Presenter,

Welcome to:

How Employers Create Successful Incentives

Presented by
Lighthouse Consulting Services, LLC

Featured Guest:
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Host:
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Interesting Statistics

- 89% think companies would perform better if employees given meaningful incentives
- Only 13% believe they would benefit from producing more effectively
What Makes the Most Admired Companies Great 2008 Survey, HayGroup

- Survey of management practices that differentiate best managed companies from the rest
- Most admired = Fortune 1000 companies named as top 10 most admired by hundreds of execs & board members
- Apple, GE, Toyota, Berkshire Hathaway, P&G, FedEx, J&J, Target, BMW, Microsoft, Starbucks, Google, Goldman Sachs
- Total shareholder return twice as great as others
Key Survey Findings - Most Admired (MA) more likely to have

- Performance measures are clear and understandable, challenging, realistic and achievable
- Performance measures focus on growth, profitability, operational excellence, customer loyalty (over 2X), building human capital (over 2X)
- Balanced individual, team, and corporate measures (2X)
- Strong linkage between reward program and corporate performance
**Key Survey Findings (continued)**

**Most Admired (MA) more likely to have**

- Managers effective in reviewing and assessing employee performance
- Strong linkage between rewards and individual performance
- Pay lower salaries for most jobs, but use bigger bonuses
- Significant variation in total remuneration of superior vs. average
- Regularly reinforce total reward philosophy in communications
- Effectively communicate compensation strategy to managers
Getting Greatest Impact

- Salaries
- Goal setting
- Performance measurement
- Feedback
- Communication
- Incentive pay
Case Study - Employee Incentive Plan

- Business services organization. Owner wants to grow company for profitable sale.
- All employees eligible
- Funding based on 4%-10% of EBITDA above threshold
- Distribution based on EBITDA, Gross Margin %, Customer Satisfaction ratings, Project Effectiveness, Performance Appraisal
Case Study - Employee Incentive Plan (continued)

- Aggressive payouts linked to aggressive profit growth
- 67% growth in EBITDA tied to target bonuses from 7% to 45%
- ROI for bonus plan of about 600%
- Outcome – tremendous growth in sales and profits lead to sale of company
Thank you for attending
How Employers Create Successful Incentives

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What It Takes To Be An Employer of Choice Domestically and Globally

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