



## Beyond Salary: Attracting and Retaining Talented CEOs

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# Pay Philosophy Example

Philosophy: Market Premium  
Situation: High Demand / Low Supply  
Goal: Long-Term Retention  
Target: Total Cash at 75<sup>th</sup> percentile

The President/CEO compensation program targets base salary above the peer group median (50<sup>th</sup> percentile); uses significant (greater than peer group median) variable pay opportunities (e.g., bonuses/incentives) for short-term motivation to reward strategic plan performance; offers standard benefits; and, offers supplemental retirement programs targeted at 70% - 80% of final pay for long-term motivation.

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# Pay Philosophy Example

Philosophy: Market

Situation: Demand = Low Supply

Goal: Current Competitiveness

Target: Total Cash at Market Median

The President/CEO compensation program targets base salary at the peer group median (50<sup>th</sup> percentile); uses peer group median (50<sup>th</sup> percentile) variable pay targets (e.g., bonuses or incentives) for short-term motivation to reward strategic plan performance; offers standard benefits; and, offers supplemental retirement programs targeted at 60% - 70% of final pay for long-term retention.

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# Pay Philosophy Example

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Philosophy: Market Discount

Situation: Low Demand / High Supply

Goal: CEOs are Commodities / No Need to Match Market

Target: Total Cash at Market Median

The peer group median (less than the 50<sup>th</sup> percentile); eliminates variable pay opportunities (e.g., bonuses or incentives); offers standard benefits; and, does not offer supplemental retirement programs.



# Compensation Committee Charter

Members. The SAMPLE FCU board appoints a compensation committee of at least three members and designates one member as chairperson.

Purpose. The purpose of the committee is to discharge the responsibilities of the board relating to compensation of the President/CEO. Duties and responsibilities include:

- Oversee the credit union's overall compensation structure.
- Administer senior executive incentive-compensation plans.
- Review the compensation and benefit programs for senior executives
- Review/recommend employment agreements and severance arrangements for senior executive, including change-in-control provisions.
- Review succession periodically plans relating to senior executive positions.
- Evaluate compensation committee performance annually.

Outside Advisors. The committee will have the authority to retain outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any compensation consultant used to assist the committee in the evaluation of executive compensation, and to approve the consultant's fees and other retention terms.

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# Role Definition

- The board is responsible for all aspects of the executive compensation and benefits program for the President/CEO. The board also approves the overall compensation and benefits (salary) budget for staff.
- The President/CEO is responsible for all aspects of the staff compensation/benefits program upon budget approval from the board.
- The HR department ensures that all master records associated with the salary administration program are maintained and properly filed. The HR department is responsible for all aspects of the day-to-day operations of the salary administration program.
- SAMPLE FCU reviews its salary administration plan as needed, but not less than annually. The review includes: job documentation review, local market evaluation, reassessing the job worth hierarchy, and reassessing salary ranges in relation to local, regional, and national surveys, depending upon available data and the recruiting area for specific jobs.

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An iceberg floating in the ocean. The tip of the iceberg is visible above the water surface, while the much larger, jagged base is submerged below. The background is a sunset or sunrise sky with orange and red hues. The water is a deep blue.

We always look below the surface

Compensation

Management Recruiting

Retention & Retirement

Marketing & Advertising

Merger Support

Branding Evaluation

Succession Planning

Strategic Research

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