

Compensation as a Wealth Multiplier

How to Build Pay Strategies that Increase Shareholder Value



THE VISIONLINK
ADVISORY GROUP

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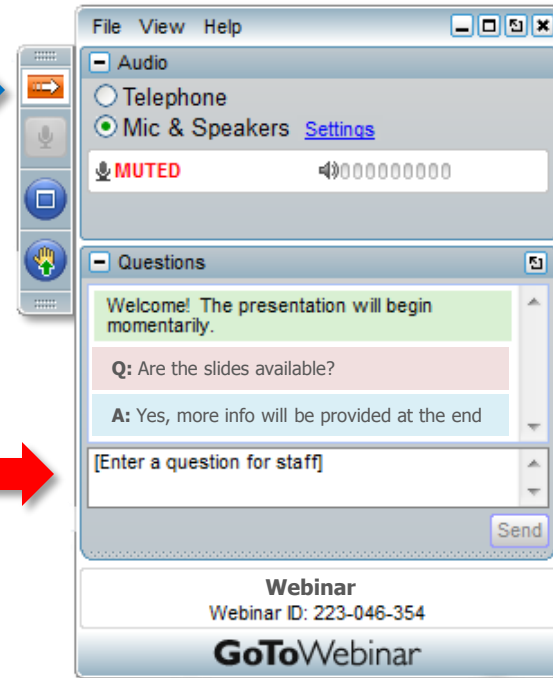


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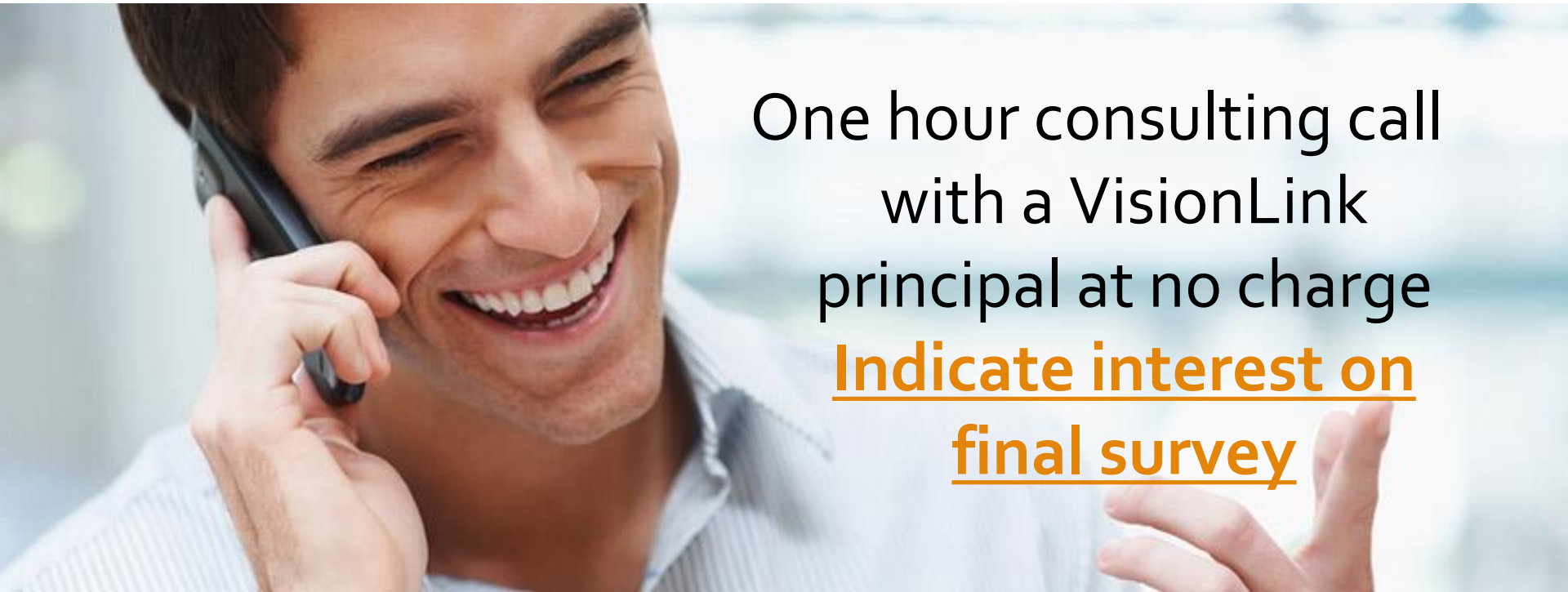
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Today's Outline

1. Allow you to assess whether your compensation philosophy promotes an entitlement or partnership mentality.
2. Present a “value sharing” philosophy that should appeal to both shareholders and employees.
3. Demonstrate how the value sharing philosophy turns wealth creators into wealth multipliers.
4. Present a sample value sharing plan.



Have you ever thought this before (or had a boss you think did)?

"I shouldn't pay more than market standards confirm."

"I need to control bonuses until I can see how we've done at the end of the year."

"What's the least I can pay and still get good performance? (i.e., any dollar above it is a waste.)"



Have you ever had employees who think like this (or have you done so yourself)?

"How do I work the system to get more pay?"

"If market standards show I'm under paid, I'll bring it up; if not, I'll keep quiet."

"How do I kiss up to the boss to get the highest bonus possible?"



Not quite what we're looking for . . .

- "What the least I can get away with?"
- "Don't pay more than the market data suggests."
- "I'll decide bonuses after I talk to my accountant."



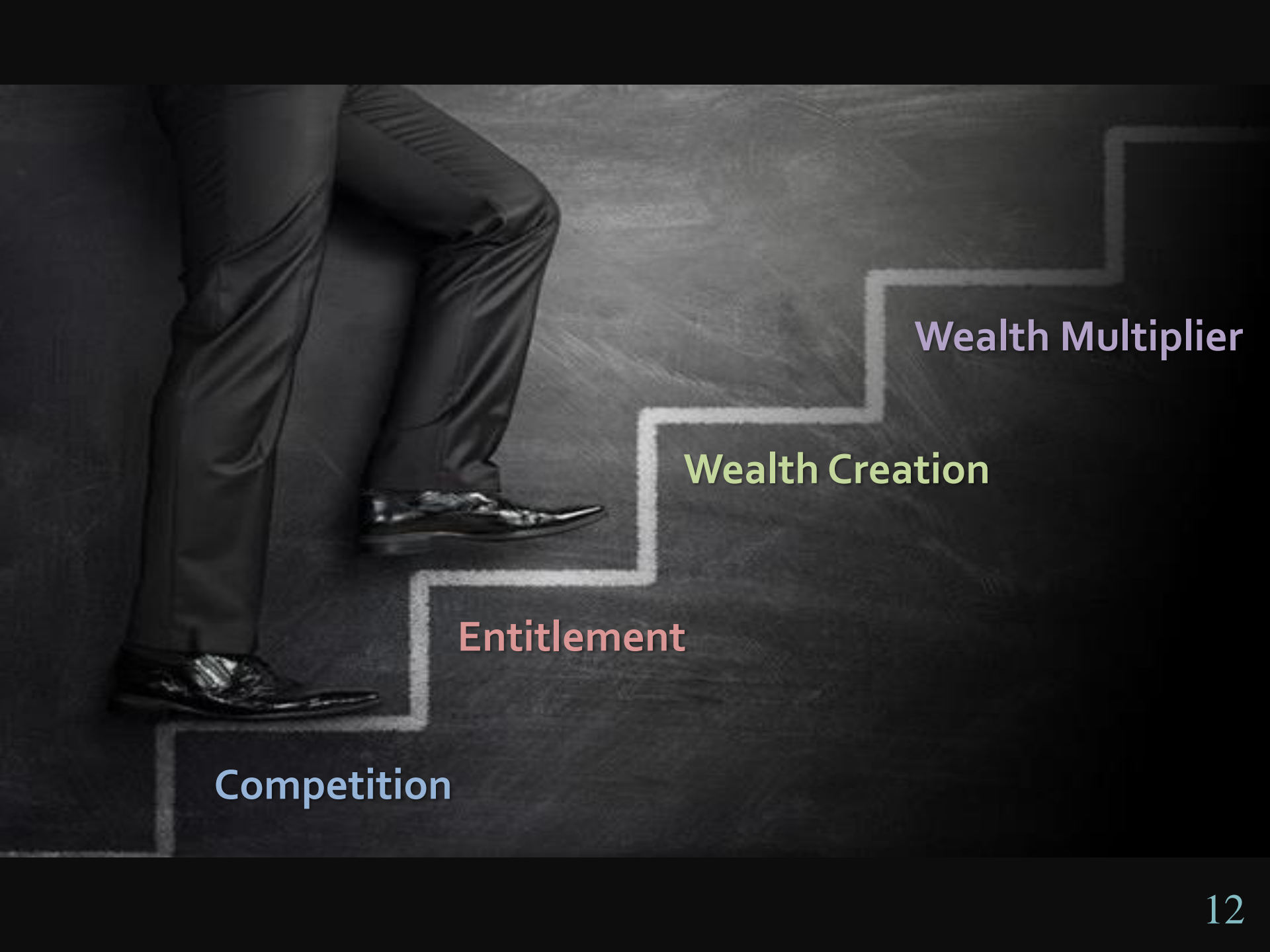
- "How do I work the pay system?"
- "How do I leverage market pay data to my advantage?"
- "What's the boss's favorite wine?"



Pay Approach: “Competition”

- Think: pre-conversion Scrooge with Bob Cratchit starring as Gordon Gekko
- Each one looking out for his own self-interest
- Comp negotiations are a game (if someone wins, someone lost)
- Boss: cynic; employees are replaceable; lower compensation = higher profits
- Comment: versions of this philosophy are not as rare as you might think





Wealth Multiplier

Wealth Creation

Entitlement

Competition

Competition

Philosophy

Pay the least you can to get the work done. People should be happy they have a job.

Cost or Investment?

Every dollar spent on pay is a dollar reduction in profits.

Salaries

Check the market; pay less if we can get away with it.

Bonuses

Maybe; let's wait and see if we have a good year.

Long-term Incentives (quasi-equity)

Are you crazy?

Results

If you have a business with sustainable cash flow and it doesn't require innovative employees or much customer interaction, go for it. (Oh yeah, it helps if you're kinda selfish.)

Entitlement

Philosophy

We want to pay people well, but we have to be very cautious.

Cost or Investment?

We need to be very careful to control costs--including pay.

Salaries

We should always try to pay "at the market." Keep searching for it.

Bonuses

We should try to pay some bonuses each year as long as we can afford them.

**Long-term Incentives
(quasi-equity)**

Not our cup of tea.

Results

If you want employees who are cautious about bringing up pay issues . . . and you want them to believe that pay should never go lower and rarely should go higher, this is the approach for you.

Wealth Creation

Philosophy

Pay strong salaries and incentives to enable the company to attract great talent. We want our pay to be "above market" for top performers.

Cost or Investment?

We see compensation as an investment intended to produce a positive return for shareholders.

Salaries

Salaries should be "at market" for most positions; somewhat above for specialty positions.

Bonuses

Bonuses are set and communicated early in the year; they're expressed as a meaningful percentage of salaries.

Long-term Incentives (quasi-equity)

May play a small role.

Results

If you want to focus on aligning your crucial budgeted goals with employee performance and pay, consider this approach.

Wealth Multiplier

Philosophy

Share economic value as generously as possible. "If you create financial value, you deserve a generous portion of it."

Cost or Investment?

Compensation is thoughtfully allocated to produce the highest possible return for shareholders and contributing employees.

Salaries

We might check the market, but it's not our main consideration when determining salaries.

Bonuses

Bonuses (value sharing plans) are tied to crucial metrics, recognize personal contributions, and are not capped.

Long-term Incentives (quasi-equity)

Viewed by top performers as the most meaningful part of their rewards program.

Results

If you want employees who think and act like business partners, and you want to be able to attract and retain the best talent in your industry, this is your system.

	Competition	Entitlement	Wealth Creation	Wealth Multiplier
Philosophy	Pay the least you can to get the work done. People should be happy they have a job.	We want to pay people well, but we have to be very cautious.	Pay strong salaries and incentives to enable the company to attract great talent. We want our pay to be "above market" for top performers.	Share economic value as generously as possible. "If you create financial value, you deserve a generous portion of it."
Cost or Investment?	Every dollar spent on pay is a dollar reduction in profits.	We need to be very careful to control costs--including pay.	We see compensation as an investment intended to produce a positive return for shareholders.	Compensation is thoughtfully allocated to produce the highest possible return for shareholders and contributing employees.
Salaries	Check the market; pay less if we can get away with it.	We should always try to pay "at the market." Keep searching for it.	Salaries should be "at market" for most positions; somewhat above for specialty positions.	We might check the market, but it's not our main consideration when determining salaries.
Bonuses	Maybe; let's wait and see if we have a good year.	We should try to pay some bonuses each year as long as we can afford them.	Bonuses are set and communicated early in the year; they're expressed as a meaningful percentage of salaries.	Bonuses (value sharing plans) are tied to crucial metrics, recognize personal contributions, and are not capped.
Long-term Incentives (quasi-equity)	Are you crazy?	Not our cup of tea.	May play a small role.	Viewed by top performers as the most meaningful part of their rewards program.
Results	If you have a business with sustainable cash flow and it doesn't require innovative employees or much customer interaction, go for it. (Oh yeah, it helps if you're kinda selfish.)	If you want employees who are cautious about bringing up pay issues . . . and you want them to believe that pay should never go lower and rarely should go higher, this is the approach for you.	If you want to focus on aligning your crucial budgeted goals with employee performance and pay, consider this approach.	If you want employees who think and act like business partners, and you want to be able to attract and retain the best talent in your industry, this is your system.

Wealth Creator to Multiplier

- Leadership is locked in on sustainable long-term growth
- Determined to attract premier leadership talent
- Compensation is viewed as the system for sharing financial value with employee-partners
 - Salaries are not the center of attention
 - Annual variable pay is uncapped
 - Long-term plan is a huge upside opportunity (link to shareholders)



Employees will learn . . .

"Compensation is an investment with a return that can be measured. There's no reason to not increase compensation levels if the return is improving."



- Salaries should be tied to skills and contributions.
- Bonuses reflect the value employees help create
- No reason to cap bonuses if the return gets higher and higher
- Employees are partners in our success; those with the ability to impact long-term value should participate in "equity-like" plans.

Employee Perspective

I'm in the same boat as owners
(alignment)

My annual incentive directly reflects material value creation for shareholders and it's correlated with my personal contribution
(pay for performance)

If I stay I stand to earn a significant amount of wealth—and I will deserve it
(retention)

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Where to begin? Add them up.



- Salaries
- Short-term incentives
- Long-term awards
- Core benefits
- Retirement contributions
- Executive security plans

Let's look at an example

Total Compensation Structure											
Name	Title/Position	Tier	Salary	Short-term Incentive Target	Long-term Incentive Target	Total Direct Comp	H&W Annual Value	QRP Annual Value	Security Plans Annual Value	Total Indirect Comp	TRI
Jason Smith	CEO	1	\$ 300,000	\$ 120,000	\$ -	\$ 420,000	\$ 18,200	\$ 8,000	\$ -	\$ 26,200	\$ 446,200
Lucy Jones	VP Marketing	2	\$ 210,000	\$ 45,000	\$ -	\$ 255,000	\$ 16,200	\$ 7,000	\$ -	\$ 23,200	\$ 278,200
Rick Miller	VP Sales	2	\$ 160,000	\$ 85,000	\$ -	\$ 245,000	\$ 9,200	\$ 6,000	\$ -	\$ 15,200	\$ 260,200
Janice Johnson	CFO	2	\$ 195,000	\$ 40,000	\$ -	\$ 235,000	\$ 10,200	\$ 5,000	\$ -	\$ 15,200	\$ 250,200
Maria York	Director	3	\$ 160,000	\$ 10,000	\$ -	\$ 170,000	\$ 12,200	\$ 4,000	\$ -	\$ 16,200	\$ 186,200
Frank North	Director	3	\$ 150,000	\$ 10,000	\$ -	\$ 160,000	\$ 11,200	\$ 3,000	\$ -	\$ 14,200	\$ 174,200
Ricardo South	Director	3	\$ 140,000	\$ 10,000	\$ -	\$ 150,000	\$ 7,700	\$ 2,000	\$ -	\$ 9,700	\$ 59,700
Simon Lewis	Director	3	\$ 130,000	\$ 10,000	\$ -	\$ 140,000	\$ 8,700	\$ 2,500	\$ -	\$ 11,200	\$ 151,200
			\$ 1,445,000	\$ 330,000	\$ -	\$ 1,775,000	\$ 93,600	\$ 37,500	\$ -	\$ 131,100	\$ 1,906,100

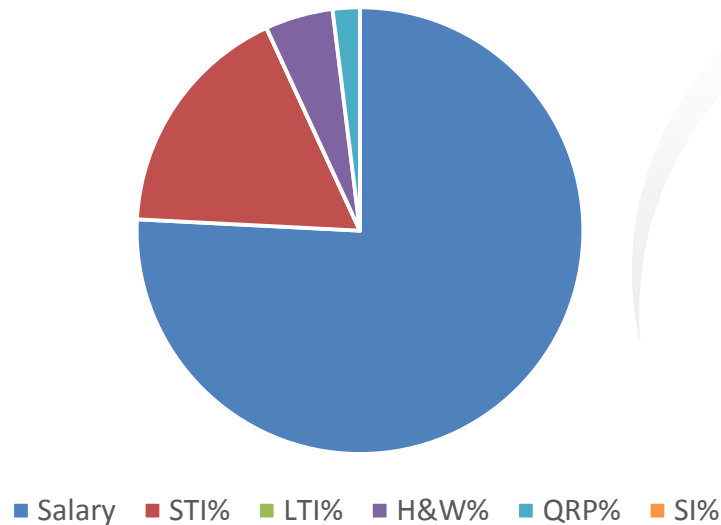
How are these values determined?

Why no LTI to balance the STI?

Should we be addressing these needs?

What does it tell you?

Total Rewards Investment (TRI) Allocation								
TRI looks at each component of pay as a percentage of the total								
Name	Tier	Salary	STI%	LTI%	H&W%	QRP%	SP%	TRI
Jason Smith	1	67.2%	26.9%	0.0%	4.1%	1.8%	0.0%	\$ 446,200
Lucy Jones	2	75.5%	21.4%	0.0%	7.7%	3.3%	0.0%	\$ 278,200
Rick Miller	2	61.5%	53.1%	0.0%	5.8%	3.8%	0.0%	\$ 260,200
Janice Johnson	2	77.9%	20.5%	0.0%	5.2%	2.6%	0.0%	\$ 250,200
Maria York	3	85.9%	6.3%	0.0%	7.6%	2.5%	0.0%	\$ 186,200
Frank North	3	86.1%	6.7%	0.0%	7.5%	2.0%	0.0%	\$ 174,200
Ricardo South	3	87.7%	7.1%	0.0%	5.5%	1.4%	0.0%	\$ 159,700
Simon Lewis	3	86.0%	7.7%	0.0%	6.7%	1.9%	0.0%	\$ 151,200



Balanced Structure

Total Compensation Structure											
Name	Title/Position	Tier	Salary	Short-term Incentive Target	Long-term Incentive Target	Total Direct Comp	H&W Annual Value	QRP Annual Value	Security Plans Annual Value	Total Indirect Comp	TRI
Jason Smith	CEO	1	\$ 300,000	\$ 75,000	\$ 75,000	\$ 450,000	\$ 18,200	\$ 8,000	\$ 15,000	\$ 41,200	\$ 491,200
Lucy Jones	VP Marketing	2	\$ 210,000	\$ 36,750	\$ 36,750	\$ 283,500	\$ 16,200	\$ 7,000	\$ 10,500	\$ 33,700	\$ 317,200
Rick Miller	VP Sales	2	\$ 160,000	\$ 60,000	\$ 40,000	\$ 260,000	\$ 9,200	\$ 6,000	\$ 8,000	\$ 23,200	\$ 83,200
Janice Johnson	CFO	2	\$ 95,000	\$ 34,125	\$ 34,125	\$ 263,250	\$ 10,200	\$ 5,000	\$ 9,750	\$ 24,950	\$ 288,200
Maria York	Director	3	\$ 160,000	\$ 16,000	\$ 16,000	\$ 192,000	\$ 12,200	\$ 4,000	\$ 8,000	\$ 24,200	\$ 216,200
Frank North	Director	3	\$ 50,000	\$ 15,000	\$ 15,000	\$ 180,000	\$ 1,200	\$ 3,000	\$ 7,500	\$ 21,700	\$ 201,700
Ricardo South	Director	3	\$ 140,000	\$ 14,000	\$ 14,000	\$ 168,000	\$ 7,700	\$ 2,000	\$ 7,000	\$ 16,700	\$ 184,700
Simon Lewis	Director	3	\$ 30,000	\$ 13,000	\$ 13,000	\$ 156,000	\$ 8,700	\$ 2,500	\$ 6,500	\$ 17,700	\$ 173,700
			\$ 1,445,000	\$ 263,875	\$ 243,875	\$ 1,952,750	\$ 93,600	\$ 37,500	\$ 72,250	\$ 203,350	\$ 2,156,100

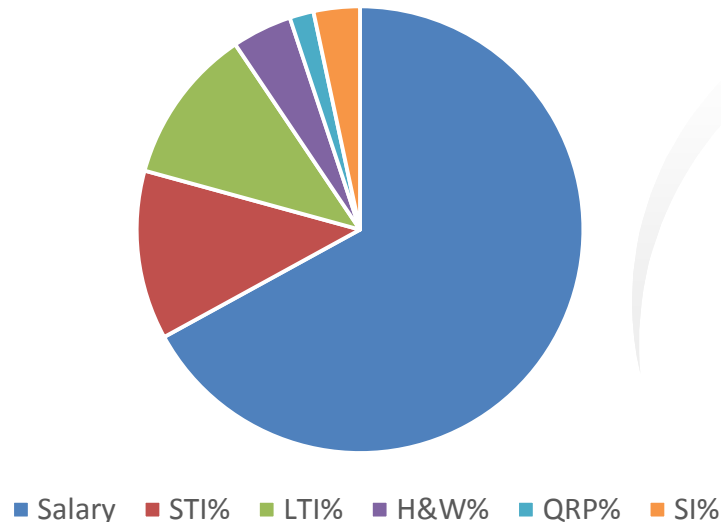
We've reduced the STI targets.

But we've balanced with a LTIP (wealth creation).

This can strengthen partnership and improve retention.

This balanced approach will typically appeal to a focused leadership team with a long-term view.

Total Rewards Investment (TRI) Allocation								
TRI looks at each component of pay as a percentage of the total								
Name	Tier	Salary	STI%	LTI%	H&W%	QRP%	SP%	TRI
Jason Smith	1	61.1%	15.3%	15.3%	3.7%	1.6%	3.1%	\$ 491,200
Lucy Jones	2	66.2%	17.5%	17.5%	7.7%	3.3%	5.0%	\$ 317,200
Rick Miller	2	56.5%	37.5%	25.0%	5.8%	3.8%	5.0%	\$ 283,200
Janice Johnson	2	67.7%	17.5%	17.5%	5.2%	2.6%	5.0%	\$ 288,200
Maria York	3	74.0%	10.0%	10.0%	7.6%	2.5%	5.0%	\$ 216,200
Frank North	3	74.4%	10.0%	10.0%	7.5%	2.0%	5.0%	\$ 201,700
Ricardo South	3	75.8%	10.0%	10.0%	5.5%	1.4%	5.0%	\$ 184,700
Simon Lewis	3	74.8%	10.0%	10.0%	6.7%	1.9%	5.0%	\$ 173,700



Why this approach matters

- This frames the shareholder-employee relationship as a partnership.
- It demands that employees respect the expectation that the organization's financial ambitions will be achieved.
- It emphasizes the belief that every valuable employee should envision meaningful financial “upside.”



Why this approach matters

- It supports the belief that an ownership mentality is the key to engagement and growth, and that the rewards program should support long-term value-sharing.
- It recognizes that shareholders should always be entitled to a fair return on their investment in their employee-partners. This return can and must be measured.
- It emphasizes that compensation must be managed fairly, purposefully and flexibly.



2 Competing Belief Systems

Common Practices	Wealth Multipliers
Set salaries with high reliance on market surveys.	Tyranny of the median. Instead, with an eye on market standards, base salaries on skills and contribution.
Bonus targets based on market information.	"Bonuses" reflect the value you help create.
Bonuses capped as a percent of salaries.	No caps. Certain results levels may be expressed as a percent of salary.
Bonuses intended to influence behavior.	Bonuses viewed as a clear result of new value creation.
Ownership restricted to a small group of people.	Ownership responsibilities and accountability shared with everyone. Equity-like plan goes as deep into the organization as possible.
Compensation is tightly budgeted; increases are tied to market standards.	Compensation is an investment. Its return is measured. Increases are due when positive results are achieved.
Benefits are generalized across the employee population to be "market competitive."	Benefits are designed to optimize employee security and are considered, where possible, on a selective basis.

Higher Trust/Higher value— *the message to leaders*

- Our salaries will be competitive; but don't focus on "market"; focus on value creation.
- You may not receive a bonus if we have a down year; but it will be very meaningful (with no cap) in strong years.
- You'll have a long-term plan (similar to stock options)—a rare benefit in private companies; this will be a true wealth building opportunity.
- Your security programs will help fulfill our promises if you don't survive to see our plans completed.



Higher Trust/Higher value— *the message to shareholders*

- The value of the company will grow if we offer employees unlimited upside potential . . . as long as we have a way of confirming and measuring the return. *(Is this counter-intuitive?)*
- You need to view your employees as partners with a serious intent to create value for you and themselves. *(You must be willing to back this up; no lip-service)*
- Spend your time communicating and reinforcing these principles and work diligently to fulfill them through concrete commitments. *(Be patient)*



Let's look at an example of a value sharing plan

- One of our most common requests: “How exactly do you build a value sharing plan?”
- We've looked at LTIPs before.
- Today we'll look at the building blocks of an Annual Incentive Plan (AIP)
- Space and time will limit some details, but hopefully you'll get the idea.

Let's take a look



Select Participants

Census						Salary	STIP	LTIP	
ID	First Name	Last Name	Position / Job Title	Tier/Grade	BU 1	Annual Salary/W age	Last Year's Actual Incentives (\$)	Annual LTI Target (\$) (B)	Total Direct Comp
1	Jason	Smith	CEO	1	Operations	\$ 300,000	\$ 120,000	\$0	\$ 420,000
2	Lucy	Jones	VP Marketing	2	ABC	\$ 210,000	\$ 45,000	\$0	\$ 255,000
4	Janice	Johnson	CFO	2	Operations	\$ 195,000	\$ 40,000	\$0	\$ 235,000
3	Rick	Miller	VP Sales	2	XYZ	\$ 160,000	\$ 85,000	\$0	\$ 245,000
5	Maria	York	Director	3	ABC	\$ 160,000	\$ 10,000	\$0	\$ 170,000
6	Frank	North	Director	3	ABC	\$ 150,000	\$ 10,000	\$0	\$ 160,000
7	Ricardo	South	Director	3	XYZ	\$ 140,000	\$ 10,000	\$0	\$ 150,000
8	Simon	Lewis	Director	3	XYZ	\$ 130,000	\$ 10,000	\$0	\$ 140,000

Set Up Funding

Plan Year	Sum of Employee Targets	Base	Target	Superior
2015	Revenue	56,000,000	61,000,000	65,000,000
	Margin	6.0%	7.0%	8.0%
	Operating Income	3,360,000	4,270,000	5,200,000

Pool Formulation

Dollar Value at Target \$ 202,750 \$ 405,500 \$ 811,000

Reserve Factor 15%

Total Bonus Pool \$ 233,163 \$ 466,325 \$ 932,650

2 Factor \$ 30,413 \$ 60,825 \$ 121,650 Reserve Amount

Employee Target Table

Totals:	1,445,000	100.0%				202,750	405,500	811,000		
Tier	Sum of Salaries	% of the Pool	Base by Tier	Target by Tier	Superior by Tier	Dollar Value at Base	Dollar Value at Target	Dollar Value at Superior	Base/Superior Bonus Ratios	
1	300,000	20.8%	20.0%	40%	80.0%	60,000	120,000	240,000	50%	200%
2	565,000	39.1%	15.0%	30%	60.0%	84,750	169,500	339,000	50%	200%
3	580,000	40.1%	10.0%	20%	40.0%	58,000	116,000	232,000	50%	200%

		Pool Factors:		2		
Target Goal	4,270,000					
	Test	Base	Target	Superior	Actual	
Op. Inc. (Pre-Bonus)	4,464,000	3,360,000	4,270,000	5,200,000		
Revenue	\$ 72,000,000	\$ 56,000,000	\$ 61,000,000	\$ 65,000,000		
Margin	6.2%	6.0%	7.0%	8.0%		
Bonus Pool	487,512	233,163	466,325	932,650	150,000	Compute
Bonus Pool as % of Op.						
Inc. (Pre-Bonus)	10.9%	6.9%	10.9%	17.9%		

Revenue	\$ 65,000,000	10.9%	12.7%	14.4%	16.2%	17.9%
Profit		3,900,000	4,225,000	4,550,000	4,875,000	5,200,000
Bonus		425,917	535,502	656,486	788,869	932,650
\$	63,000,000	9.9%	10.9%	12.7%	14.4%	16.2%
Profit		3,780,000	4,095,000	4,410,000	4,725,000	5,040,000
Bonus		375,186	447,213	558,950	681,736	815,569
\$	61,000,000	8.9%	9.9%	10.9%	12.7%	14.4%
Profit		3,660,000	3,965,000	4,270,000	4,575,000	4,880,000
Bonus		326,844	393,548	466,325	579,864	704,100
\$	58,500,000	7.9%	8.9%	9.9%	10.9%	12.7%
Profit		3,510,000	3,802,500	4,095,000	4,387,500	4,680,000
Bonus		278,510	339,569	406,452	479,157	593,172
\$	56,000,000	6.9%	7.9%	8.9%	9.9%	10.9%
Profit		3,360,000	3,640,000	3,920,000	4,200,000	4,480,000
Bonus		233,163	288,825	350,062	416,874	489,259
		6.0%	6.5%	7.0%	7.5%	8.0%
Margin						

Check Values and Allocation

Tier 1	Total \$ by tier
--------	------------------

EE Id#	Name	Salary
1	Jason Smith	\$ 300,000
		\$ 300,000

Base	Target	Superior
------	--------	----------

Prelim Value	% of salary	Prelim Value	% of salary	Prelim Value	% of salary
\$ 60,000	20.0%	\$ 120,000	40.0%	\$ 240,000	80.0%
\$ 60,000	20.0%	\$ 120,000	40.0%	\$ 240,000	80.0%

% of STIP bonus attributable to	
Corporate	Primary Business Unit
75%	25%

Tier 2	Total \$ by tier
--------	------------------

EE Id#	Name	Salary
2	Lucy Jones	\$ 210,000
3	Rick Miller	\$ 160,000
4	Janice Johnson	\$ 195,000
		\$ 565,000

Base	Target	Superior
------	--------	----------

Prelim Value	% of salary	Prelim Value	% of salary	Prelim Value	% of salary
\$ 31,500	15.0%	\$ 63,000	30.0%	\$ 126,000	60.0%
\$ 24,000	15.0%	\$ 48,000	30.0%	\$ 96,000	60.0%
\$ 29,250	15.0%	\$ 58,500	30.0%	\$ 117,000	60.0%
\$ 84,750	15.0%	\$ 169,500	30.0%	\$ 339,000	60.0%

% of STIP bonus attributable to	
Corporate	Primary Business Unit
50%	50%
50%	50%
50%	50%

Tier 3	Total \$ by tier
--------	------------------

EE Id#	Name	Salary
6	Frank North	\$ 150,000
7	Ricardo South	\$ 140,000
5	Maria York	\$ 160,000
8	Simon Lewis	\$ 130,000
		\$ 580,000

Base	Target	Superior
------	--------	----------

Prelim Value	% of salary	Prelim Value	% of salary	Prelim Value	% of salary
\$ 15,000	10.0%	\$ 30,000	20.0%	\$ 60,000	40.0%
\$ 14,000	10.0%	\$ 28,000	20.0%	\$ 56,000	40.0%
\$ 16,000	10.0%	\$ 32,000	20.0%	\$ 64,000	40.0%
\$ 13,000	10.0%	\$ 26,000	20.0%	\$ 52,000	40.0%
\$ 58,000	10.0%	\$ 116,000	20.0%	\$ 232,000	40.0%

% of STIP bonus attributable to	
Corporate	Primary Business Unit
50%	50%
50%	50%
50%	50%
50%	50%

Frame Org Unit Metrics

ABC

Revenue					
\$27,500,000	100%	105%	110%	115%	120%
\$26,250,000	95%	100%	105%	110%	115%
\$25,000,000	90%	95%	100%	105%	110%
\$23,750,000	85%	90%	95%	100%	105%
\$22,500,000	80%	85%	90%	95%	100%
	6.0%	6.5%	7.0%	7.5%	8.0%
Margin					

XYZ

New Customers					
420	100%	105%	110%	115%	120%
410	95%	100%	105%	110%	115%
400	90%	95%	100%	105%	110%
390	85%	90%	95%	100%	105%
380	80%	85%	90%	95%	100%
	17.0%	16.0%	15.0%	14.0%	13.0%
Attrition					

Operations

Budget Achievement					
102.0%	100%	103%	105%	108%	110%
101.0%	98%	100%	103%	105%	108%
100.0%	95%	98%	100%	103%	105%
99.0%	93%	95%	98%	100%	103%
98.0%	90%	93%	95%	98%	100%
	57	59	60	62	63
Installations					

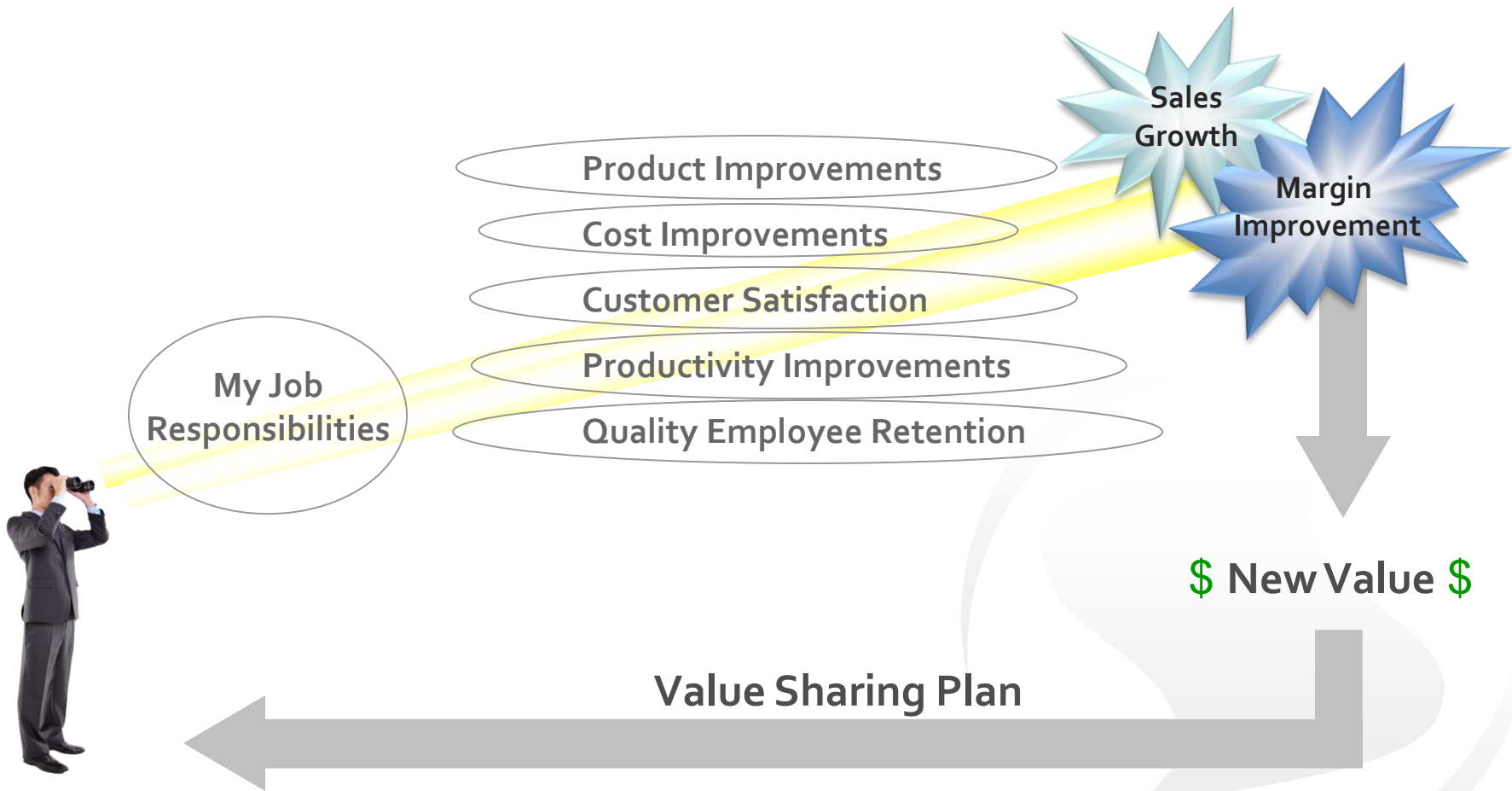
Plan Projection

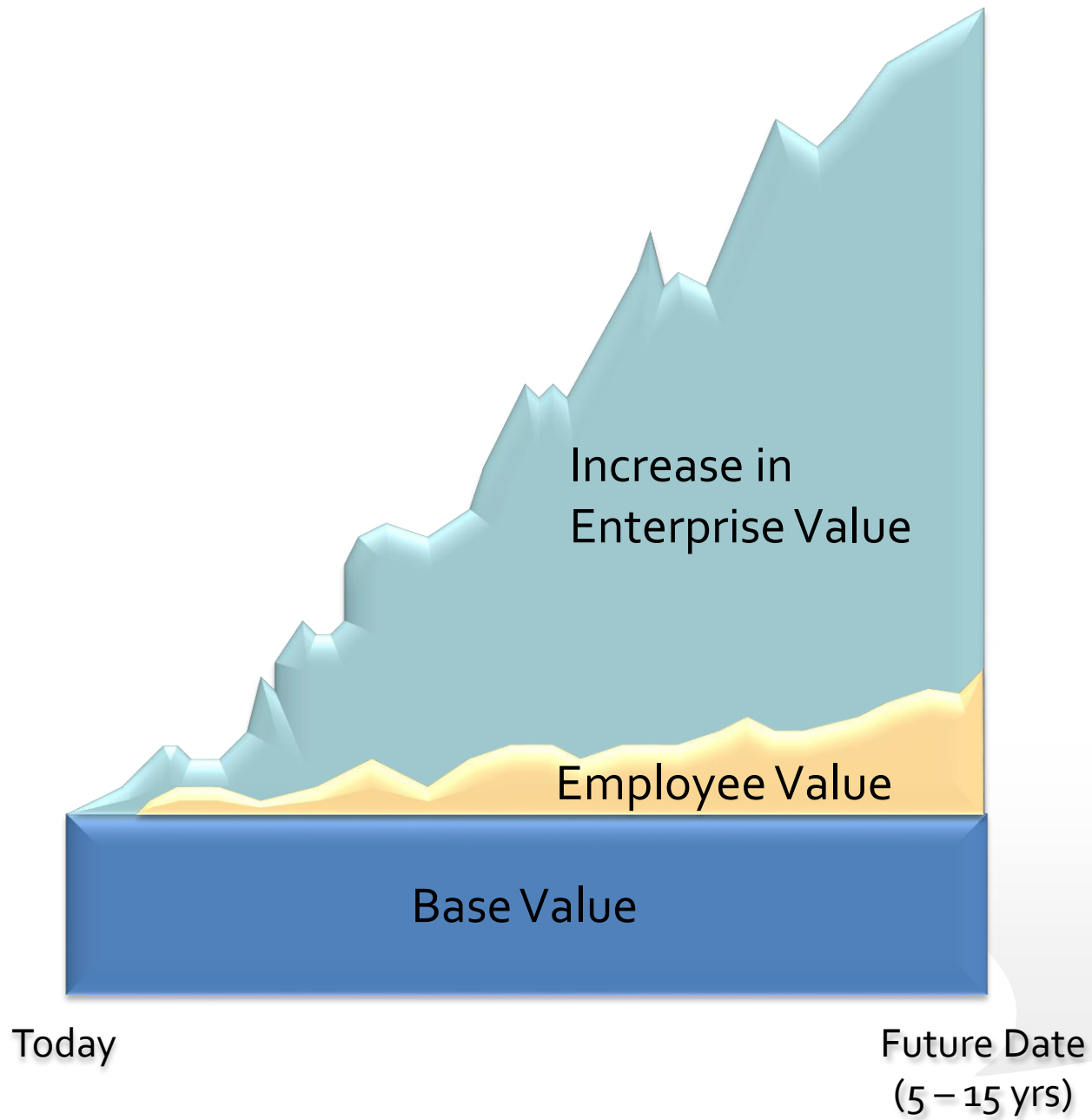
STIP Projection (EE)

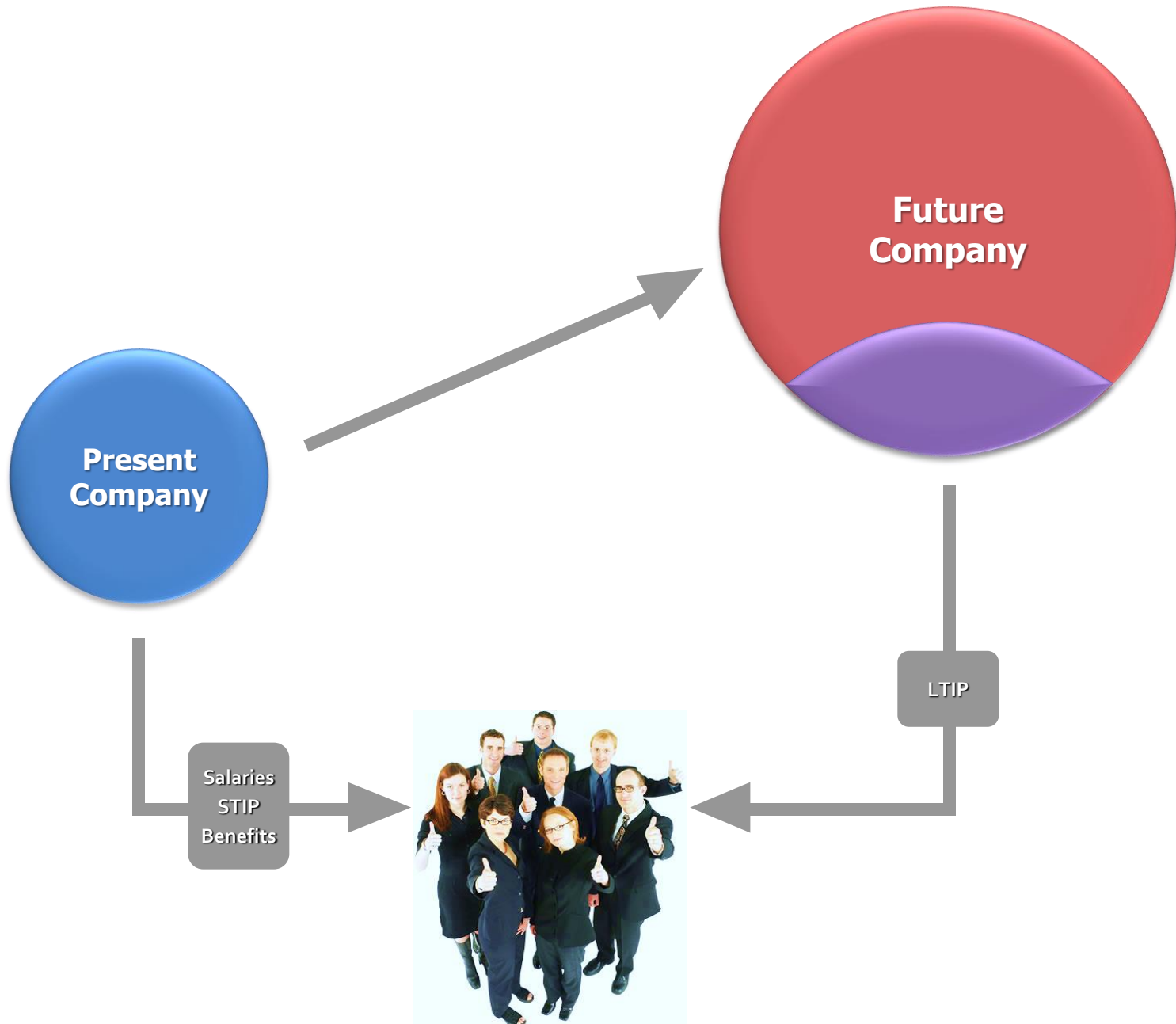
Totals:	\$1,445,000	\$ 405,500	\$ 232,750	\$ 172,750	\$ 330,000	\$ 75,500	84.2%
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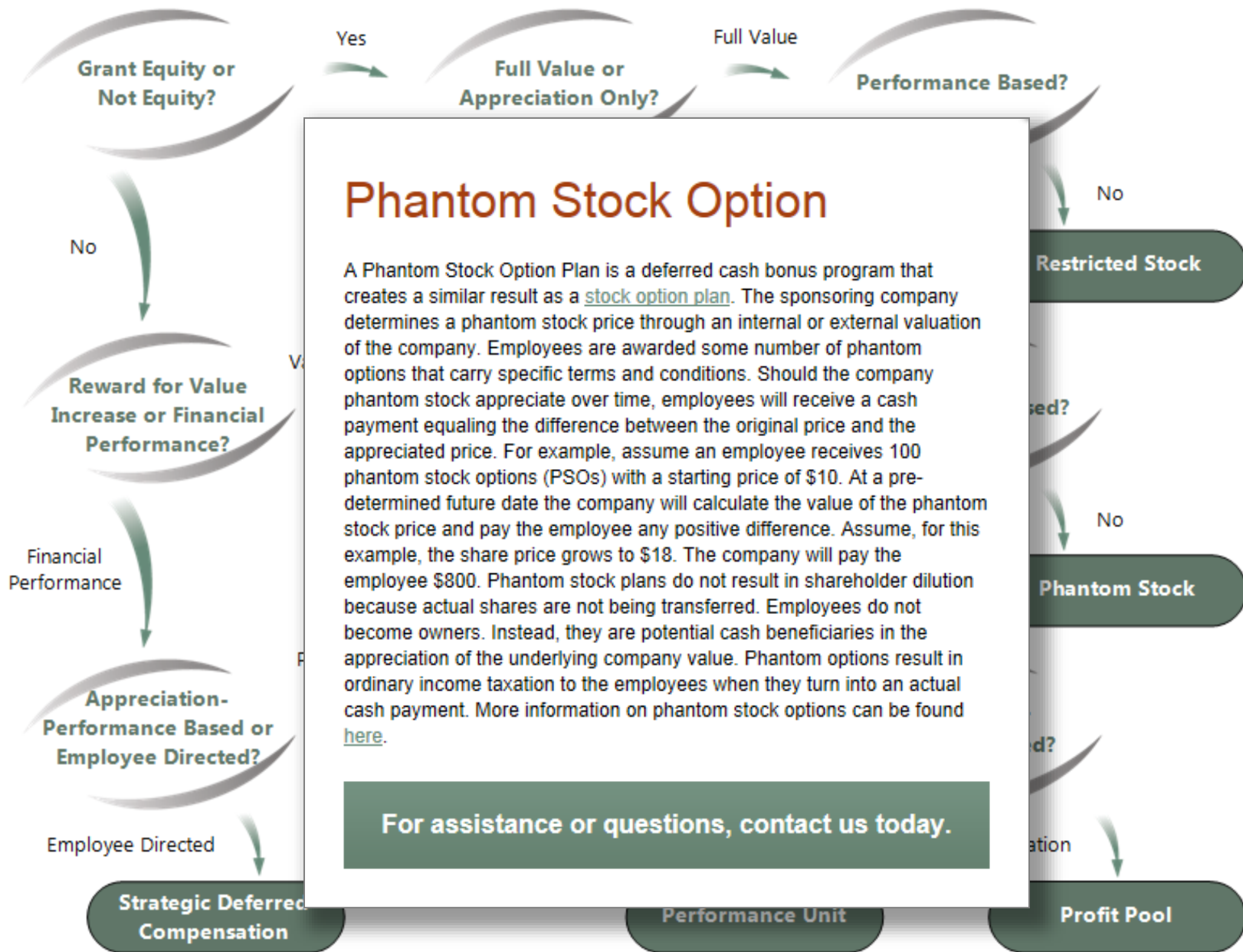
ID	Name	Tier	Employee Salary	Primary Business Unit	Corporate %	Primary Business Unit %	Preliminary Bonus at Forecast	Corporate Value	Primary Business Unit Value	Forecasted Bonus as % of salary	Prior Year's Bonus	Final vs. Prior Year's Bonus (\$)	Final vs. Prior Year's Bonus (%)
1	Jason Smith	1	\$300,000	Operations	75%	25%	\$ 120,000	\$ 90,000	\$ 30,000	40.0%	\$ 120,000	\$ -	0.0%
2	Lucy Jones	2	\$210,000	ABC	50%	50%	\$ 63,000	\$ 31,500	\$ 31,500	30.0%	\$ 45,000	\$ 18,000	40.0%
3	Rick Miller	2	\$160,000	XYZ	50%	50%	\$ 48,000	\$ 24,000	\$ 24,000	30.0%	\$ 85,000	\$ (37,000)	-43.5%
4	Janice Johnson	2	\$195,000	Operations	50%	50%	\$ 58,500	\$ 29,250	\$ 29,250	30.0%	\$ 40,000	\$ 18,500	46.3%
6	Frank North	3	\$150,000	ABC	50%	50%	\$ 30,000	\$ 15,000	\$ 15,000	20.0%	\$ 10,000	\$ 20,000	200.0%
7	Ricardo South	3	\$140,000	XYZ	50%	50%	\$ 28,000	\$ 14,000	\$ 14,000	20.0%	\$ 10,000	\$ 18,000	180.0%
5	Maria York	3	\$160,000	ABC	50%	50%	\$ 32,000	\$ 16,000	\$ 16,000	20.0%	\$ 10,000	\$ 22,000	220.0%
8	Simon Lewis	3	\$130,000	XYZ	50%	50%	\$ 26,000	\$ 13,000	\$ 13,000	20.0%	\$ 10,000	\$ 16,000	160.0%

Line of Sight









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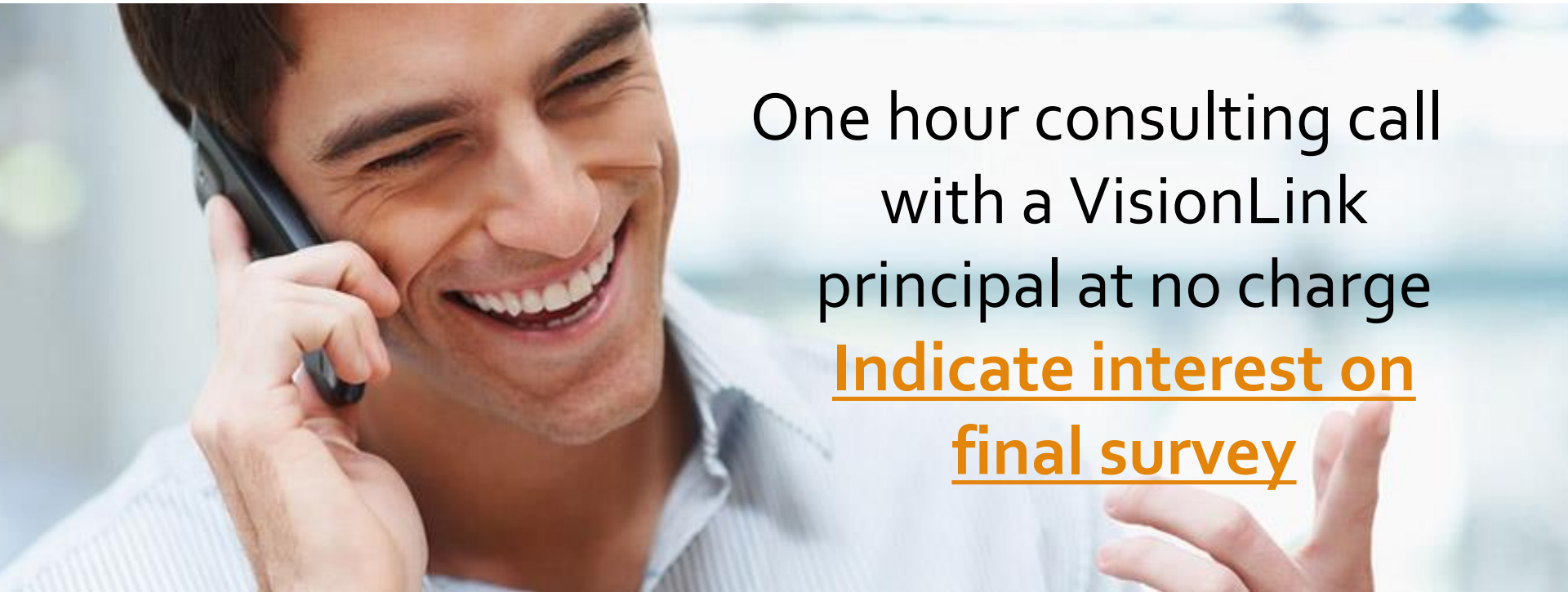
Conclusions (recommended steps)

- Closely examine your pay philosophy.
 - Are you committed to a Wealth Multiplier approach?
- Use a TCS to establish your TRI.
- Balance STIP and LTIP.
- Present a picture of the future that is clear, believable, and meaningful.
- Expected Results: greater alignment, stronger pay-for-performance mentality, better attraction and retention.



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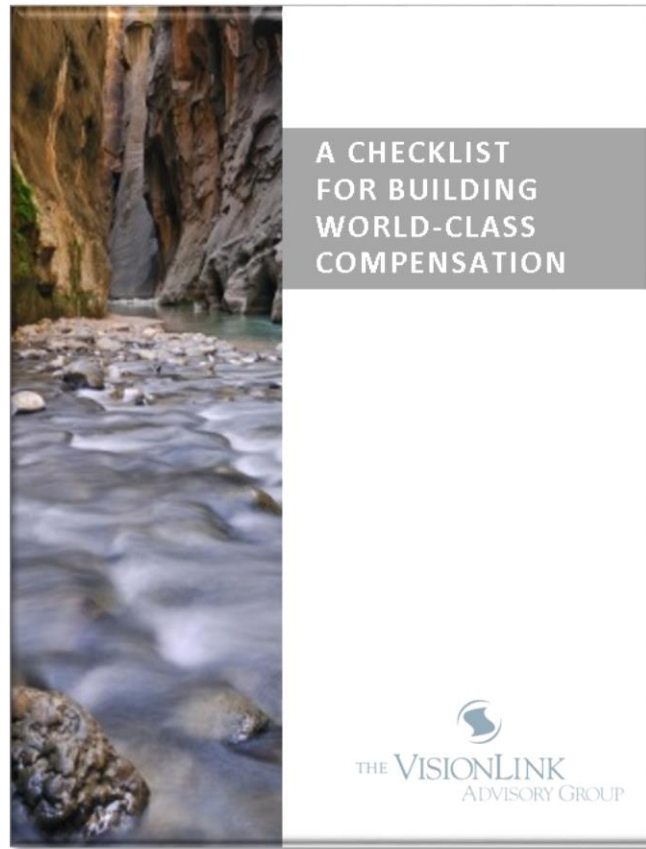
4 Alternatives to Sharing Stock <i>How to Share Value without Diluting Equity</i>	July 28 th
The 3 “Habits” of Highly Effective Pay Plans <i>How to Ensure Your Rewards Programs will Succeed</i>	August 25 th
How to Achieve a Competitive Advantage in Pay (HR Audience)	Sept 9 th
The 4 Secrets to Retaining Top Talent <i>How to Solve the Key Performer Retention Problem</i>	Sept 22 nd
I’m Paying My Top 4 People \$1 Million -- What am I Getting For It? <i>How to Measure the Return on Your Compensation Investment</i>	Oct 27 th
How to Build and Manage a Total Compensation Structure (HR Audience)	Nov 11 th
Performance-Based Pay that Actually Performs <i>How to Engineer Rewards that Drive the Outcomes You Want</i>	Dec 8 th

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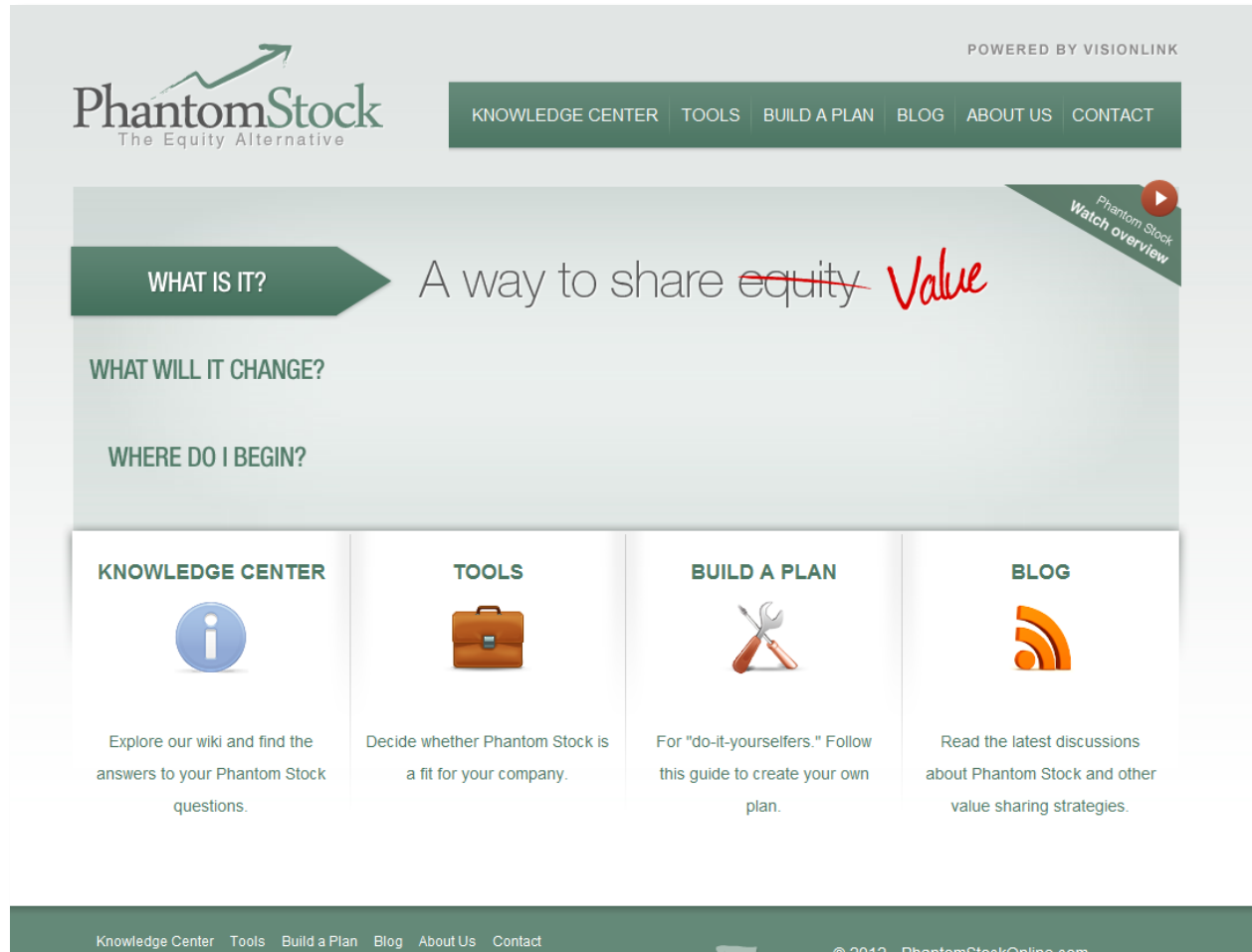
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Q&A



Thank You



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President

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