Designing Executive Compensation and Benefits Systems Training Course



Ref: #HR8093

Course Introduction / Overview:

Designing effective executive compensation and benefits architecture is a critical function that directly impacts organizational performance, talent retention, and shareholder value. This comprehensive training course provides a deep dive into the strategic and technical elements of creating competitive and compliant executive pays programs. It moves beyond basic principles to explore the intricate balance between rewarding leadership and ensuring robust corporate governance. As noted by compensation expert Kevin J. Murphy, aligning executive incentives with long-term company strategy is paramount for sustainable success. This program, offered by BIG BEN Training Center, delves into the methodologies discussed in seminal works like "The Complete Guide to Executive Compensation," equipping participants with the skills to design, implement, and communicate sophisticated total rewards strategies. We will navigate the complexities of short-term and long-term incentives, equity compensation, regulatory compliance, and the pivotal role of the compensation committee, ensuring you can build a framework that attracts top talent while satisfying stakeholders and regulatory bodies. This course is your definitive guide to mastering the art and science of executive compensation.

Target Audience / This training course is suitable for:

- Human Resources Directors and Vice Presidents.
- Compensation and Benefits Managers and Specialists.
- Chief Human Resources Officers (CHROs).
- Members of the Board of Directors and Compensation Committees.
- Corporate Governance Professionals.
- In-House Legal Counsel.
- Senior Finance Executives and Chief Financial Officers (CFOs).
- Talent Management and Acquisition Leaders.
- Management Consultants specializing in HR and executive pay.

Target Sectors and Industries:

- Financial Services and Banking.
- Technology and Telecommunications.
- Healthcare and Pharmaceuticals.
- Energy, Oil, and Gas.
- Manufacturing and Engineering.
- Retail and Consumer Goods.
- Professional Services and Consulting.
- Government, Public Sector, and Non-Profit Organizations.
- Aviation and Logistics.
- Real Estate and Construction.

Target Organizations Departments:

- Human Resources Department.
- Finance and Accounting Department.
- Legal and Corporate Compliance Department.
- Corporate Governance and Board Relations Office.
- Executive Leadership and C-Suite Offices.
- Strategy and Corporate Development Department.
- Internal Audit and Risk Management Department.

Course Offerings:

By the end of this course, the participants will have able to:

- Develop a comprehensive executive compensation philosophy aligned with corporate strategy.
- Design and implement competitive short-term incentive (STI) and annual bonus plans.
- Structure effective long-term incentive (LTI) plans, including stock options and performance shares.
- Benchmark executive compensation packages against relevant industry and peer group data.
- Ensure compliance with SEC disclosure rules, tax laws, and other regulatory requirements.
- Articulate the role and responsibilities of the compensation committee in governance.
- Evaluate and design executive benefits, perquisites, and retirement plans.
- Create effective communication strategies for executive compensation plans to stakeholders.
- Analyze the impact of mergers, acquisitions, and change-in-control events on executive pay.
- Integrate Environmental, Social, and Governance (ESG) metrics into incentive plans.

Course Methodology:

The training methodology at BIG BEN Training Center is designed to be highly interactive, practical, and engaging, ensuring participants can immediately apply their learning. This course moves beyond theoretical lectures to immerse attendees in the real-world challenges of executive compensation design. We utilize a blend of expert-led presentations, in-depth case study analyses of prominent corporations, and collaborative group workshops. Participants will work in teams to design mock compensation packages, debate the merits of different incentive structures, and solve complex scenarios involving shareholder activism and regulatory scrutiny. Interactive sessions, facilitated discussions, and peer-to-peer learning are central to the experience, allowing for a rich exchange of ideas and best practices. Ample time is dedicated to Q&A sessions and personalized feedback from the instructor, ensuring that individual learning objectives are met. This hands-on, problem-solving approach guarantees a deep and lasting understanding of executive compensation architecture.

Course Agenda (Course Units):

Unit One: Foundations of Executive Compensation Strategy

- The Strategic Role of Executive Compensation.
- Developing a Coherent Compensation Philosophy.
- Corporate Governance and the Role of the Compensation Committee.
- The Regulatory Environment: SEC Rules, Dodd-Frank, and Tax Implications.
- Understanding Shareholder Perspectives and Advisory Votes (Say-on-Pay).
- Key Principles of Internal Equity and External Competitiveness.
- Linking Compensation to Business Strategy and Performance.

Unit Two: Designing Short-Term Incentive (STI) Plans

- Components of an Effective Annual Incentive Plan.
- Selecting and Weighting Performance Metrics (Financial, Operational, Strategic).
- Setting Performance Targets: Threshold, Target, and Maximum Levels.
- Understanding Bonus Pools and Individual Payout Calculations.
- The Role of Discretion in STI Plans.
- Communicating STI Plans to Executives and Stakeholders.
- Case Studies in Successful and Unsuccessful STI Plan Designs.

Unit Three: Structuring Long-Term Incentive (LTI) Plans

- The Purpose of LTI in Driving Long-Term Value Creation.
- Types of Equity Vehicles: Stock Options, Restricted Stock Units (RSUs), and Performance Shares.
- Designing Performance-Based Vesting Conditions.
- Determining Grant Sizes and Equity Pool Management.
- Valuation Methodologies for Equity Awards.
- Tax and Accounting Considerations for LTI Plans.
- Trends in LTI Design and Shareholder Preferences.

Unit Four: Executive Benefits, Perquisites, and Retirement Plans

- Supplemental Executive Retirement Plans (SERPs).
- Non-Qualified Deferred Compensation (NQDC) Plans.
- Designing Competitive Executive Health and Welfare Benefits.
- The Role and Optics of Perquisites (Perks).
- Employment Agreements and Severance Arrangements.
- Change-in-Control Provisions (Golden Parachutes).
- Clawback Policies and Their Implementation.

Unit Five: Advanced Topics and Strategic Communication

- Integrating ESG Metrics into Executive Incentive Plans.
- Compensation Considerations in Mergers and Acquisitions.
- Managing Executive Compensation During Corporate Turnarounds.
- Benchmarking and Working with Compensation Consultants.
- Preparing the Compensation Discussion and Analysis (CD&A).
- Engaging with Shareholders and Proxy Advisory Firms.
- Developing a Comprehensive Communication Strategy for Executive Pay.

FAQ:

Qualifications required for registering to this course?

There are no requirements.

How long is each daily session, and what is the total number of training hours for the course?

This training course spans five days, with daily sessions ranging between 4 to 5 hours, including breaks and interactive activities, bringing the total duration to 20 - 25 training hours.

Something to think about:

In an era of increasing public scrutiny and focus on ESG metrics, how can compensation committees balance traditional financial performance incentives with non-financial, long-term sustainability goals?

What unique qualities does this course offer compared to other courses?

This course distinguishes itself by adopting a holistic, strategic-governance perspective on executive compensation, moving far beyond the mechanics of plan design. While other programs may focus narrowly on technical calculations, our curriculum emphasizes the critical interplay between compensation architecture, corporate strategy, shareholder relations, and regulatory compliance. We provide a deep dive into the decision-making processes of the compensation committee, preparing participants not just to administer plans but to advise senior leadership and the board with confidence. The curriculum is enriched with contemporary case studies that explore both successes and high-profile failures in executive pay, offering practical lessons in risk management and stakeholder communication. Furthermore, the course dedicates significant time to emerging trends, such as the integration of ESG metrics and navigating the complexities of shareholder activism. This forward-looking approach ensures participants leave not only with mastery of current best practices but also with the foresight to design resilient and defensible compensation programs for the future.