

The Key to Executive Retention

A Compensation Committee Series Webinar

Presented by NACD and Pearl Meyer

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Presenters



Libby Sartain
Board Chair, AARP; Director, Manpower



Greg Stoeckel
Managing Director, Pearl Meyer



Susan Sandlund
Managing Director, Pearl Meyer

Housekeeping



- Submit a question and receive your answer directly from the presenters, either during today's webinar or as a follow-up. You will also be opted-in to receive future executive compensation thought leadership from Pearl Meyer.
- Presentation slides are available today at www.pearlmeyer.com/executive-retention and within the webinar console.
- The replay will be available early next week at www.nacdonline.org/webinars and www.pearlmeyer.com/executive-retention.

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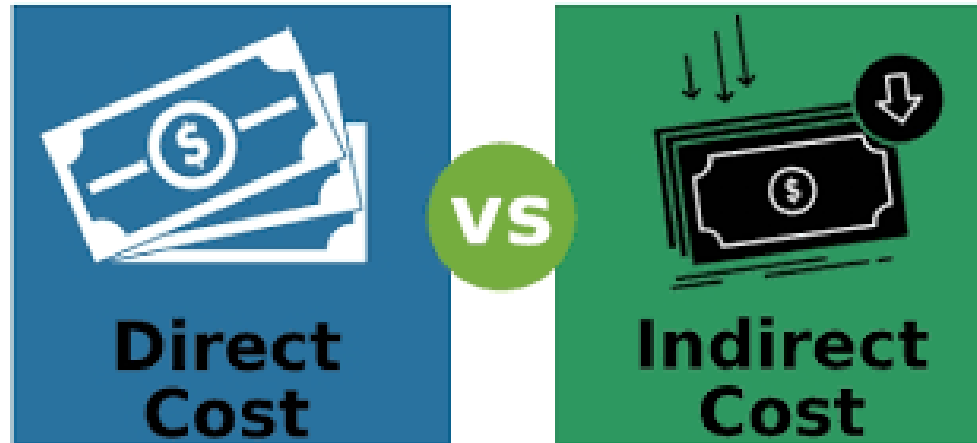


- The Executive Retention Imperative
- The Problem With Traditional Approaches to Executive Retention
- A More Holistic Approach to Executive Retention
- Deep Dive on Key Retention Levers
 - Leadership Strategies
 - Compensation Strategies
 - Communication Strategies
- Questions & Answers

The Executive Retention Imperative

There are many direct and indirect costs of undesirable executive turnover

- ✓ Search Fees
- ✓ External Market Pay
- ✓ Buyout / Inducement Awards
- ✓ First Year Guarantees
- ✓ Relocation



- ✓ Company Culture
- ✓ Team Dynamics
- ✓ Business Performance
- ✓ Leadership Morale

The Problem With Traditional Approaches



Traditional approaches to executive retention do not address many of the reasons for executive turnover and are reactive instead of proactive



Assumed Reasons
For Turnover
(On the Surface)



Traditional Solutions

Often Overlooked
Reasons For Turnover
(Below the Surface)

A More Holistic Approach to Retention



A More Holistic and Proactive Approach That Begins at Hire And Continues Through Succession Planning

Polling Question #1



Q: How important is executive retention to your organization's long-term success?

- Critical
- Important
- Not Important

Polling Question #2



Q: Which area do you think can have the most impact on executive retention?

- Leadership
- Compensation
- Communication

We will ask again near the end of the session to see if we have changed any minds!

Why People Stay - the Culture!

1. Create a culture that has stickiness - people want to stay



Leaders Have an Impact!

2. Leaders/first line supervisors have the strongest impact on retention - make sure they are ready to lead and manage



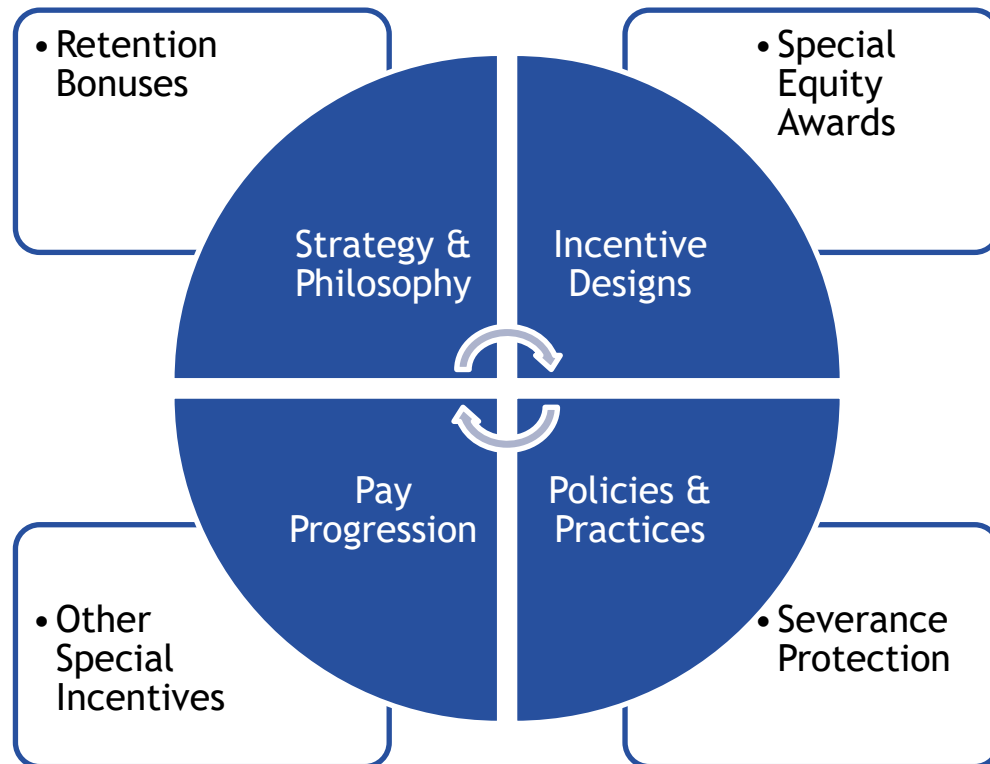
Invest in Your People!

3. Show them they are worth it: career development, coaching, training, job rotations etc.



Compensation Strategies

- Strengthening the “Core” vs. Providing “Supplemental” Incentives



Core program enhancements are often proactive whereas supplemental incentives are often reactive

Compensation Strategies

- **Aligning Pay and Performance vs. Providing Pay Guarantees**

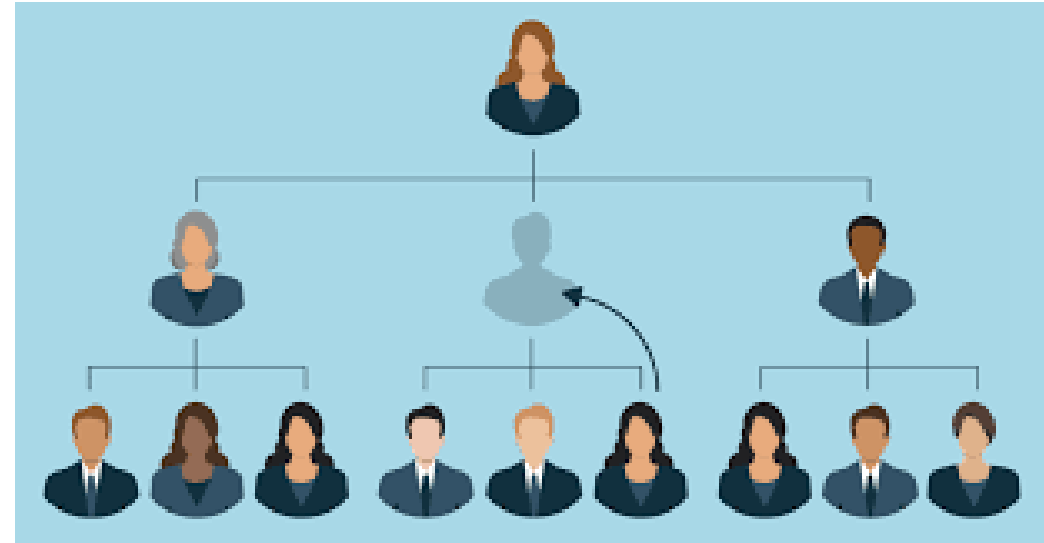


Effective pay and performance alignment can be a more effective retention mechanism than stay pay

Compensation Strategies

- **Managing Pay Progression Internally vs. Externally**

Pay progression should consider external benchmarks but also internal succession planning



Communication Strategies

- **Make sure executives understand their total compensation package**



Frequent communications and “Tally Sheets” can enhance retention

Communication Strategies

- Communicating Realizable Pay vs. Target Pay

Executives may not realize that their Actual Pay is multiples of their Target Pay



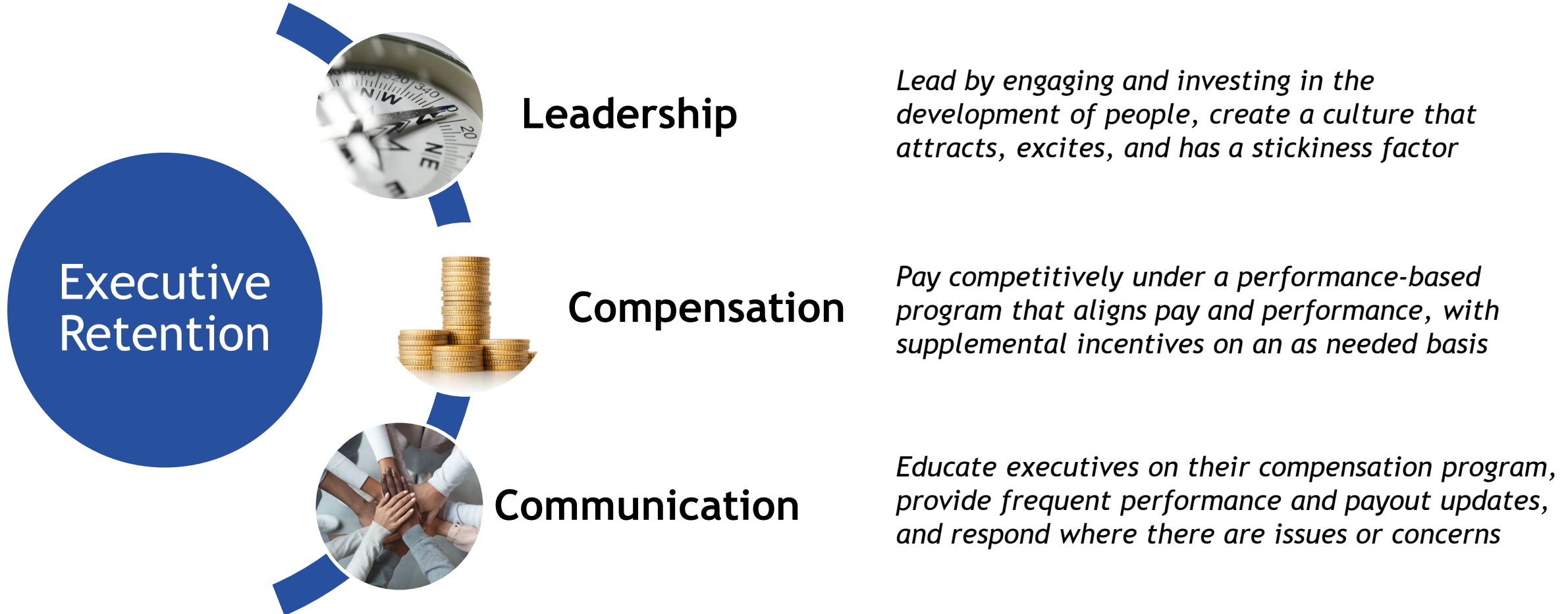
Communication Strategies

- Always be willing to listen and respond to legitimate concerns



Listening and responding to legitimate concerns is an important form of recognition

Final Thought: Bringing It All Together



Polling Question #3



Q: Now that you've heard the details, which area do you think can have the biggest impact on executive retention?

- Leadership
- Compensation
- Communication
- All of the Above

Questions

Use the “Ask the Experts” box in your webinar console to submit a question for the presenters.

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