



TenStep Supplemental Paper

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Golden Pay Rules

In today's corporate scenario, an effective and appropriate compensation and benefits structure is critical. While there is no shortage of skilled talent, there is a growing need for more stringent executive accountability and long-term commitment on the part of employees.

In order to retain valued employees, HR professionals must see new trends, devise programs that answer executive compensation objectives and build organizational value. Salary ideally combines:

- Executive Compensation
- Executive Benefits

Executive Compensation needs detailed planning in critical areas such as salary administration, organizational structure, short and long term incentive plan design, sales compensation, executive perquisites, and retirement benefits.

Executive Benefits emphasizes the design, funding and execution of non-qualified executive benefit plans.

One six-point method of giving executive benefits effectively includes:

- Discussing objectives of the executive benefit program
- Planning the preliminary design
- Exploring, funding and securing alternatives
- Developing a final plan
- Analyzing and selecting funding vehicles
- Developing implementation plans and executing an effective plan

This plan can help companies create strategic recommendations in areas such as pay positioning relative to the competitive environment, salary, benefits and incentives. By linking pay programs with organizational programs and specific business objectives, a series of pay programs that spell security and stability can be developed.

However, if, for example, the company is in financial trouble, it would need a short-term plan to encourage its short-term survival. A value-added compensation plan would then help to bring in long-term gains.

Summary

HR teams now find that the golden rule of an executive pay program is to make the reward as big as the challenge, to be bold and different, to bet on skilled people, and to let these employees know they are valued.