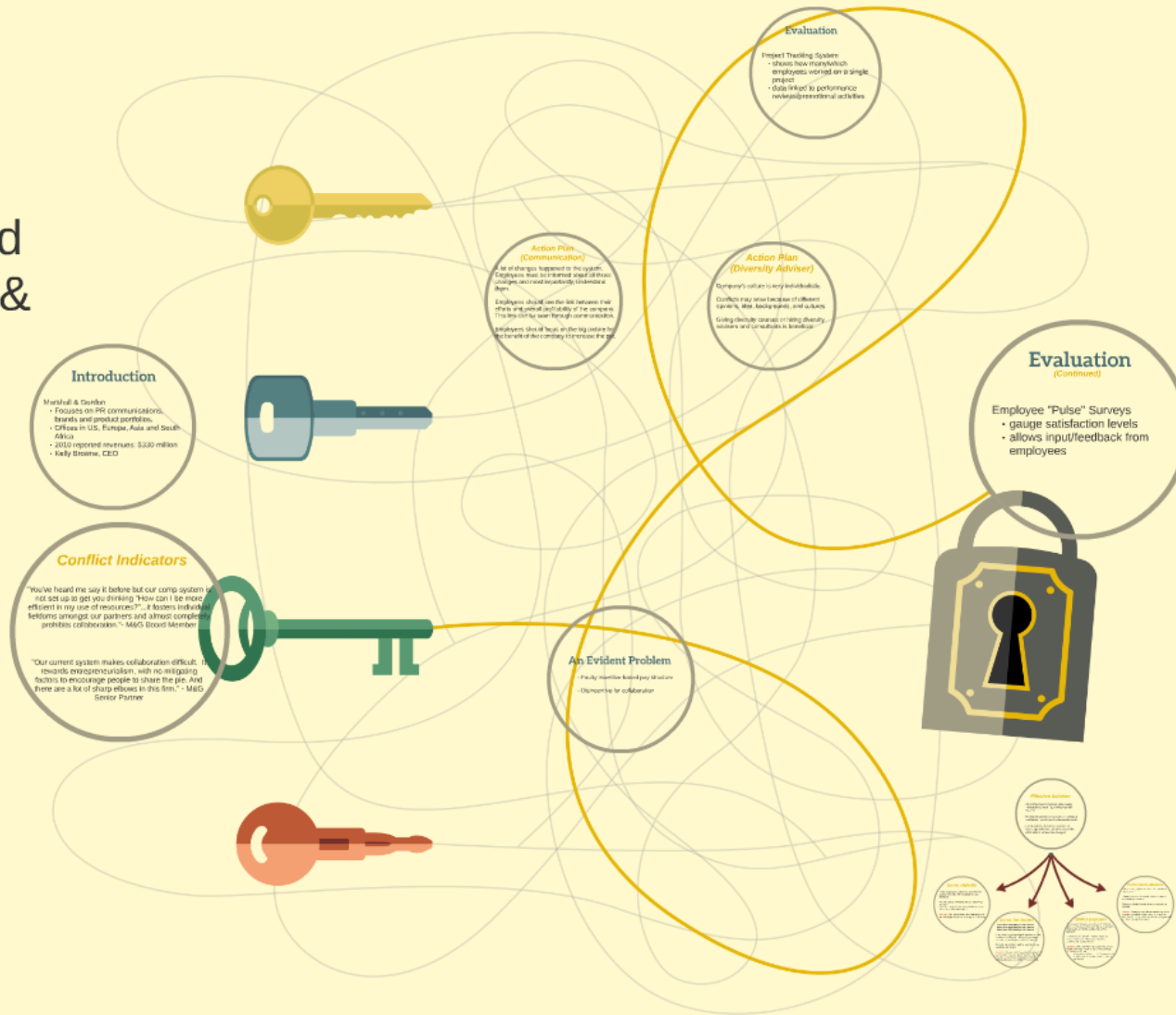


Marshal and Gordon: Designing an effective compensation system Harvard Case Solution & Analysis

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A Look Into...

M&G's Current Compensation System

Performance based bonuses are calculated by a 2 part formula:

- Corporate sales growth for business "Highland" 20 and "Lowland" 82.
- For individual bonuses, only primary business is considered, the partner responsible for individual D and C credits average performance.

Directors could give up to 10% additional bonus based on performance.

to show performance indicators in place

In Conclusion...

M&G's current compensation system discouraged teamwork.

With our suggestions, they should be able to focus on individual sales and business & financial and employee goals through current business plan.

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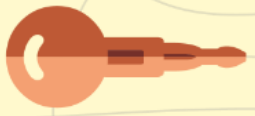
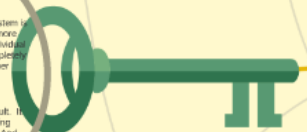
A Look Into...
M&G's Current Compensation System
 Producers and Patterns are awarded an annual salary and bonus.
 Performance-based bonuses are calculated by a 2-part formula:
 - Factors are credits for success "long-term" (LT) and "short-term" (ST)
 - For periods that aren't jointly owned between 2 partners, the partners negotiate how credits to split & each manages distribution.
 Bonuses could give up to 20% additional bonus based on performance.
 * For some performance indicators in place

Introduction
 Marshall & Gordon
 - Focuses on PR communications, brands and product portfolios.
 - Offices in US, Europe, Asia and South Africa
 - 2010 reported revenues: \$330 million
 - Kelly Browne, CEO

Executive Positioning Practice (EPP)
 A new service provided by M&G that leverages executive branding, reputation and communication looks to a clients board.
 M&G Consultants work with client's CEOs to create a personal communications strategy that represents their strengths to portray the right individual profile to the public.

Conflict Indicators
 "You've heard me say it before but our comp system is not set up to get you thinking "How can I be more efficient in my use of resources?"... it fosters individual fiefdoms amongst our partners and almost completely prohibits collaboration." - M&G Board Member
 "Our current system makes collaboration difficult. It rewards entrepreneurialism, with no mitigating factors to encourage people to share the pie. And there are a lot of sheep elbows in this firm." - M&G Senior Partner

An Evident Problem
 - Faulty incentive based pay structure
 - No clear plan for collaboration

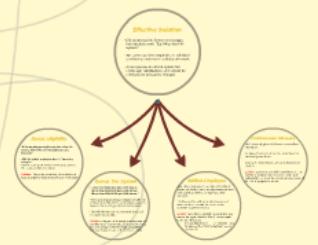


Action Plan (Communication)
 A lot of changes happened to the system, employees must be informed about all these changes and most importantly understand them.
 Employees should see the link between their efforts and personal profitability of the company. The link can be seen through communication.
 Employees should focus on the big picture but be aware of the changes to increase the link.

Action Plan (Diversity Adviser)
 Company's culture is very inclusive which conflicts may arise because of different opinions, ideas, backgrounds, and cultures.
 Giving diversity courses or hiring diversity advisors and consultants is beneficial.

Evaluation
 Project Tracking System
 - shows how many which employees worked on a single project
 - data linked to performance review/promotional activities

Evaluation (Continued)
 Employee "Pulse" Surveys
 - gauge satisfaction levels
 - allows input/feedback from employees



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A Look Into...

M&G's Current Compensation System

Principle's and Partners are awarded an annual salary and bonus.

Performance-based bonuses are calculated by a 2 part formula:

- Partners earn credits for business "originated" (O) and "executed" (E)
- For projects that were split jointly between 2 partners, the partners negotiate how to divide O and E credits amongst themselves

Directors could give up to 10% additional bonus based off performance

- No clear performance indicators in place

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