How to Build the Perfect Incentive Plan

7 Keys to Highly Effective Value Sharing

EXODUS COMPLINK

Exit Strategies — Compensation Solutions

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For years, business leaders have struggled to find a formula for paying bonuses and other incentives in a way that actually "works." Most of their efforts end in frustration. Here's the evidence:

> "Only 10% of responders indicated they felt their annual incentive plan was effective, while another 25% thought theirs was moderately effective. Thus, 65% were dissatisfied with the results of their plan. And these responders were, generally, representatives of larger, successful companies. If large companies can't get it right (i.e., those with access to high-paid consultants and experienced executive leadership), what chance do smaller companies have?" *(World at Work 2016 Survey)*

Layered on top of their "real life" experience, heads of companies are keen to the research that suggests incentive plans do not really "motivate" employees. There is no shortage of articles, studies and research that support that premise. Daniel Pink has been on the speaking circuit for years talking about the concepts covered in his book, *Drive*. All of this adds up to more confusion and exasperation.

This dilemma leaves many wondering whether they should even have an incentive plan. Is it simply a waste of time and money? However, they conclude that the labor market demands value-sharing in some form, so they need a plan if they are going to compete for talent. And so the cycle of discontent continues.

What to do?

Incentive plans can play a key role in your organization *if* you approach them correctly. In our work at Exodus CompLink, we agree that such programs should not be expected to alter employee behavior. After all, motivation is an intrinsic issue. However, there is much misunderstanding and misinformation about the role value-sharing should play in an organization. These lead to misjudgments in plan design and execution—both of which result in disastrous outcomes (wasted money, entitled employees, flat performance, etc.).

Incentive plans fail when they are built on the wrong premise and succeed when the right practices are applied.

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So, let's put you out of your misery and talk about how to do things the right way. Let's explore how to build the perfect incentive plan.

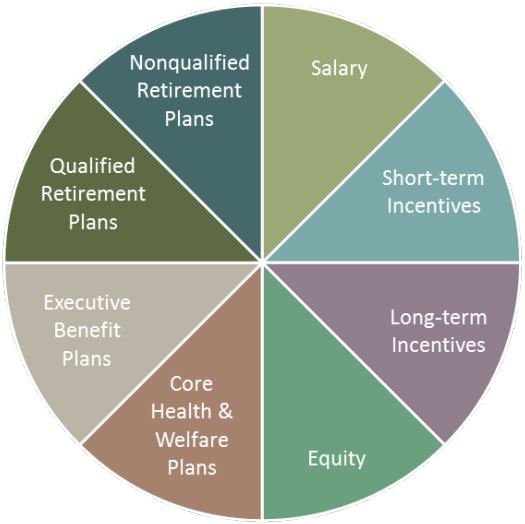
What Do You Want to Impact?

In his study of businesses and their customers, Clayton Christensen has concluded that consumers buy a company's product because of a job they need it to do. If the product helps them do that job more effectively than they could without it, they continue to "hire" that product to get the job done. If the product doesn't do the job right, they "fire" it and either try another product or create a "work around" until they find the right fit.

Well, business leaders should look at their pay strategy and ask the same question: "What 'job' am I hiring my compensation plan to do? What problem is it intended to solve? What outcome do I need it to help me achieve? What is the impact I want it to have?"

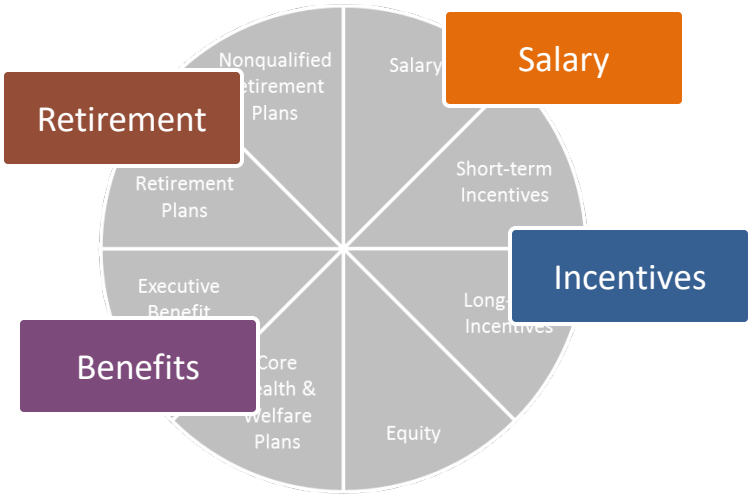
In general, most chief executives and business owners want their pay strategy to contribute to a high performance culture. They want it to be a growth driver that encourages employees to become accountable stewards of organizational outcomes. So, how can they construct compensation in a way that achieves that?

While there is a long list of possible compensation elements a company could include, pay experts typically use some combination of eight categories when designing a comprehensive rewards approach for the leadership team. The pie chart below highlights these pieces.



In looking at the pie chart, you'll notice cash and equity programs are on the right side and benefits and retirement plans are on the left. Some companies use all eight pieces. Others only employ four or five. Regardless of the number, from a value and opportunity perspective, most employees think of their rewards plan as having the four parts shown here.

The balance between these elements influences your team's perception of the total value proposition you are offering, and therefore how excited they will be about their financial future at your organization. A talented workforce wants their compensation program to be fair and meaningful.



So here's an important question to consider: "Which one of these four pay categories has the potential to directly influence company performance and growth?"

That's easy, right? While salaries, benefit levels, and retirement contributions are important, the only piece that is intended to stimulate productivity, directly impact your business results, and drive growth is the incentives piece. Might we then conclude that in many respects it is the most important one to get right? It is the part of your compensation offering whose "job" it is to drive performance.

However, while you and I agree that the Incentive program is the most important element of pay (from a performance perspective), most companies struggle with creating and operating *effective,* let alone performance-driving plans. (Recall the 10% result at the outset of this report.)

(To explore the reasons why so many companies flop when trying to construct their incentive plans, check out VisionLink's report "*Why Most Bonus Plans Fail*.")

With that in mind, this paper will address the fundamental principles behind incentives for leadership team members that will never fail (assuming your company doesn't!). I call these "The Seven Keys to Highly Effective Value-Sharing":

1. Focus on rewarding value creation
2. Insist on simplicity
3. Make expectations believable

4. Make payouts meaningful
5. Start with short-term alignment
6. Add long-term alignment
7. Communicate a compelling future

Let's break them down.

1. Focus on value-creation

   Most employers identify the goals of their incentive plans as follows: (a) encourage certain behaviors, (b) stay competitive with the market, (c) reward for the achievement of some specific result(s), and (d) share profits.

   I propose a much simpler purpose: Share financial value with those who help create it. We call this "value-sharing." It's a mindset issue. The intent of the incentive (or value-sharing) plan is to communicate and reinforce a sense of partnership with your employees. "We can't achieve our goals without you. You've done a good job. You deserve some of the value you helped create. Our value-sharing plan is the way we do that."

   Don't bother trying to engineer clever metrics intended to point one employee in one direction and another toward a different result. Your plan will backfire (see our "Why Bonus Plans Fail" referenced above). Instead, select a fundamental and vital financial factor (e.g., profits) and build the plan around that.

   Once employees understand they're being treated like trusted business partners, and sharing in the value they help create, you're prepared to engage them in a conversation about what true value creation means to your organization. You can challenge them to think innovatively about how they can contribute to profitability and growth. You can expect them to respect sales, customer support, expense management, and profits. They will begin to understand how everything they do impacts the business in some way—for good or bad. And you will see an increase in accountability and engagement.

   Embrace the concept of value-sharing. It works and it's the right thing to do.

2. Insist on simplicity

   Of course, everyone likes simplicity, but how does it apply to incentive plans?

First, the *plan* itself must be easy to understand. Second, the performance *expectations* tied to the plan must be clear. Picture a conversation with an employee about the annual incentive (bonus) plan that goes something like this:

"John, we have three performance goals for the company this year—Base, Target, Superior. Base is our minimum results level that triggers a bonus. That is, if we fall below Base, no one receives a bonus. If we hit Base exactly, you should expect your bonus to be around 10% of your annual salary. Target is our budgeted goal. If we reach Target you should expect your bonus payment to be approximately 15%. And Superior results (our "excellence" standard) would produce a payment of about 20%. If we land between Base and Target or between Target and Superior, your value will be prorated. And if blow past Superior, your bonus isn't capped."

"Got it!" John says. "But what exactly do we have to accomplish to receive the payment?"

That's the second thing we have to be clear about—the expectations. If the plan is funded by profit levels the ideal approach is to share those numbers with John. *"John, Base profitability is $2 million. Target is $2.5 million. And Superior is $3."*

If you're not inclined to share exact values with employees, you can still define the terms for bonus payments without using exact numbers. *"Since we're a private company, we don't publicize our profits, but we set our performance goals based on careful planning and manage to them carefully. Our Base profit goal is about 15% less than our budget/target. And Superior is about 20% higher. We'll keep you advised throughout the year on how we're doing relative to those goals."*

John may or may not be 100% comfortable with that explanation at first, but he'll be okay once you start regular communication. For example: *"We've reached the end of Q1 and we're at 28% of our annual goal. John, this would put your bonus payment at 17.2% if we stay on this pace."*

It takes a little practice and refinement to prepare your explanation of the plan with an eye on clarity and simplicity. But if you build the plan with those goals in mind, the communication will flow quite naturally.

One last thing: The example above focuses on profits as a way to emphasize a simple approach. You can still include other factors (such as departments or individual

performance) and keep the plan and expectations clear. We're focused here on the principle, not all the details on plan construction. But remember: Don't overdo plan construction. Simple is better.

3. Make expectations believable

The explanation for John about how the plan works and the performance expectations is pretty clear. But that may not be enough for John. It doesn't help to understand the plan if John doesn't believe the results can be achieved.

John's thoughts might be: *"$2 million, $2.5 million, $3 million! Are you kidding me? We have never even reached $2 million in the past. We've barely crossed $1.5 million—once! So much for 'partnership' and 'value-sharing' and, most importantly, any likelihood of getting a bonus this year! Where's the business card from that recruiter?"*

Here's a way to solve this. Start with your annual budget. Your Target value should relate to that profit number. How often do you achieve the budgeted profit results? If you're not achieving it 60% of the time (3 out of 5 years) your budgeted value is probably too high. If you're achieving it every year, it's too low. Let's expand our rules-of-thumb.

Base achievement: 4 out of 5 years
Target achievement: 3 out of 5 years
Superior achievement: 1 out of 5 years

There are several things to learn from this approach. First, bonuses may not be earned every year. If you are paying out without fail, you run the risk of creating an entitlement. However, some companies may be good enough to reach Base level results annually. This is good as long as the employees understand that performance was strong and the payment was truly earned.

Another thing to recognize is that most companies set "exceptional" or "stretch" goals but they're meaningless unless they're reached every so often (20% of the time).

Setting three performance levels takes careful thought and effort. When they are announced to your team members, you know you are on the right track if you see heads nodding. Participant reactions should sound something like this: *"Well Base is certainly doable. And so is Target, though I see how we'll have to doing everything just*

about right. And Superior? I can picture us getting there if we (fill in the blank). We've done it before. We can do it again. Let's go for it."

4. Make payouts meaningful

So far, we see that John understands how the plan works. And he thinks the targeted expectations are achievable (believable). Now let's review with him how much he'll receive at the different performance levels. We'll call this the Opportunity.

Remember that John's Opportunity is 10% of salary at Base, 15% at Target, and 20% at Superior. Here's the problem. John's salary is $300,000. He's your CEO. This means if he delivers on the company's budget (Target), he would receive (barring adjustments) a bonus of $45,000. Here's John's reaction to that part of the plan: *"Hmmm…"*

John's response likely reflects the following thought process: (a) I know what has to happen to achieve the Target results; (b) I know the personal sacrifices and effort it will take; (c) I know my value and capabilities; (d) I know what the market pays for positions like mine; (e) I'm not happy with that Opportunity.

> "When it comes to value-sharing Opportunities, we need to adjust our thinking if we expect to attract great talent and treat them like partners."

We blew it (if you and I are the bonus design team). We need to know the marketplace realities of incentive plan Opportunities. And we need to make those payouts meaningful for John and his team. A $45k bonus Opportunity for a $300k CEO is not going to work in most cases. When it comes to value-sharing Opportunities, we need to adjust our thinking if we expect to attract great talent and treat them like partners. If the Opportunities aren't meaningful (even "inspiring") we're almost better off not doing a plan at all.

5. Start with short-term alignment

One of your shareholders' most important financial goals is likely to be "generate sustainable profits." As a result, your short-term value-sharing program

(annual incentive plan) must be linked primarily to this year's profit goal.

We call this "plan funding." It means that while the bonus payments for individual employees may be influenced or modified by other factors, the total bonus pool is "funded" only upon achievement of pre-determined profit results. Shareholders deserve a return on their invested capital. It doesn't matter how low you set that return, but it must be set. Otherwise, employees won't understand or respect the essential responsibility of producing a return for their employer.

So how do you set the minimum return (which is the same as the Base performance level described above)? Here's an approach that can work.

Let's start with the simple rule-of-thumb mentioned above. What profit goal is starting to come into focus for Base (remember we would expect to hit it 4 out of 5 years)? For our example, let's assume it's $2 million. (You come to a number based on study, discussion and a "gut decision.") Next, let's determine what that represents as a return for shareholders. We'll do that by looking at the balance sheet. Our Capital Account is $20,000,000. So profits of $2 million divided by $20mm gives us a 10% return on capital for the year (pre-bonus). At Target ($2.5 million) we get a return of 12.5% and at Superior ($3 million) our return is 15%. Evaluate: Is this in line with shareholder expectations? If our gut and our shareholders are on the same page we are in a good place.

But we're not finished. We still have to decide how much of the profits to share with the employees at our three thresholds. Think of it this way. Our performance levels are producing a reasonable return on capital. Do the shareholders pocket all of that? Do the employees? No, we're going to share it. The incentive plan is an expression of how the company shares value between shareholders and employees. That's why we call it value-sharing. In addition, we have to factor in the "meaningful" element (must be compelling to the participants). This part can get tricky, so let's examine how to think about it.

A. Make a list of the employees you want to have in the plan. In our example, we will assume we're building a plan for our top five executives. Their salaries total $1,000,000 annually.

B. Next set *preliminary* bonus Opportunities for each employee at Base, Target, and Superior. Express the Opportunities as a percent of their salaries. Here's how this might look.

		Base		Target		Superior	
	Salary	**% of Sal**	**$ Opp**	**% of Sal**	**$ Opp**	**% of Sal**	**$ Opp**
John	$ 300,000	25%	$ 75,000	50%	$150,000	75%	$225,000
Martha	$ 200,000	15%	$ 30,000	30%	$ 60,000	45%	$ 90,000
Bill	$ 200,000	15%	$ 30,000	30%	$ 60,000	45%	$ 90,000
Shelly	$ 150,000	10%	$ 15,000	20%	$ 30,000	30%	$ 45,000
Trudy	$ 150,000	10%	$ 15,000	20%	$ 30,000	30%	$ 45,000
Totals	$ 1,000,000		$165,000		$330,000		$495,000

C. Now let's balance two things: the Opportunity for each person at each performance level (for market appropriateness and "meaningfulness") and the total commitment by the company. Here's another table that will help.

	Base		Target		Superior	
Pre-Bonus Shareholder Return	10.0%	$ 2,000,000	12.5%	$ 2,500,000	15.0%	$ 3,000,000
Bonus Pool		$ 165,000		$ 330,000		$ 495,000
% to Employees		8.3%		13.2%		16.5%
Net Return to Shareholders	9.2%	$ 1,835,000	10.9%	$ 2,170,000	12.5%	$ 2,505,000

D. This is looking pretty good. The Bonus Pool (which reflects the "sum of the employee Opportunities") is producing fair value for the participants at each performance level and the shareholder value dilution is reasonable and fair. If you find that one or the other is out of balance, you'll need to alter either the Opportunities or shareholder return expectations.

Of course, there's more work to be done. But for our purposes we've made great progress. We have broken through the "how much to pay?" barrier and we can demonstrate to shareholders the justification for bonus payment levels.

We've created short-term alignment.

6. Add long-term alignment

While profits may be the most important financial goal of many shareholders, others are more focused on the long-term growth trajectory of the business. Their priority is to improve enterprise value over time. If that's important to shareholders, it had

better be important to employees too—especially members of the senior leadership team. And they need to be rewarded for sustained performance or the company will lack complete financial alignment.

Many employers elect to operate two incentive plans—a short-term plan (STIP) and a long-term plan (LTIP). The trend toward LTIPs for private companies has accelerated dramatically in the last decade. Our firm, alone, has designed over 250 plans for companies during that time.

By watching these trends and working with hundreds of companies, we have come to believe that employers really need *one* incentive plan—with two pieces or elements (short and long). This may be a minor distinction but here's the point: Value-sharing plans need to be integrated so they reward both short- and long-term performance. Here are *some* of the questions to consider when drafting a blueprint for a more perfectly integrated incentive plan:

- What are our company's most important short-term financial goals?
- What are our company's most important long-term financial goals?
- To what extent are these goals correlated? (Do they overlap? Do they contrast? Are they completely distinct?)
- Which set of goals is more important than the other? Or are they equally important?
- How do we currently reward employees for helping to achieve our short-term goals?
- How do we currently reward employees for helping to achieve our long-term goals?

You can see how those questions (and more) will help you evaluate what you're communicating (or not) to your team members about financial priorities. Then, a customized approach to your overall incentive concept can emerge. Here is a starter framework that Exodus CompLink offers its clients that feel, generally, their short-term and long-term goals must be equally valued and pursued:

1. Think of your master incentive plan as having two components (short-term and long-term). Picture them on opposite sides of a balance scale.

2. Place your short-term piece on the left scale. We built this plan earlier (above) and it represents a commitment by shareholders to share some of the value (profits) the team helps create each year.
3. Put your long-term piece on the right scale. This represents something you'll be awarding over time to your key employees that will enable them to harvest value in the future if they help you grow the company.
4. Now try to make the scales balance exactly (since we're assuming the goals are equally important to you). You might be struggling with this because the short-term piece has a definable value today (per above, $330,000 at Target). But how do you express the "weight" (or value) of the long-term piece since it will be paid out in the future? That's tricky. *How do we make the value of the long-term element equal to the value of the short-term one?*

To answer that last question let's first consider how the LTIP might work. Our most common recommendation for private companies is to adopt a form of "phantom stock." Here is a brief overview.

A phantom stock plan is essentially a cash bonus where the payment is deferred to a future date or event. The size of the ultimate payment is based on a formula that is linked to the value of the company or *the growth* in the value of the company. Following is a quick example of two types of awards.

John is given 1,000 awards this year. The awards are valued at $10 each (based on a simple company valuation method). The plan states that John's awards will be cashed in five years from now. Assume they are valued at $22 at that time.

- Under approach #1 John would receive $22,000 (1,000 awards X $22). These are called "full value" awards.
- Under approach #2 John would receive $12,000 (1,000 awards X ($22-$10)). These are called "appreciation only" awards.

The plan designers will decide which type (or combination) is best suited to their company's circumstance.

So how do we determine the value of the grants, i.e., how to balance the scales with the short-term plan? This is also done in one of two ways.

Percent of Salary Awards. Remember how we set STIP opportunities as a percentage of salaries? For John we settled on 50% at Target. We can do the same thing for his LTIP awards. We can. We will simply take the same percentage and divide the resulting dollar value by the share price. This table shows that John would receive 15,000 awards.

		Target			
	Salary	% of Sal	$ Opp	Share Price	Shares Awarded
John	$ 300,000	50%	$ 150,000	$10	15,000

This calculation works perfectly for full value grants. However, it needs to be adjusted for appreciation only grants because they have no actual value at the time they are awarded. The plan designers have to determine a lower starting value for these types of awards. Perhaps they would be set at one-half the value of full value grants. If so, John would receive 30,000 units to equate to a $150,000 value.

Present Value Awards (Grant Guidelines). Another approach to balancing the STIP-LTIP scales involves forecasting the potential payouts in the future associated with an annual number of grants for employees. This method allows the planner to back into the number of grants that would result in future value that appears meaningful to the participants. Then that future value is discounted back to a present value that is commensurate with the STIP side of the incentive balance scales.

This summary represents an *extremely* light overview of phantom stock plans. For a deeper dive into this excellent LTIP concept try this paper, "*Phantom Stock: The Ideal Plan for Growing Private Companies*", or our dedicated website: www.PhantomStock.com.

An important summary before the final point:

I don't want to move forward without stressing what may be the most important part of this paper: **Your incentive plan isn't complete unless you have an attractive long-term piece that is just as meaningful (if not more so) than your short-term element. A short-term plan is essential. So is a long-term plan. And they need to work together to communicate the depth of your value-sharing commitment to your leadership team.**

7. Communicate a compelling future

It is a waste of money to commit to a strong value-sharing program if your employees are unaware of it, don't know how it works, or aren't clear on how much it may actually be worth to them. Yet, surprisingly, most companies do a poor job of communicating the form, purpose, and value of the significant financial commitment they make to their team members.

Companies commonly produce an annual "total compensation" statement for employees. The report usually outlines the full value of the employee's cash and non-cash income and benefits from the previous year. Most employees appreciate the statement. But it is also true that they usually look at it once and never again. They see it as a historical view that bears little if any connection to where the business is headed next.

It is much better to market a compelling future to employees. Most companies have a three or five-year plan for growth that anticipates a positive trend and opportunity. Shareholders can deduce from the plan how the forecasted results impact earnings, enterprise value, dividends, and more. It's an estimated but believable picture of the financial impact of expected performance.

Why not produce the same thing for the employees—especially the leadership team? Can we not show them how their compensation and benefits may evolve should the company achieve its plan? Of course, we'll have to stress that it's not guaranteed and actual results will certainly be different than illustrated. They will understand that. But, if properly constructed, it may be the most significant thing we show them about their possible financial future with the company.

Imagine how different your value proposition to a potential hire would be compared to your competitors if you took this approach.

Competitor: *"Join us as COO and we'll present you with a $250,000 salary, a 40% bonus opportunity and an attractive benefit program."*

You: *"Join us as COO and we'll present you with a $2.5 million financial opportunity over the next five years."*

You win.

Business leaders need to help employees envision a compelling future. And if it is compelling, employees will want to help create that future. They will also expect to participate in the financial upside. Therefore, you shouldn't just *build* a great incentive plan. Make it a *perfect* incentive plan by communicating and reinforcing its value over and over again.

Here's a sample of what Exodus CompLink refers to as an Employee Value Statement.

Employee Value Statement

James Morrison

	2017	2018	2019	2020	2021	2022	2023	2024
Cash Needs								
Annual Salary	$ 232,943	$ 232,943	$ 232,943	$ 232,943	$ 232,943	$ 232,943	$ 232,943	$ 232,943
Bonus	$ 100,595	$ 81,530	$ 81,530	$ 81,530	$ 81,530	$ 81,530	$ 81,530	$ 81,530
Total Cash Received	$ 333,538	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473
Wealth Accumulation								
Long Term Incentive Plan (LTIP)								
Annual Distribution	$ -	$ -	$ -	$ 62,880	$ 49,781	$ 149,660	$ 176,138	$ 248,826
Vested LTIP Value	$ 43,571	$ 63,516	$ 119,254	$ 174,277	$ 338,803	$ 467,049	$ 637,185	$ 799,595
Unvested LTIP Value	$ 93,462	$ 50,520	$ 72,613	$ 200,801	$ 324,332	$ 430,578	$ 514,427	$ 584,827
Total Annual LTIP Value (Paid & Increase in Vested Value)	$ 22,565	$ 19,945	$ 55,738	$ 117,903	$ 214,307	$ 277,907	$ 346,273	$ 411,236
Total Annual Value								
Salary and Bonus	$ 333,538	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473	$ 314,473
Annual LTIP Distribution	$ -	$ -	$ -	$ 62,880	$ 49,781	$ 149,660	$ 176,138	$ 248,826
Total Cash Received	$ 333,538	$ 314,473	$ 314,473	$ 377,353	$ 364,254	$ 464,133	$ 490,611	$ 563,299
Total Annual Value (Total Cash & Increase in Vested Value)	$ 356,103	$ 334,418	$ 370,211	$ 432,376	$ 528,780	$ 592,380	$ 660,746	$ 725,709
Total Wealth Projection	**$ 356,103**	**$ 690,521**	**$ 1,060,732**	**$ 1,493,108**	**$ 2,021,888**	**$ 2,614,268**	**$ 3,275,014**	**$ 4,000,722**

Note: All values shown are hypothetical. Actual results will vary, perhaps substantially, from those presented here. This report does not imply any guarantee of employment or promise of LTIP awards, payments or continuation of benefits in 2018 or beyond. The report should strictly be used to forecast hypothetical values under certain conditions.

Here are some additional communication tips:

- Show the short-term (annual) pay opportunity and details at the beginning of the year. Demonstrate how your team members are aligned with shareholders.
- Update the short-term value-sharing projection at the end of each quarter. Share the news whether good or bad.
- Provide a detailed explanation of the annual short-term plan results quickly after the close of the year. Celebrate the pending payment!
- Show the comprehensive long-term value opportunity (see the Employee Value Statement above) at least once per year—preferably at the beginning of the year but you might choose another "special occasion" event to do so.
- Update the value of the long-term incentive plan (LTIP) details near the end of Q1 when you award new grants. Use this as a time to review the plan and stress your long-term commitment to your employee partners.

Your commitment to reinforcing the potential meaning and value of your total rewards opportunity just may be the key to converting employees into true growth partners.

Conclusion

Why do most employers make incentive plans so difficult? We are sorry to say that most plans we examine are overly complex, tied to goals that are either too easy (thus creating an entitlement) or unachievable (leading to disillusionment), and uninspiring (due to a lack of alignment). But if you follow the principles and steps outlined above you will be surprised to discover that an *effective* plan—even a *performance-driving* plan is within your reach.

Treat your employees like true financial partners. Share meaningful value. Communicate a compelling future. And watch your business grow.

Ready to Speak to a Compensation Specialist?

If you would like to speak with an expert about your business goals and pay strategy, email Tom tom.jordan@exoduscomplink.com or call us at (210) 872-1055.

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Thomas J. Jordan specializes in the design, implementation, funding and the administration of executive and key employee incentive plans. As part of his exit planning advisory services he has developed stay bonuses, stock appre- ciation rights, phantom stock plans, executive deferred compensation plans and performance- based incentives for hundreds of organizations.

Tom has spent over 20 years as a leader in the compensation industry, serving as President and Chairman of the Executive Compensation Institute, a Senior Advisor on Compensation Strategy with M Financial, and as a Strategic Advisor to The VisionLink Advisory Group. He has helped over 400 companies create compensation programs as a critical component in his development of their transfer and succession strategies.

Thomas J. Jordan is the founding President of The Exit Planning Institute of South Texas. He holds a Bachelor of Arts degree in Economics from Millsap College and a Masters of Science degree in Financial Services from the American College of Financial Services. He is also a Certified Exit Planning Advisor.