

## The CEO Pay Ratio Drama is Here!

### AUTHOR



**Sharon  
Podstupka**  
*Principal*

“Are You Underpaid?” That’s the question in a high-profile Wall Street Journal article this week. It’s likely to be a question many in the US workforce who are not CEOs will be asking themselves in the coming weeks. And they may take the question to their company’s HR department.

Among those of us who have been in the [CEO Pay Ratio](#) trenches since the rule was announced, the media hype has been predicted from the beginning. While many, especially in the HR profession, are still hoping that this [inaugural year of disclosures](#) will fly under the radar, we cannot underestimate the potential workforce confusion that might lay ahead. Even more important is avoiding adding to the confusion by reacting to employee questions with data and details that do not keep individuals focused on what matters most here—*comparing yourself to the median employee and/or the CEO is unproductive.*

We have offered a number of [guidelines](#) to help companies prepare for their own ratio disclosure and the time for action is now. Make sure your organization is ready internally, even if you believe the chance for upheaval is low. With the potential for unnecessary angst and a loss in productivity, this really is a case of “better safe than sorry.”

Whether you have already filed your disclosure or are preparing to do so sometime this Spring, it is a wise idea to prepare a select internal constituency (for example, HR business partners or senior-level HR managers, front-line managers, office heads, etc.) with basic background on the ratio, such as what the CEO pay ratio is and where the disclosure information is located. Provide guidance on the company’s position, its compensation philosophy, and its formal decision-making process and let them know how to respond if they start to receive questions.

## About the Author

Sharon Podstupka is a principal in the New York office of Pearl Meyer. She is a key member of the firm's Thought Leadership team and is focused on executive and broad-based employee pay communication consulting. She works closely with her clients in a wide range of industries to develop internal communications that educate and engage people in their pay programs. Ms. Podstupka also has extensive experience in developing critical shareholder communications that clearly explain pay-for-performance in the context of today's challenging say-on-pay environment. Her key areas of expertise are communication strategy, stakeholder management, and content development.

## About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, London, and Los Angeles.



# Pearl Meyer

---

## **NEW YORK**

461 Fifth Avenue, 19th Floor  
New York, NY 10017  
(212) 644-2300  
newyork@pearlmeyer.com

## **ATLANTA**

One Alliance Center  
3500 Lenox Road, NE, Suite 1708  
Atlanta, GA 30326  
(770) 261-4080  
atlanta@pearlmeyer.com

## **BOSTON**

93 Worcester Street, Suite 100  
Wellesley, MA 02481  
(508) 460-9600  
boston@pearlmeyer.com

## **CHARLOTTE**

3326 Siskey Parkway, Suite 330  
Matthews, NC 28105  
(704) 844-6626  
charlotte@pearlmeyer.com

## **CHICAGO**

151 N. Franklin Street, Suite 450  
Chicago, IL 60606  
(312) 242-3050  
chicago@pearlmeyer.com

## **HOUSTON**

Three Riverway, Suite 1575  
Houston, TX 77056  
(713) 568-2200  
houston@pearlmeyer.com

## **LONDON**

Collegiate House  
9 St. Thomas Street  
London SE1 9RY  
+44 (0)20 3384 6711  
london@pearlmeyer.com

## **LOS ANGELES**

550 S. Hope Street, Suite 1600  
Los Angeles, CA 90071  
(213) 438-6500  
losangeles@pearlmeyer.com

**For more information on  
Pearl Meyer, visit us at  
[www.pearlmeyer.com](http://www.pearlmeyer.com) or  
contact us at (212) 644-2300.**