



An EisnerAmper Group Company

Compensation Checklist 2021: How to Evaluate your Strategy & Philosophy October 2020

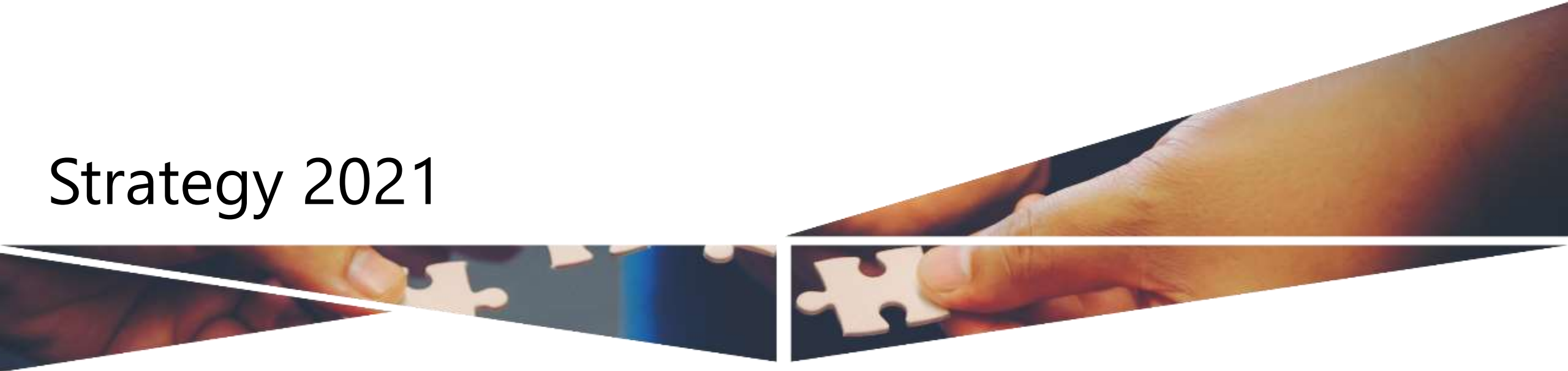
| Introduction

Compensation Resources

- Compensation consulting resource to MEA
- Extensive experience working across all industries within the privately-held, publicly-traded and not-for-profit sectors
- Now part of EisnerAmper
 - Accounting, Audit, Advisory, Tax
- Mary Rizzuti, CCP, PHR, SHRM-CP, Managing Director



Strategy 2021



| Strategy Checklist

- Is it only about COVID?
- What has changed/what has remained the same?
 - Core business
 - Additional opportunities
 - Marketing strategy
 - Profit margins
 - Volume
 - Exit strategy
- Human capital needs
 - Do we have the right people in the right seats?
 - Skills analysis
 - Did we downsize or clean house?
 - High impact position review
 - Take inventory of business impact of positions

| Strategy Checklist

- Compensation strategy
 - Market positioning
 - Merit increase
 - Bonus
- Develop recruiting strategy
 - Will COVID impact from where you recruit?

Tactical Checklist 2021



Tactical Checklist

- Job description review
 - Did positions change?
 - Any effect on FLSA status?
 - Were positions eliminated?
 - Update org charts
- Update census
 - Remove those who are no longer with the company
 - Clarify that incumbents match to the correct positions

Tactical Checklist

- Verify reporting relationships
- Clarify performance measures
 - Has anything changed due to COVID?
- Consider new positions
 - Diversity and inclusion positions
 - VP Human Capital
 - Health and Safety (beyond manufacturing environment)
 - Could be add-on to an HR position
- Remote policy
 - Was there one in place pre-COVID?

| Remote Policy Considerations

- Set hours or flexible schedule?
 - Policies and guidelines
 - Review prior policy
- Equipment allowance
- Bringing office equipment home
- Office supplies
- Zoom, WebEx protocol
- Company-issued technology
 - Security

| Remote Policy Considerations

- Tax implications
 - The following jurisdictions have waived nexus for those businesses that have remote employees or active official stay-at-home orders in the following states:

• Alabama	• Louisiana	• Oklahoma
• Arizona	• Maryland	• Oregon
• California	• Massachusetts	• Pennsylvania
• D.C.	• Minnesota	• Rhode Island
• Georgia	• Mississippi	• South Carolina
• Indiana	• New Jersey	• Wisconsin
• Iowa	• North Dakota	
 - Employees working from these jurisdictions do not create income tax nexus for employers if presence in the state is due solely to COVID. Often unclear whether this exemption applies to all businesses or just to C Corps.
 - Check specific provisions for each state
 - Consult with your Accounting firm

Tactical Checklist

- Move salary structure
 - Ensure positions still slot correctly
- Consider market pricing select positions to “test” the market
 - May also consider merit increase movement to market data
 - One or two years; beyond that re-price positions

Philosophy Checklist 2021



| Philosophy Checklist

- Compensation Philosophy around high demand positions
 - IT
 - Warehouse
 - Premium pay
 - Stay bonus
- Pay equity, diversity and inclusion philosophy
 - Policy, Plan, Promote, Practice
- Performance philosophy
 - Evaluate performance metrics for all positions
 - Assess impact of remote work on positions
 - Revisit performance management components
 - Align with possible changes in positions

| Sample Performance Component Weightings

- Component weightings based on tier:

Tier	Grade	Positions	Corporate	Department	Individual
A	50	EVP	50%	30%	20%
B	49	VP	40%	40%	20%
C	48-47	Directors/Manager	20%	40%	40%
D	46-44	Managers	20%	40%	40%
E	43-38	Managers/Staff Professionals	20%	30%	50%
F	37-34	Staff Support	20%	30%	50%

- Multiple goals within components may be weighted
- Weightings provide "line of sight"
- Key differentiator from prior plan is the definition of performance expectations up front

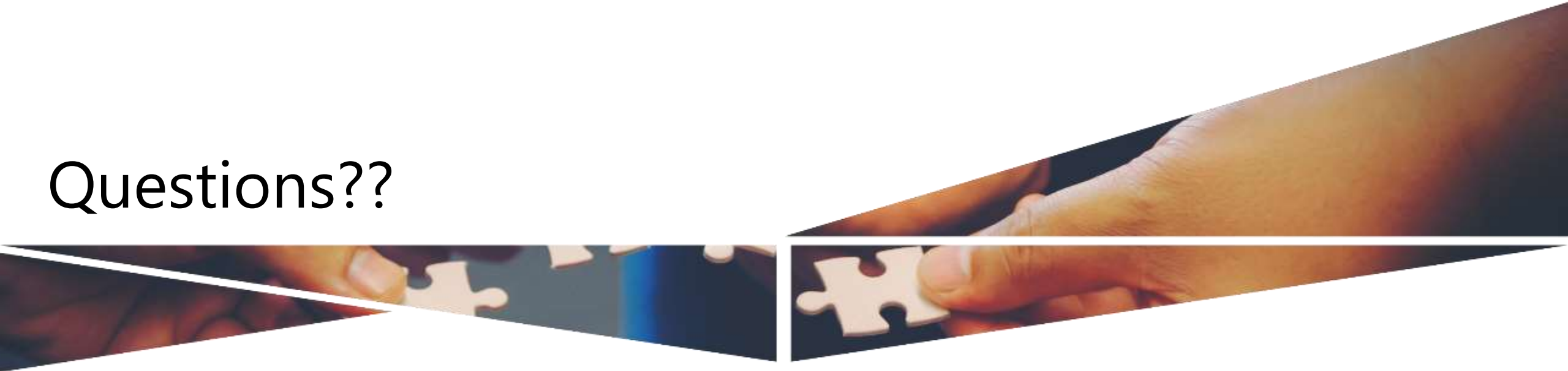
| Philosophy Checklist

- Executive Compensation Philosophy
 - Market positioning
 - Mix of fixed and variable compensation
 - Long-term incentives
 - Cash
 - Equity
 - Phantom equity
 - Performance shares
 - Vesting

| Philosophy Checklist

- Sales Compensation Philosophy
 - Commission plan review
 - Revenue may have decreased; margins may have increased
 - Set new targets
 - May consider two performance tranches
 - January – June
 - July – December

Questions??





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