DEVELOPING A COMPLIANT COMPENSATION PROCESS:
COMPENSATION PHILOSOPHY

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Compensation Philosophy Template

Overview

• Describe mission of the organization and role of compensating executives in further the mission. (one to two sentences)

Objectives

• Describe the objective(s) of the executive compensation program. (one to three objectives)

Program Offering

• Describe the vehicles with which executives are compensated (e.g., base salary, bonus/incentive compensation, deferred cash compensation, standard and/or supplemental health/welfare/retirement benefits, other standard or supplemental benefits), the program components most emphasized and the rationale. (one to two sentences)

Market Definition

• Describe the market segments from which comparability data will be sourced and the criteria for determining comparability, including rationale. (one to two sentences)

Target Pay Positioning

• Describe the intended positioning of pay (or each component of pay, if different) against the defined market. Include description of when pay might fall above or below the intended positioning. (one to two sentences)