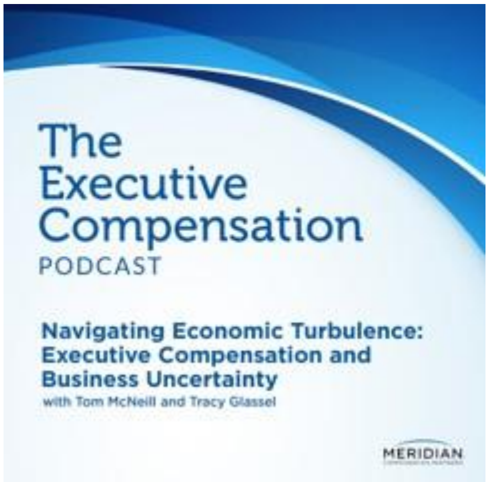
Navigating Economic Turbulence: Executive Compensation and Business Uncertainty

By: Tom McNeill and Tracy Glassel



- Economic uncertainty is having an impact on the way companies make decisions around compensation, forcing many to rethink their plans.

- At the same time, a raft of new regulations is also forcing companies to think about their strategies and approaches to executive compensation and how they will remain compliant.

- Tom McNeill and Tracy Glassel at Meridian share their expert opinions on how companies should think about things like compensation, the right metrics to focus on, the importance of standards and when to make adjustments to incentive plans.

- We discuss the current and long-term situation for executive compensation and the regulation around it, and how companies can ensure they are prepared.

We're living through one of the most unstable and uncertain periods in recent history. The economy is suffering, and companies are struggling to keep things moving in all sectors.

Compensation is just one example. To discover how companies should be thinking about compensating their employees during uncertain times, we spoke to Tom McNeill, Partner at Meridian Compensation Partners, LLC, and Tracy Glassel, Lead Consultant at the same company.

On this episode, both Tom and Tracy share their thoughts on how to manage compensation and how to make effective decisions during uncertain economic times, including strategies like ensuring your annual incentive program contains reasonable goals that don't disincentivize employees and linking your goal-setting to your overall business plan and budget.

We discuss the importance of basic standards and principles when it comes to compensation plans in a world where companies are under increasing scrutiny from a wide range of external parties.

What metrics should companies focus on with their incentive plans? We discuss the benefits of having a mix of different metrics, often in counterbalance to one another, to allow for a better understanding of how performance really played out.

Tom and Tracy also talk about the adjustments companies should be making — what is the right call, and what are the risks? For example, some adjustments can be acceptable, even though generally speaking adjustments are best approached with caution due to their tendency to attract additional scrutiny. We discuss the importance of preparation in the goal-setting process, and why companies need to build in plans for unexpected events.

Should companies ever make modifications to long-term rewards? This is a dangerous area for most companies, and can have significant implications, but is it ever warranted? We talk about the long-term effects and when modifying existing incentive plans might be the right idea.

Finally, Tom and Tracy talk about how decision-makers should think about long-term and multi-year rewards. Changing the measurement period can be a common approach during times of uncertainty, but what are the consequences of this?

Overall, we take a deep dive into the current state of regulation around executive compensation, and how the current economic uncertainty is affecting the way companies make decisions here. Watch the full episode for all this and more.

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