



Unique Surveys Show Cash Incentives Prevalent Across Publicly-Traded, Privately-Held and Nonprofit Sectors

WASHINGTON, March 18, 2014—Research released today by WorldatWork, in conjunction with both Deloitte Consulting and Vivient Consulting, shows that a vast majority of organizations use and rely on incentive-based pay practices to compete for top talent, as well as to motivate and reward employees.

“Incentive programs are alive and well at companies from all different sectors,” said Kerry Chou, WorldatWork senior practice leader on compensation. “The data shows no indication of companies pulling back or reducing the use of these types of programs. Incentive and bonus plans can be a critical aspect of an organization’s compensation and total rewards offering. Understanding competitive incentive pay practices can help shape decisions on effective design aspects and overall business strategy.”

For the first time, short and long-term incentive pay practices can be compared directly across the three sectors of publicly-traded firms, privately-held companies and nonprofit/government organizations. Deloitte and Vivient used several identical questions in the three versions of the surveys. This unique research fills a gap that exists in the marketplace for incentive-pay data, especially for non-publicly traded companies.

“This study demonstrates the continued, nearly universal popularity of short and long-term incentives in public companies as a means of motivating and rewarding results and behaviors while effectively managing organizational compensation costs,” said Greg Stoskopf, director, Deloitte Consulting LLP in the compensation strategies consulting practice. “This study is unique in that it not only provides data on the prevalence of plan designs, but also the performance measures, equity vehicles and administrative tools being used.”

“Both private, for-profit companies and nonprofit/government organizations rely on short-term cash incentives to reward employees with plan design features very similar to their public company counterparts,” noted Bonnie Schindler, partner at Vivient Consulting. “The main difference is long-term incentives, where privately-held organizations are focusing on long-term cash plans rather than restricted stock or options. Cash is king, particularly when it comes to retaining top talent.”

Key Findings:

Percent of Participating Organizations Offering Plans to Employees

	Publicly-Traded	Privately-Held	Nonprofit/Gov't
Annual Incentive Plans	90%	86%	76%
Spot Awards	66%	39%	42%
Retention Bonus	61%	27%	38%
Discretionary Bonus Plans	40%	47%	40%
Long-Term Incentive Plans	88%	56%	16%

Publicly Traded Firms:

- The majority of survey participants (99 percent) have a short-term incentive (STI) plan.
- A majority of survey participants reported that their officers/executives and exempt, salaried employees were eligible for the annual incentive plan (AIP) or bonus plan (96 percent and 97 percent, respectively).
 - In comparison, half of participants offered the AIP or bonus plan to nonexempt, salaried and nonexempt, hourly, nonunion employees (55 percent and 53 percent, respectively).
- Most of the participants surveyed reported that their organizations used 1 to 3 performance measures in the determination of incentive/bonus payout amounts (56 percent).

Privately Held Organizations:

- Over 75 percent of companies with a STI plan offer more than one program, with 39 percent of respondents reporting four or more STI plans.
- AIPs, the most prevalent STI plan at private companies, are offered to employees at the exempt, salaried level and above at most organizations.
- Long-term cash plans are the most prevalent long-term incentive (LTI) vehicle with 51 percent prevalence in 2013, which is the same level seen in the 2011 version of the survey.

Nonprofit/Government Organizations:

- In 2013, 78 percent of nonprofit and government organizations reported using STIs, while 16 percent reported using cash LTIs.
- Nonprofit and government organizations favor simplicity by operating a limited number of STI plans. Of the respondents, 68 percent report having three or fewer STI plans in place.
- The majority of organizations (62 percent) rely on 4 to 6 performance measures in their AIP plans in order to reward performance across a number of different dimensions.

About the Surveys:

In October 2013, WorldatWork and Deloitte invited WorldatWork members and Deloitte contacts to participate in the 2013 “Incentive Pay Practices Survey of Publicly Traded Companies.” Respondents from more than 350 publicly-traded organizations participated in this survey, which provides information about current trends in variable pay practices, including prevalence of types of incentive programs, design features and key performance measures of incentive plans.

Concurrently, Vivient Consulting and WorldatWork conducted a similar survey of non-publicly traded organizations, examining the prevalence and types of short-term and long-term incentive practices, including equity sharing ratios, valuation and liquidity provisions. More than 190 participants from private, for-profit organizations responded to the survey, as did 175 participants from nonprofit and government organizations, resulting in two additional reports. This survey was also conducted in 2007 and 2011, providing longitudinal data.

About Vivient Consulting

Motivating Performance Through Rewards

Since 2002, Vivient Consulting (www.vivient.com) has provided independent compensation expertise to board compensation committees, chief executive officers and human resource professionals. Vivient works with public and private companies, and non-profit organizations. Clients represent many different industries, sizes and stages of growth. The firm’s partners deliver high-quality solutions in the areas of compensation strategy, executive pay, incentive-compensation plan design and employment contract negotiations. For more information, please visit our website at www.vivient.com.

About WorldatWork®

The Total Rewards Association

WorldatWork (www.worldatwork.org) is a nonprofit human resources association for professionals and organizations focused on compensation, benefits, work-life effectiveness and total rewards — strategies to attract, motivate and retain an engaged and productive workforce. WorldatWork and its affiliates provide comprehensive [education](#), [certification](#), [research](#), [advocacy](#) and [community](#), enhancing careers of professionals and, ultimately, achieving better results for the organizations they serve. WorldatWork has more than 65,000 members and subscribers worldwide; 95 percent of Fortune 500 companies employ a WorldatWork member. Founded in 1955, WorldatWork is affiliated with more than [70 local human resources associations](#) and has offices in Scottsdale, Ariz., and Washington, D.C.

About Deloitte’s Human Capital Practice

Deloitte (www.deloitte.com/us/humancapital) helps organizations effectively manage their human capital to drive business growth. It does this by leveraging advanced analytics to develop talent management and business-driven HR strategies to deliver results. Deloitte is a leader in human capital consulting, bringing a unique combination of business, industry and HR knowledge, supported by the breadth of services and capabilities of a multidisciplinary professional services organization and global network. For more information, please visit <http://www.deloitte.com/us/humancapital>.