

# 4 Key Employee Compensation Issues for Businesses

## 1. Ongoing effectiveness of performance incentives

- Alignment of performance goals – employees working towards a common (achievable) goal – may require resetting annual performance targets or creating shorter term (e.g., quarterly) performance periods.
- Ability to motivate without the ability to pay bonuses consistent with past practice.

## 2. Cash flow management

- Managing employee pay reductions.
- Impact of providing less than market compensation.
- Decision to provide make-whole payments.

## 3. Effective retention incentives

- Retaining employees without using cash.
- Avoiding key employees from being poached.
- Accommodating remote work arrangements.

## 4. Considerations/Questions

- Is this a necessary and/or opportune time to reassess the overall key employee total compensation strategy?
- Have you considered providing your key employees an equity stake in your Company?
- Do you have liquidity issues and/or are you looking for ways to compensate your employees in lieu of cash?
- Do your employees have a perception that no annual bonuses will be paid this year and/or need an incentive program to help motivate employees?
- Is your long-term incentive compensation program “underwater” or perceived to deliver little or no value, impacting alignment between shareholders and employees?
- Do you need new or innovative ways to motivate or retain your employees?



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