

Key to Success -- Marshall & Gordon Compensation Case

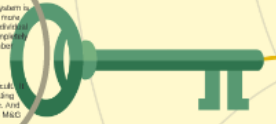


A Look Into...
M&G's Current Compensation System
Pros and Cons are outlined in a report below and how
Performance based bonuses are calculated by a particular
methodology. We will discuss the "insider" (CEO) and
"outsider" (CFO) compensation structure. We will also
discuss the new advisory services to clients, the
partnership model for M&G and the L1 model regarding
bonuses.
Executives could give up to 10% of bonus based on
performance.
No clear performance indicators in place.

Introduction
Marshall & Gordon
• Focuses on HR, communications,
boards and product portfolio.
• Offices in U.S., Europe, Asia and South
Africa
• 2010 reported revenues: \$60 million
• Soly Brown, CEO

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 breeds inefficiency
behaviors amongst our partners and almost completely
prohibits collaboration." - M&G Board Member
"Our current system makes collaboration difficult,
rewards entrepreneurialism, with no mitigating
factors to encourage people to share the pie. And
there are a lot of sharp elbows in this firm." - M&G
Senior Partner

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



**Action Plan
(Communication)**
A set of changes proposed to the system
empowers the HR department about future
changes and is more important, sponsored
them.
Employees should see the line between their
efforts and output/potential of the company.
This line can be seen through communication.
Employees should focus on the big picture and
the benefit of the company to increase the ROI.

**Action Plan
(Diversity Adviser)**
Company's culture is very individualistic.
Conflicts may arise because of different
objectives, work backgrounds and cultures.
Clear diversity, communication, training, diversity
adviser and consultants is beneficial.

Evaluation
Project Tracking System
• Shows how many which
employees worked on a single
project
• Data linked to performance
reviews/professional activities

An Evident Problem
• Fully based on based on numbers
• Disincentive to collaborate

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

In Conclusion...
M&G's current compensation system does not align incentives
with our objectives. They should be able to focus on
improving culture, which focuses on productivity and
employees' ability to effectively collaborate with others.



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A Look Into...
M&G's Current Compensation System

Problems and Patterns are revealed as central safety and fairness.

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

- Factors vary credits for business "longevity" (L) and "momentum" (M)
- For periods that were right (only) between 2 partners, the authors investigate how leaders (L) and (M) undermanage themselves.

Decisions could give up to 20% additional bonus based on performance.

For some performance indicators in place.

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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 fiddling amongst our partners and almost completely prohibits collaboration." - M&G Board Member

"Our current system makes collaboration difficult, rewards entrepreneurialism, with no mitigating factors to encourage people to share the pie. And there are a lot of sleep elbows in this firm." - M&G Senior Partner



Action Plan (Communication)

All of changes happened to the system... Employees must be informed about all these changes and most importantly, understand them.

Employees should get feedback between their efforts and overall profitability of the company. This has never been through communication.

Employees should focus on the big picture but be better off the company to increase the gain.



Action Plan (Diversity Adviser)

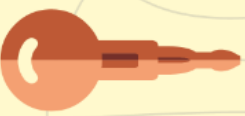
Company's culture is very inclusive which... Conflicts may arise because of different opinions, ideas, backgrounds, and cultures.

Giving diversity credits or hiring diversity advisors and consultants is beneficial.



An Evident Problem

- Faulty incentive based pay structure
- Disincentive for collaboration



Evaluation

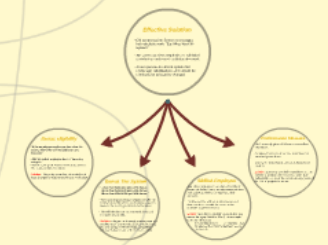
Project Tracking System

- shows how many which employees worked on a single project
- data linked to performance review/professional activities

Evaluation (Continued)

Employee "Pulse" Surveys

- gauge satisfaction levels
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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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A new service provided by M&G that leverages executive branding, reputation and communication toolkits to a clients board.

M&G Consultants work with client's CEO's 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

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