2019 Incentive Pay Practices: Privately Held Companies

6th Edition

This survey, a joint research effort between WorldatWork and Compensation Advisory Partners (CAP), focuses on the prevalence and design of short- and long-term incentive programs exclusive to U.S. privately held organizations.
Executive Summary

Short-term Incentives – Insights from 2019

• Short-term incentives (STIs) have become universal at private companies to align pay with short-term performance. STI prevalence reached 99 percent in 2019, up from 96 percent in 2017 and 94 percent in 2015.

• Spending on STIs increased to 6.5 percent of operating profit at median in 2019, up from 6 percent in 2017 and 5 percent in prior years. This increase indicates that private companies are spending more to compete for talent in this tight labor market.

• The prevalence of Annual Incentive Plans (AIPs) increased to 86 percent in 2019, up from 82 percent in 2017. The prevalence of all other types of STIs (i.e., spot awards, discretionary bonuses, team/small group incentives, project bonuses and profit sharing) fell in 2019. This indicates that firms are consolidating their STI spending on structured AIPs that incorporate companywide financial metrics and other objectives.

• AIP plans continue to be offered across the organization, with two-thirds of organizations providing eligibility to all employees.
Executive Summary (continued)

Short-term Incentives – Trends Over Time

• Design parameters of AIP plans have remained consistent over the past several years reflecting the standardization of the plan design across companies
  • **Award Leverage**: Threshold is 50% of target and Maximum is either 150% or 200% of target
  • **Award levels**: Median target award levels have remained at 80% of salary for the CEO, with targets decreasing by about half for each lower position level in the organization
  • **Number of performance measures**: 1 to 3
  • **Type of performance measures**: Focus on profitability as the most important performance measure
  • **Goal Setting**: Based on annual budget

• Spending for STI plans continues to increase for various reasons that may include:
  • Participation has broadened to include more employees
  • Economic performance has been relatively stable and strong
  • Labor markets have tightened, and there is increased competition for talent
Executive Summary (continued)

Long-term Incentives – Insights from 2019

- Long-term incentive (LTI) prevalence increased in 2019 to 62 percent. This is up from 54 percent in 2017 and 53 percent in 2015. The increased prevalence reflects that private firms are competing for top talent with publicly traded peers in a tight labor market.

- At firms that offer LTI plans, the choice of vehicles shifted in 2019, as shown in the chart to the right. Performance plans gained traction likely because they are less complex than other LTI vehicles.

- LTIs continue to be awarded to top management only.

![Prevalence of Vehicles at Firms Offering LTIs](chart)

- Performance plans: 65% (2019) vs. 60% (2017)
- Real equity: 36% (2019) vs. 34% (2017)
- Phantom equity: 15% (2019) vs. 26% (2017)
- Nonqualified deferred compensation: 21% (2019) vs. 30% (2017)
Executive Summary (continued)

Long-term Incentives – Trends Over Time

• **Prevalence:** When this survey was first conducted in 2007, LTI plans were prevalent in 35% of private companies. Between 2007 and 2011, LTI use increased dramatically to over 60% as private companies adopted LTI plans for the first time. After having some experience with these plans, prevalence dipped down to the low to mid fifties and remained at that level until 2019. LTI prevalence has increased again as private companies realize that they need this pay component to compete for talent with their public company counterparts.

• **Participation:** Still limited to a small group of executives who can really drive the business results.

• **Vehicle:** Performance Awards, such as long-term cash plans, are favored as companies can be creative in program design and customize it to their business strategy. Private companies have more leeway than their public counterparts to design what they want as long as the owners agree.

• **Number of Programs:** Only one program, or plan, given the cost and complexity of design for a private company. (However, many private companies have more than one type of LTI vehicle included in the plan.)

• **Design Elements:** Three-year performance period and cash pay-outs based on company financial performance are still the most prevalent design elements.
Short-term Incentive (STI) Plans

The following questions were answered only by private companies that have STIs.
For the first time in the history of the survey, nearly all private companies offer short-term incentive (STI) programs.
Approximately eight out of 10 of private firms have three or fewer STI programs. The number of firms reporting only one program grew in 2019.
Of the different types of STIs, annual incentive plans (AIPs) are by far the most prevalent in private firms. The use of other types of STIs dropped in 2019.

### Types of Short-Term Incentive Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>2019</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual incentive plan (AIP)</td>
<td>86%</td>
<td>82%</td>
</tr>
<tr>
<td>Spot awards</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Discretionary bonus</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>Team/small-group incentives</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>Project bonus</td>
<td>13%</td>
<td>21%</td>
</tr>
<tr>
<td>Profit-sharing plan</td>
<td>12%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Respondents could choose all that apply.

*N = 179*
About one in four private firms plans to add or modify an STI plan for 2020 for the following reasons:

Reasons for Short-Term Incentive Additions or Modifications

- Regular annual review and update of the plan(s): 56%
- Alignment of programs with market practices: 46%
- Change in strategy: 38%
- Company growth: 22%
- New ownership/management: 16%
- Change in business results: 12%
- Reorganization: 8%
- Changes due to regulatory requirements: 2%
- Other: 10%

Respondents could choose all that apply.

N = 50
Private company STI spending reached 6.5 percent of operating income at median, up slightly from 6 percent in 2017.

STI Spending as a % of Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>25th</th>
<th>Median</th>
<th>75th</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.0%</td>
<td>6.4%</td>
<td>13.0%</td>
</tr>
<tr>
<td>2019</td>
<td>3.0%</td>
<td>6.5%</td>
<td>13.0%</td>
</tr>
<tr>
<td>2017</td>
<td>3.0%</td>
<td>6.0%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

N = 139
Annual Incentive Plans (AIPs)

The following questions were answered only by private companies that have AIPs.
AIP eligibility extends across the entire workforce at private companies.

<table>
<thead>
<tr>
<th>Position</th>
<th>AIP Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>87%</td>
</tr>
<tr>
<td>Other exec/officers</td>
<td>98%</td>
</tr>
<tr>
<td>Managers/supervisors</td>
<td>98%</td>
</tr>
<tr>
<td>Exempt</td>
<td>88%</td>
</tr>
<tr>
<td>Nonexempt</td>
<td>66%</td>
</tr>
</tbody>
</table>

N = 120
The top three AIP objectives are to 1) align incentives with short-term goals, 2) share financial success with employees and 3) reward employees.

### AIP Primary Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Align employees’ incentives with short-term goals</td>
<td>63%</td>
</tr>
<tr>
<td>Share the organization’s financial success with employees</td>
<td>49%</td>
</tr>
<tr>
<td>Reward employees</td>
<td>48%</td>
</tr>
<tr>
<td>Be competitive with other employers</td>
<td>43%</td>
</tr>
<tr>
<td>Focus employees on specific goals</td>
<td>37%</td>
</tr>
<tr>
<td>Retain employees</td>
<td>33%</td>
</tr>
<tr>
<td>Recruit qualified employees</td>
<td>12%</td>
</tr>
<tr>
<td>Provide special recognition</td>
<td>4%</td>
</tr>
</tbody>
</table>

*Respondents could choose three objectives.*
Private companies tend to view the effectiveness of their AIPs favorably.

Effectiveness of AIPs at Achieving Objectives

- 1 Effective: 13%
- 2: 29%
- 3: 36%
- 4: 19%
- 5 Not effective: 3%

N = 118
The biggest AIP strengths are the performance measures used and the level of award opportunity, while the biggest weaknesses are the level of discretion and risk-reward trade-off.
Most private firms incorporate threshold, target and maximum award levels into their AIPs

Prevalence of Thresholds, Targets and Maximums in AIPs

- **Threshold**: 69% (50% of Target)
- **Target**: 92% (150% to 200% of Target)
- **Maximum**: 75% (150% to 200% of Target)

*N = 118*
Median target award opportunities range from 80 percent of salary for the chief executive officer (CEO) to five percent of salary for nonexempt employees.

**AIP Target Award Opportunities as a Percent of Salary**

- **CEO**: 100% (75th), 80% (Median), 50% (25th)
- **Other executives/officers**: 50% (Median), 40% (25th)
- **Managers/supervisors**: 20% (75th), 15% (Median), 14% (25th)
- **Exempt salaried**: 10% (75th), 8% (Median)
- **Nonexempt salaried or hourly**: 6% (75th), 5% (Median), 5% (25th)

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>87</td>
</tr>
<tr>
<td>Other executives/officers</td>
<td>99</td>
</tr>
<tr>
<td>Managers/supervisors</td>
<td>104</td>
</tr>
<tr>
<td>Exempt salaried</td>
<td>93</td>
</tr>
<tr>
<td>Nonexempt salaried or hourly</td>
<td>66</td>
</tr>
</tbody>
</table>
Most private companies use one to three performance measures in their AIPs

Number of Performance Measures Used in AIPs

- One to three: 61%
- Four to six: 29%
- Seven to nine: 6%
- 10 or more: 3%

N = 116
Financial measures are the most common type of metric used in private company AIPs, with profitability and revenue being most prevalent.
Operational measures are also used in private company AIPs, but the type of measure varies.

Prevalence of Operational Performance Measures in AIPs

- Customer measures (satisfaction, retention, etc.): 28%
- Operational efficiency: 26%
- Service/quality: 22%
- Safety/occupational injury: 19%
- Employee satisfaction/engagement: 6%
- Other operational objectives: 8%

N = 113

Respondents could choose all that apply.
Individual objectives are also used in AIPs, with the prevalence split between achievement of specific goals (40%) and overall performance (38%).

Prevalence of Individual Objectives in AIPs

- Achievement of specific individual goals: 40%
- Overall individual performance, perhaps as expressed in a performance rating: 38%
- Other individual objectives: 3%

*N = 113

Respondents could choose all that apply.*
Private companies combine performance measures in a variety of ways, with the most common being that awards are paid for performance in each measure.

How Different AIP Performance Measures are Used Together

- Awards are paid for performance in each measure: 34%
- A balanced scorecard approach is used: 19%
- Certain measures are used as modifiers to increase or decrease the award: 15%
- Only one measure is used: 10%
- Management discretion: 10%
- Different measures are used for different participants: 9%
- Other: 4%

N = 115
Company budgets continue to be the most prevalent basis for setting AIP performance targets at private firms

Basis Used to Set AIP Performance Targets

- Budget: 62% (2019), 58% (2017)
- Management discretion: 41% (2019), 38% (2017)
- Improvement over prior year: 27% (2019), 21% (2017)
- Formula: 18% (2019), 10% (2017)
- Achievement of milestones: 17% (2019), 14% (2017)
- Fixed standard: 10% (2019), 13% (2017)
- Relative to peers: 10% (2019), 10% (2017)
- Other: 3% (2019), 3% (2017)

N = 112

Respondents could choose all that apply.
AIP linkage varies based on position level, with executive positions having greater corporate linkage and other positions having a greater individual focus

AIP Performance Linkage by Position

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Division/Unit</th>
<th>Individual</th>
<th>N =</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>100%</td>
<td>11%</td>
<td>37%</td>
<td>102</td>
</tr>
<tr>
<td>Executive/officer</td>
<td>96%</td>
<td>46%</td>
<td>52%</td>
<td>113</td>
</tr>
<tr>
<td>Managers/supervisors</td>
<td>84%</td>
<td>55%</td>
<td>59%</td>
<td>112</td>
</tr>
<tr>
<td>Exempt salaried</td>
<td>82%</td>
<td>42%</td>
<td>61%</td>
<td>100</td>
</tr>
<tr>
<td>Nonexempt, salaried and hourly</td>
<td>76%</td>
<td>41%</td>
<td>53%</td>
<td>76</td>
</tr>
</tbody>
</table>

*Note: The data is not additive across rows because organizations can choose more than one linkage parameter by position.*
Supervisor discretion plays a role in two-thirds of AIP plans

The Role Supervisor Discretion Plays in AIPs

<table>
<thead>
<tr>
<th>Level of Discretion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>18%</td>
</tr>
<tr>
<td>Somewhat</td>
<td>27%</td>
</tr>
<tr>
<td>To a lesser degree</td>
<td>23%</td>
</tr>
<tr>
<td>Not at all</td>
<td>32%</td>
</tr>
</tbody>
</table>

N = 115
Discretion is viewed unfavorably, with consistency of use and the perception of fairness being the largest weaknesses.

The Effectiveness of Discretion in AIPs

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who applies the discretion</td>
<td>65%</td>
<td>-35%</td>
</tr>
<tr>
<td>Amount subject to discretion</td>
<td>53%</td>
<td>-47%</td>
</tr>
<tr>
<td>Mechanism to incorporate qualitative</td>
<td>49%</td>
<td>-51%</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication of rationale for discretion</td>
<td>36%</td>
<td>-64%</td>
</tr>
<tr>
<td>Consistency of use across the organization</td>
<td>28%</td>
<td>-72%</td>
</tr>
<tr>
<td>Perception of fairness for payouts</td>
<td>28%</td>
<td>-72%</td>
</tr>
</tbody>
</table>
Most AIPs are funded using 1) a financially based formula at the corporate level or 2) the sum of each individual’s target.

Prevalence of AIP Funding Mechanisms

- Financially based formula at the corporate level: 47%
- Sum of each individual’s target: 37%
- Discretionary funding: 9%
- Financially based formula at the division, unit or group level: 2%
- Other: 5%

N = 113
Most private companies communicate their AIPs through a written plan document and/or through individual meetings.

Prevalence of AIP Communication Methods

- Written plan document via individual email or internal company website: 64%
- Verbal description by HR or supervisor through individual communications: 60%
- Periodic updates on progress by company: 42%
- Annual communication by company of performance targets, links to strategy: 37%
- Company/team meetings (in person or virtual) to review incentive plan info: 33%
- No method of communication (not communicated): 4%
- Other: 4%

N = 114

Respondents could choose all that apply.
Long-Term Incentives (LTIs)

The following questions were answered only by private companies that have LTIs.
About six out of 10 private companies have an LTI plan in place, up substantially from 2007 when we first conducted the survey.

Prevalence of Long-Term Incentive Programs

2019: 62%
2017: 54%
2015: 53%
2013: 56%
2011: 61%
2007: 35%

N = 141
Private companies that offer LTIs favor cash-based performance awards

<table>
<thead>
<tr>
<th>Long-Term Incentive Vehicle Prevalence</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance awards</td>
<td>65%</td>
</tr>
<tr>
<td>Long-term cash plans</td>
<td>47%</td>
</tr>
<tr>
<td>Performance units</td>
<td>17%</td>
</tr>
<tr>
<td>Performance shares</td>
<td>7%</td>
</tr>
<tr>
<td>Real equity/value tied to real equity</td>
<td>36%</td>
</tr>
<tr>
<td>Stock options</td>
<td>19%</td>
</tr>
<tr>
<td>Restricted stock units (RSUs)</td>
<td>22%</td>
</tr>
<tr>
<td>Restricted stock</td>
<td>6%</td>
</tr>
<tr>
<td>Nonqualified deferred compensation</td>
<td>21%</td>
</tr>
<tr>
<td>Phantom equity</td>
<td>15%</td>
</tr>
<tr>
<td>Phantom stock</td>
<td>9%</td>
</tr>
<tr>
<td>Stock appreciation rights (SARs)</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Note: Companies could choose all that apply so the amounts do not sum; companies often use more than one vehicle.*

\[N = 86\]
Respondents indicate that their top three LTI objectives are to 1) retain employees, 2) align incentives with long-term goals, and 3) be competitive with other employers.

**LTI Primary Objectives**

- Retain employees: 53%
- Align employees’ incentives with long-term goals: 48%
- Be competitive with other employers: 44%
- Focus employees on specific long-term goals: 40%
- Reward employees: 24%
- Share the organization’s financial success with employees: 18%
- Provide participants with a wealth-accumulation opportunity: 15%
- Promote employee ownership: 14%
- Recruit qualified employees: 13%
- Other: 2%

*Respondents could choose three objectives.*

N = 85
About seven in 10 private companies have only one LTI program in place, likely because of the complexity of setting up such plans.
LTI eligibility is typically reserved for those at the VP/director/officer level and above.
Median LTI award opportunities rose across all executive levels from 2017 to 2019

LTI Target Award Opportunities as a Percent of Salary

<table>
<thead>
<tr>
<th>Executive Level</th>
<th>25th</th>
<th>Median</th>
<th>75th</th>
<th>2017 Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>85%</td>
<td>100%</td>
<td>200%</td>
<td>120%</td>
</tr>
<tr>
<td>CEO's Direct Reports</td>
<td>45%</td>
<td>70%</td>
<td>120%</td>
<td>80%</td>
</tr>
<tr>
<td>VPs/Directors/Other Execs</td>
<td>25%</td>
<td>40%</td>
<td>55%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Note: Insufficient data was reported for managers and below.
About one in five private firms plans to add or modify an LTI plan for 2020

Private Companies Planning to Add or Modify Long-Term Incentives for 2020

- Yes: 19%
- No: 81%

N = 83

Note: Since only 16 firms are adding or modifying a plan, insufficient data was reported for questions about what prompted the changes, and what type of changes are being made.
For private companies that use real equity, total overhang of less than 10 percent is most prevalent.

Total Overhang for Private Companies using Real Equity
(Overhang is the total pool allocated for current and future employee grants divided by common shares outstanding)

N = 78 (52 “no real equity used” responses were excluded)
LTIs: Performance Awards

The following questions were answered only by private companies that offer performance awards, such as long-term cash plans, performance units and performance shares.
Performance awards are mainly reserved for top executives

Performance Award Eligibility

- CEO: 91%
- Other executives/officers: 96%
- Managers/supervisors: 28%

(Note: Performance awards were not reported below the manager/supervisor level.)
Profitability measures are by far the most prevalent in performance plans.

Prevalence of Metrics in Performance Plans

- A profitability measure: 64%
- A return measure (ROA, ROE, ROI, etc.): 28%
- Annual sales/revenue: 18%
- Cash flow: 12%
- Economic profit or similar: 12%
- Operational measure: 12%
- Discretion: 4%
- Total shareholder return: 4%
- Target stock price: 4%
- Market share: 2%
- Other: 10%

Respondents could choose all that apply.

N = 50
Private firms set performance plan targets using a variety of approaches, including budget and improvement over the prior year.

### Basis Used to Set Performance Targets in Performance Plans

- **Budget**: 35%
- **Improvement over the prior year**: 27%
- **Formula**: 23%
- **Discretion**: 19%
- **Fixed standard**: 19%
- **Relative to peers**: 17%
- **Achievement of milestones**: 15%
- **Other**: 2%

*N = 48

Respondents could choose all that apply.*
Performance plan payouts are primarily linked to results at the corporate level

Performance Award Linkage by Position

<table>
<thead>
<tr>
<th></th>
<th>Corporate</th>
<th>Division/Unit</th>
<th>Individual</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>100%</td>
<td>5%</td>
<td>14%</td>
<td>43</td>
</tr>
<tr>
<td>Executive/officer</td>
<td>96%</td>
<td>20%</td>
<td>14%</td>
<td>49</td>
</tr>
</tbody>
</table>

*Note: The data is not additive across rows because organizations can choose more than one linkage parameter by position.*
Most private companies set performance thresholds, targets and maximum in their performance plans

Prevalence of Thresholds, Targets and Maximums in Performance Plans

- Threshold: 62%
- Target: 81%
- Maximum: 67%

(200% of Target)

N = 48
The majority of private companies pay out performance awards in cash.
Three years is the most common performance period for performance award plans

Performance Period for Performance Award Plans

- One year: 12%
- Two years: 2%
- Three years: 73%
- Four years: 8%
- Five or more years: 6%

N = 52
Beyond Incentive Pay

The following question was given to all survey respondents.
Besides incentive pay, private companies are retaining talent with intangibles such as job advancement and flexible work arrangements.

Top Three Rewards Tools for Retaining Talent

- Job advancement/promotion: 66%
- Flexible work arrangements: 48%
- Additional base compensation: 44%
- Culture/community: 34%
- Developmental job assignments: 29%
- Retirement plan: 28%
- Additional benefits: 19%
- Tuition assistance/additional education: 11%
- Specialized training: 6%
- Student loan repayment: 1%
- Additional perquisites: 1%
- Other: 2%

N = 132

Respondents could choose three reward tools.
Survey Demographics

The following questions were provided to all survey respondents.
Survey Demographics: Industry

Prevalence of Industries

- Finance & insurance: 19%
- All other manufacturing: 17%
- Information (includes publishing, IT technologies, etc.): 12%
- Consulting, professional, scientific & technical services: 11%
- Retail trade: 8%
- Chemical manufacturing (includes pharmaceuticals): 6%
- Health care & social assistance: 5%
- Computer & electronic product manufacturing: 4%
- Agriculture, forestry, fishing & hunting: 3%
- Utilities: 3%
- Construction: 2%
- Accommodation & food service: 2%
- Arts, entertainment & recreation: 2%
- Wholesale trade: 2%
- Transportation & warehousing: 2%
- Admin. & support & waste mgmt. & remediation svcs.: 1%
- Educational services: 1%
- Other: 3%

N = 133
Survey Demographics: Full-time Equivalent Employees (FTEs)

Number of FTE Employees

- Fewer than 100: 1%
- 100 to 499: 7%
- 500 to 999: 10%
- 1,000 to 2,499: 31%
- 2,500 to 4,999: 23%
- 5,000 to 9,999: 14%
- 10,000 to 19,999: 5%
- 20,000 to 39,999: 4%
- 40,000 to 99,999: 2%
- 100,000 or more: 1%

N = 134
Survey Demographics: Annual Revenue

Annual Revenue

<table>
<thead>
<tr>
<th>Annual Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100 million</td>
<td>2%</td>
</tr>
<tr>
<td>$100 million to $499 million</td>
<td>19%</td>
</tr>
<tr>
<td>$500 million to $999 million</td>
<td>15%</td>
</tr>
<tr>
<td>$1 billion to $2.49 billion</td>
<td>24%</td>
</tr>
<tr>
<td>$2.5 billion to $4.9 billion</td>
<td>18%</td>
</tr>
<tr>
<td>$5 billion to $9.9 billion</td>
<td>11%</td>
</tr>
<tr>
<td>$10 billion to $14.9 billion</td>
<td>5%</td>
</tr>
<tr>
<td>$15 billion to $19.9 billion</td>
<td>0%</td>
</tr>
<tr>
<td>More than $20 billion</td>
<td>6%</td>
</tr>
</tbody>
</table>

N = 123
Survey Demographics: Corporate Status

Corporate Status

- LLC: 25%
- C corporation: 24%
- Subsidiary: 22%
- S corporation: 14%
- Mutual: 8%
- Partnership: 5%
- Other: 3%

N = 106
Survey Demographics: CEO Ownership

Is the company’s CEO an owner?

- No: 72%
- Yes: 22%
- Yes, and also a founding member of the organization: 7%

N = 134
Survey Demographics: Company Ownership

Is your company family-owned?

- No: 29%
- Yes: 71%

Do your company's owners include a private equity firm?

- No: 74%
- Yes: 26%

N = 133  N = 128
Appendix
Methodology and Contact Information
Methodology

This report summarizes the results of a June/July 2019 survey of WorldatWork members that gathered information on incentive pay practices at privately held, for-profit companies. The survey also collected information on tax-exempt and government organizations; the survey results for those organizations are detailed in a separate report.

In June 2019, survey invitations were sent electronically to 7,164 WorldatWork members. The survey closed in July 2019. The dataset was cleaned, resulting in a final dataset of about 300 responses: 182 private, for-profit companies covered in this report, and 116 tax-exempt and government organizations covered in the sister report.

Due to rounding, frequencies of data responses provided in this survey may not total 100 percent. In addition, some questions allow the respondent to choose more than one response, which results in totals that exceed 100 percent. For questions where respondents were asked to provide a number such as a position’s incentive target, zeros were excluded.

When trend data is shown, the “N” or number of responses for each question is for the 2019 data. Questions with fewer than 30 responses were omitted from the survey. (This includes LTI sections focusing on stock options, restricted stock, phantom stock and deferred compensation.)

The full text of the questionnaire and definitions of terms used in the survey can be found here. A list of participating organizations can be found here.
Contact Us:

WorldatWork

Global Headquarters
14040 N. Northsight Blvd.
Scottsdale, AZ 85260 USA

Washington, D.C. Office
1100 13th St. NW, Suite 800
Washington, DC 20005 USA

Telephone
• 877-951-9191 (United States and Canada)
• +1 480-922-2020 (other countries)

Email
• customerrelations@worldatwork.org

Website
• worldatwork.org

Compensation Advisory Partners

Chicago Office
Bonnie Schindler, Principal
200 South Wacker Drive, Suite 3100
Chicago, IL 60606
Phone: 847-636-8919
Email: Bonnie.Schindler@capartners.com

Los Angeles Office
Susan Schroeder, Partner
400 Continental Blvd., 6th Floor
El Segundo, CA 90245
Phone: 310-426-2340
Email: Susan.Schroeder@capartners.com

Website
• capartners.com