

Four Easy Things You Can Do Now to Have a Better CD&A Later

AUTHOR



Sharon Podstupka
Principal

Every year about this time, I start nudging my clients and colleagues to begin working on their CD&As for the upcoming proxy filing. The typical response I get is that it's too early. I mean, it's not even Halloween yet, right? *Wrong.*

Before we all know it, we'll be well on our way to holiday weight gain and buried in year-end work. So, why wait? Even if you don't have all the answers to fill in the CD&A blanks, there are still some very easy, yet highly productive things someone on your team could be doing to get ahead of the inevitable 11th hour fire drill in the first quarter of the year:

1. **Take another look at your reports from ISS and/or Glass Lewis.** Even if you have high levels of support, it's a good idea to review the proxy advisory firms' commentary. You may find one or two things that you'll need to consider addressing in your proxy statement.
2. **Look at what your peer group companies have done.** There have been great strides made in the look, feel, and readability of CD&A narratives over the years. Make sure your CD&A isn't lagging these trends—especially relative to your peers.
3. **Think about what's changed this year.** Give thought to how you'll explain any program design or NEO changes, new performance metrics, salary increases and/or adjustments to your peer group, etc. Sometimes changes seem easy to explain on the surface, but once you get into it, it's more complicated to write than originally thought.
4. **Read (*really read*) what you wrote last year.** It's likely been several months since someone on your team did a thorough read of your prior CD&A. Have someone dedicate a few hours to read it again now and identify areas that need editing. One easy example is your section on tax and accounting issues—with the change in rules, it's very likely you'll need to rework that language and perhaps considerably so.

It's also important to note that doing these four things shouldn't take a ton of time. It's a quick and valuable readiness exercise to get the "easier" pieces of your CD&A identified and completed so that you and your team can focus on the more complicated pieces of the narrative when final decisions are made after the end of the year.

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

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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 or
contact us at (212) 644-2300.**