

# A Marriage of Equals

## Using Proxy and Survey Data to Support Your Annual Compensation Planning



**Pearl Meyer**

## About Pearl Meyer and Main Data Group

### 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, Los Angeles, and San Jose.

### About Main Data Group

Main Data Group is a provider of high-resolution executive compensation benchmarking and corporate governance analytics. Its mission is to empower executive compensation professionals with comprehensive total rewards and corporate governance information in an affordable, easy-to-use online service. For more information go to [www.maindatagroup.com](http://www.maindatagroup.com) or contact [info@maindatagroup.com](mailto:info@maindatagroup.com).

## Meet Our Team



**Aalap Shah** is a managing director in the New York office of Pearl Meyer. With more than 18 years of experience, Mr. Shah advises public and privately-held companies on executive compensation issues, with focus on pay governance, pay-for-performance alignment, and incentive plan design. Of particular interest is the intersection between business strategy, people strategy, and compensation strategy; believing alignment of all three is required to design effective programs.



**Rebecca Toman** is a survey operations manager at Pearl Meyer. In this role, Toman designs and publishes compensation and benefits surveys for a wide range of industries and employee populations. She is also a faculty member in the Business and Economics department at Framingham State University, where she teaches a graduate course on Compensation and Performance Management.



**Kimberly Neil** is a consultant in Pearl Meyer's Charlotte, N.C. office providing analytical and project management support for client endeavors across the country. She is committed to providing clients with efficient and effective analytical support and solutions to achieve desired objectives and help enhance performance. She is experienced in executive, board, and broad-based employee compensation assessments and strategies.

## Agenda

- Making the Case: When and Why to Use Both Proxy and Survey Data
- Alignment with the Annual Compensation Calendar
- Industry Case Studies
- Key Takeaways
- Main Data & Pearl Meyer Resources

## What's On Your Mind?

- What compensation data challenges do you face each year?
- What new data or analytic tools would help you to be more productive?
- What do you like and dislike about your current data resources?
- Which executive positions beyond the top 5 do you benchmark?

## Making the Case: When and Why to Use Both Proxy and Survey Data

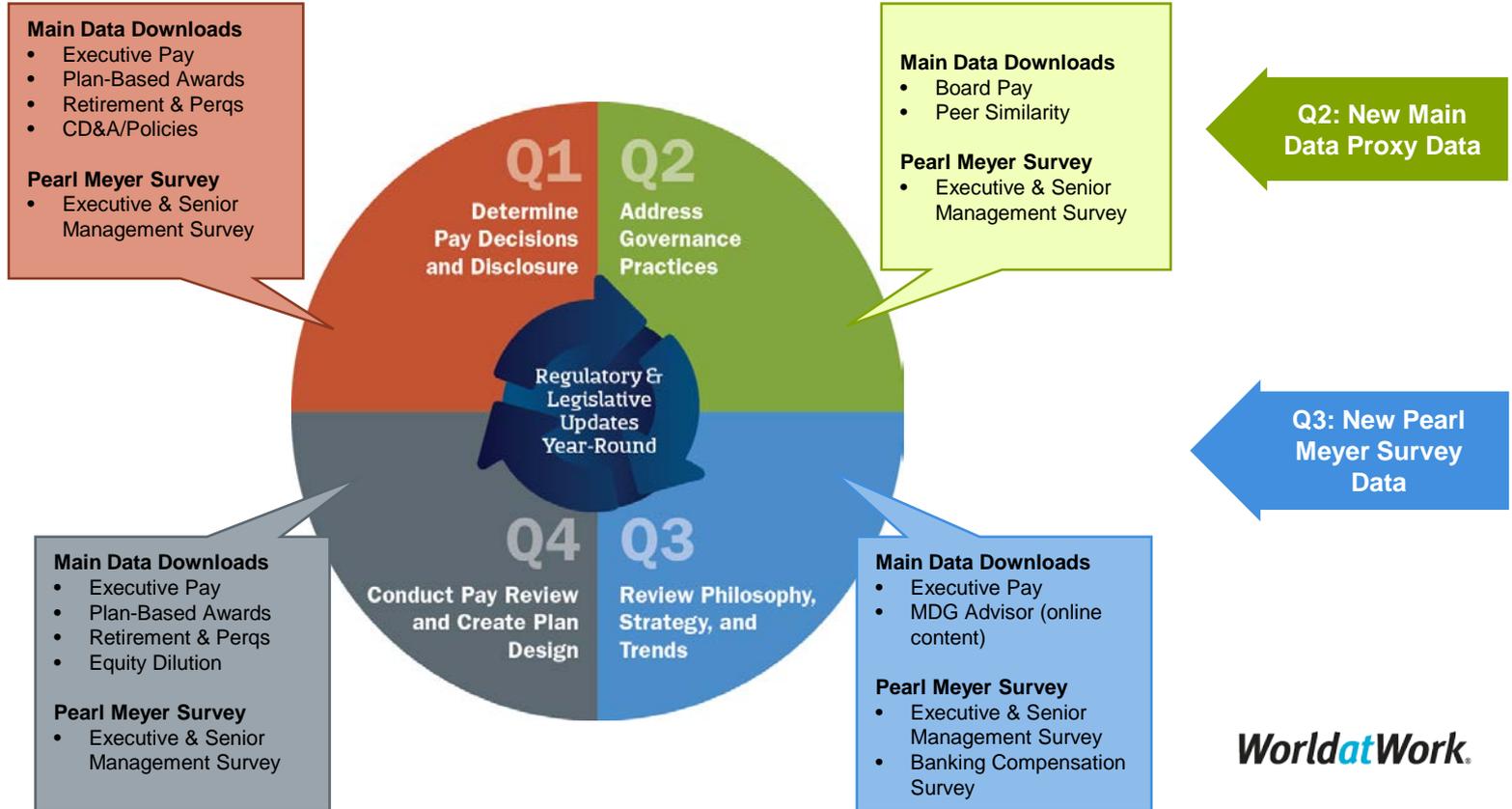
| When                              | Proxy Data  | Survey Data   |
|-----------------------------------|---|---|
| Executive job matching            | For CEO direct reports captures size of role            | Match specific job responsibility & scope   |
| Executive recruiting/ job pricing | Individual company detail – execs see this data too     | Broader market context provides balance   |
| Industry peer comparison          | Individual company detail for pay level and plan design | Includes data for non-public competitors – can include items not available in proxy |
| Salary structure analysis         | Top executive data provides anchor                      | Includes data for everyone – not just NEOs  |
| High-performer salary progression | See above   | See above   |

# Alignment with the Annual Compensation Committee Calendar



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WorldatWork  
2018 TOTAL  
REWARDS  
Conference & Exhibition



# Case Study: Annual Competitive Review

**Industry:** Oil & Gas/Engineering & Construction

**Situation:** annual review for public company covers fifteen officer positions including several heads of key operating units

**Challenge:** peer group data critical for top executives, but proxies don't have good data for all positions and lack scope data to properly benchmark business unit heads

**Solution:** use a blend of proxy and survey data

## How we used each data resource:

- Weighted average combination of proxy and survey data
- Weightings vary based upon quality/amount of proxy data available
- *Positions with multiple good proxy matches (e.g., CEO and CFO) weight proxy more heavily*
- *Positions with few or no good proxy matches weight survey data more heavily*
- *Business unit head positions can rely on revenue size-adjusted data from survey source*

# Case Study: Incentive Plan Design

**Industry:** Technology

**Situation:** design an equity incentive plan that reaches well below the top executive ranks

**Challenge:** public company proxy and 10K provide dilution benchmarks but only have mix and award size data for top executives

**Solution:** use a blend of survey and proxy data to size awards

## How we used each data resource:

- Use proxy data to validate executive award mix and performance metrics
- Use 10K data to validate total “spend” on equity (dilution, etc.)
- Use survey data to validate mix and eligibility further down in organization
- Use blend of survey and proxy data to develop award structure (grant size by level) – anchoring on proxy data and blending down from there
- Use a blend of survey and proxy data to validate other award terms (vesting, option term, etc.)

## Key Takeaways

- Data is power; however, in our world of 'big data,' it is the organized, ready-to-use, ready-to-analyze data that provides the foundation for us to discover actionable insights
- Combining proxy and survey data gives you the most comprehensive picture of peer pay practices
- A regression tool is useful to price jobs when survey data is thin and size matters
- Consider third-party perspectives and experience to provide insight and drive the right compensation outcomes
- Ask your survey vendor for a custom peer group report in order to get more tailored market data
- Come visit Main Data Group at Booth #610 and Pearl Meyer at Booth #609

# Main Data & Pearl Meyer Resources

## Main Data Downloads

- Corporate Financials/TSR
- Equity Dilution
- CEO Pay Ratio
- Executive Pay
- Plan-Based Awards
- Form 4
- CD&A Summary
- Retirement & Perquisites
- Board Pay Details
- Peer Similarity Workbook

## Pearl Meyer Surveys

- Executive & Senior Management  
Total Compensation Survey
- CHiPS *One World*
- HR Alliance Survey
- The Research & Development Survey
- Banking Salary Survey Suite