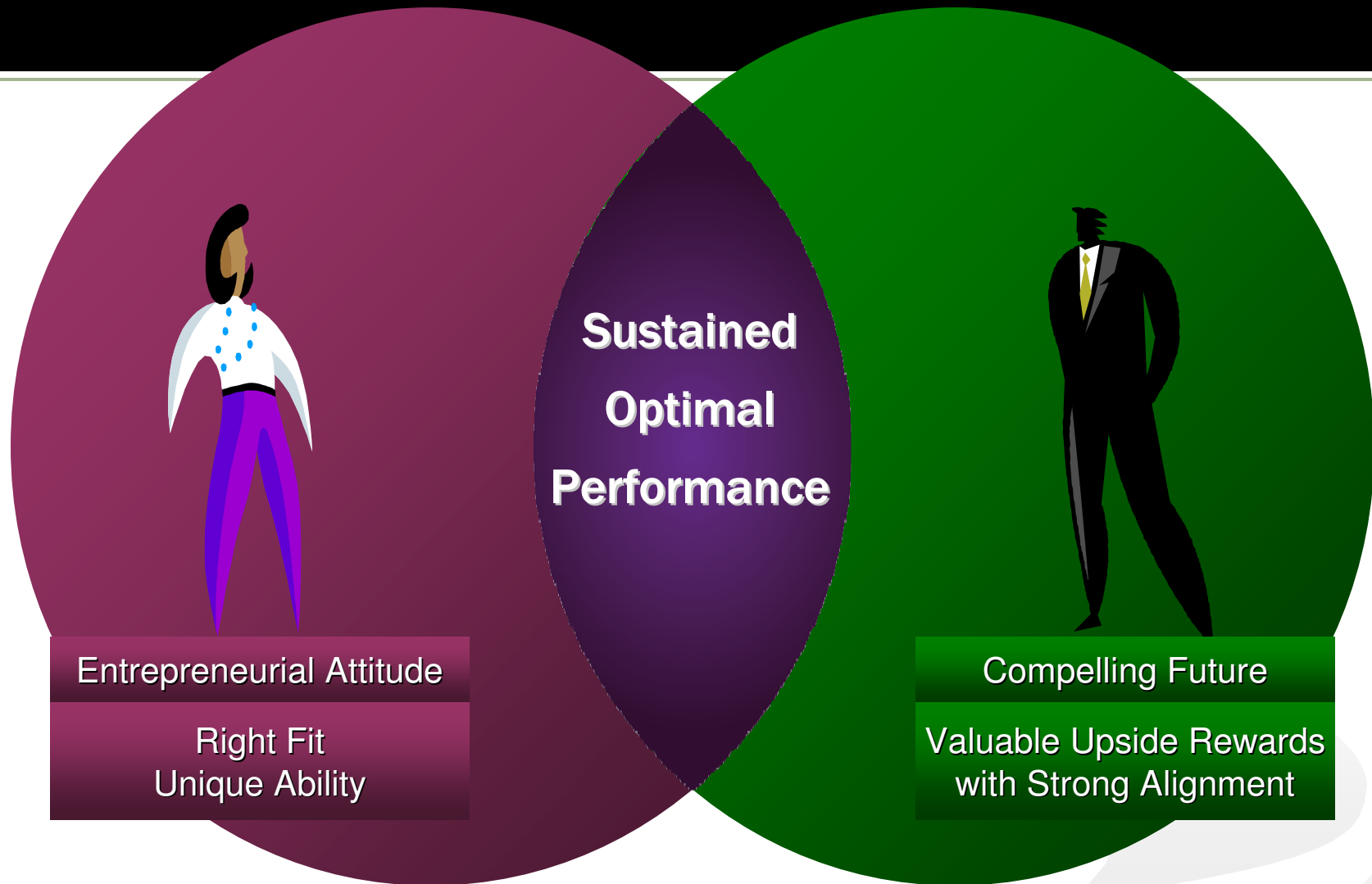
Employee Value Statement

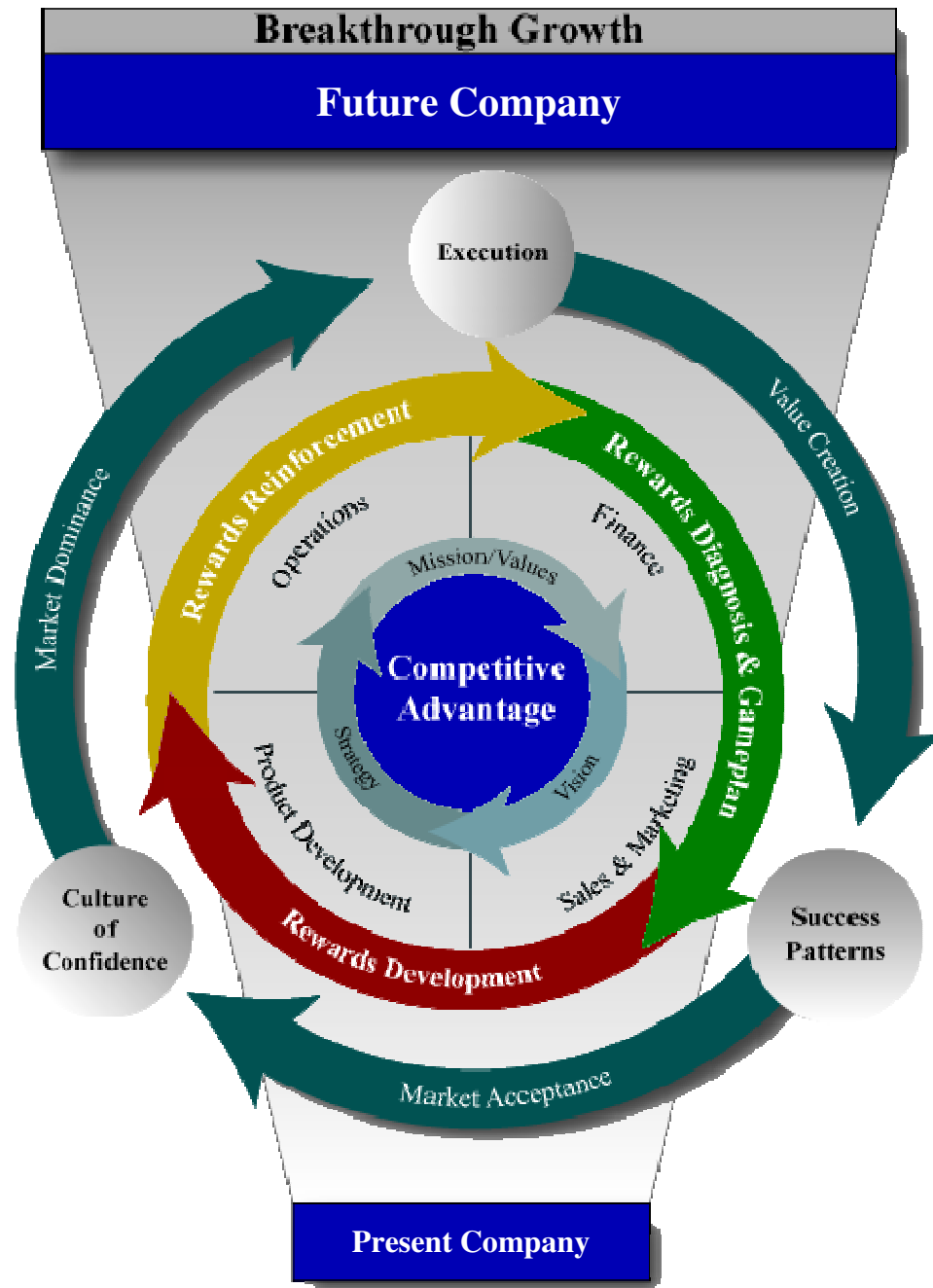
Year	1	2	3	4	5
5-Year Plan Achievement Level	100%	100%	100%	100%	100%
Current and Inflated Salary	\$ 160,000	\$ 166,400	\$ 173,056	\$ 179,978	\$ 187,177
Cash Incentives Paid at Target	\$ 64,000	\$ 66,560	\$ 69,222	\$ 71,991	\$ 74,871
LTIP Vested Value at Year End	\$ -	\$ 74,000	\$ 186,000	\$ 311,000	\$ 448,000
Retirement Plan Value (at 7%)	\$ 17,120	\$ 36,123	\$ 57,169	\$ 80,428	\$ 106,086
Total Cash Received	\$ 224,000	\$ 232,960	\$ 242,278	\$ 251,970	\$ 262,048
Total Wealth Accumulation	\$ 17,120	\$ 110,123	\$ 243,169	\$ 391,428	\$ 554,086
Total Paid or Accumulated	\$ 241,120	\$ 567,083	\$ 942,407	\$ 1,342,636	\$ 1,767,343

Caveat:

Entrepreneurial employees

- Confident of their personal intellectual property
- Willing to invest (take a risk)
 - Flexible on guarantees
 - Open to upside
- Will sacrifice short-term gain for long-term rewards





Where do you start?



A clear assessment of where you stand with
your employees
(i.e., do they have an Entrepreneurial Mentality?)

Measuring Employee “Ownership”

- Net Ownership Score (NOS)
- Examines four responses:
 - Understanding
 - Importance
 - Contribution
 - Connection

Typical Score

Component	Clear	Unsure	Not Clear	Score
Understanding	4	3	3	1
Importance	3	5	2	1
Contribution	4	2	4	0
Connection	3	5	2	1
Composite				0.7

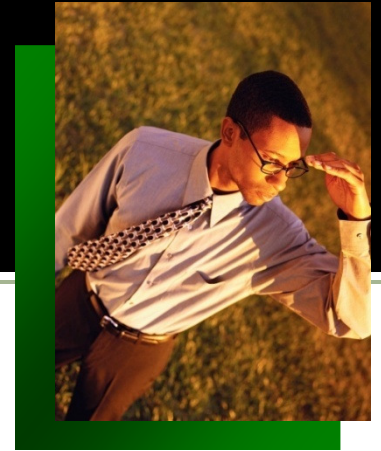
Positive Score

Component	Clear	Unsure	Not Clear	Score
Understanding	9	1	0	9
Importance	7	2	1	6
Contribution	8	2	0	8
Connection	9	1	0	9
Composite				8.0

Complimentary Offer

- Net Ownership Score Assessment
- Confidential (and no obligation)

Conclusions



- Sustained optimal performance results from the tight linkage of (a) a compelling future, (b) right fit talent, and (c) strong upside rewards programs
- To be effective, incentive plans must (a) communicate, (b) reinforce, and (c) inspire
- The biggest mistake made in most companies' rewards program is the lack of a strong long-term incentive plan

Next CPE Course:

“The Four Keys to Employee Retention”

To be held on:
Thursday, September 24th, 2009

Next Online Course:

“I’m Paying \$1 Million to My Top 5 People, What Am I Getting for It?”

To be held on:
Tuesday, August 25th, 2009

Check out our NEW website:

www.VLadvisors.com



You can also subscribe to our new blog



Questions?

Thank you for attending

Please complete our survey form immediately following our presentation.

This will be counted as a monitoring event.

You may also request a copy of the slides, course syllabus/summary and a CD of today's presentation

Thank You!



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