



# Compensation Issues

## The Five Elements of Compensation

Once the groundwork has been done to define the issues and decision points in a candidate's mind and your company's compensation parameters are understood, a compensation package can be developed. In every executive compensation package there are five basic elements to consider.

Within these elements there are countless variations; however, to help structure your thinking regarding the way a compensation program should be developed, these are the major elements to consider:

### Elements to Consider

1. The candidate's current compensation package; *(and your Executive Search Professional will have acquired this during the recruiting, interview and debriefing sessions from the candidate);*
2. Market rates for comparable positions *(because you know the candidate will have researched this thoroughly on Glassdoor.com or other such web sites);*
3. Rates of pay for peer level executives in your company;
4. Your company's compensation policies;
5. Some other factors which may influence the candidate's decision could be:
  - future professional growth opportunities; degree of risk in your company, future reward potential such as bonuses or equity appreciation, amount of dislocation in the candidate's life, the candidate's need for the job and strength of interest in joining your company, the amount of risk you are taking in hiring that candidate, etc.; and lastly,
  - Idiosyncratic candidate 'wants' or 'desires' that defy logic or objectivity but could be deal breakers. Several examples that we have encountered in past searches included: periodic round trip flights to visit a child at college, and a gas card for jet fuel (he candidate owned two planes which he used for continental flights).

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