

Reprinted from

Compensation & Benefits

REVIEW

American Management Association's Journal of Total Compensation Strategies

**AVOIDING PERFORMANCE
MEASUREMENT TRAPS:**

Ensuring Effective Incentive Design and Implementation

Francine C. McKenzie
Vice President

Johnson Associates, Inc.

Matthew D. Shilling
Consultant

Johnson Associates, Inc.

AVOIDING PERFORMANCE MEASUREMENT TRAPS:

Ensuring Effective Incentive Design and Implementation

Francine C. McKenzie
Vice President
Johnson Associates, Inc.



Matthew D. Shilling
Consultant
Johnson Associates, Inc.



As incentive design evolves from simply measuring performance to driving it, so does the importance of HR's role in the development and execution of corporate strategy.



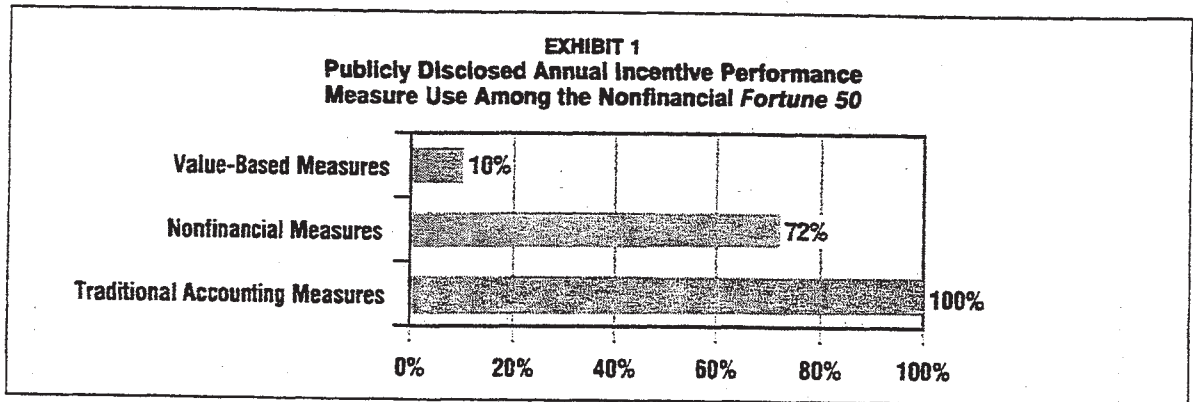
As more companies push annual incentive programs further down into their organizations, one of the biggest challenges human resources professionals face is determining the most appropriate performance measures to use. While traditional accounting measures remain popular, several new performance measurement approaches have been developed, making the task of selecting the right one a complicated matter for human resources practitioners.

Although traditional accounting measures are still the most popular way to gauge performance in annual incentive plans, new approaches are becoming more and more prevalent (Exhibit 1). Over the past few years, several consulting firms have developed their own economic value-based measurements that focus on capital efficiency and cash flows.

Other methods, such as Robert Kaplan and David Norton's Balanced Scorecard, have combined past performance measurement practices in new and interesting ways. However, each approach has limitations, and human resources practitioners must know the various traps to avoid in designing and implementing a performance measurement process as part of an effective incentive program. This article highlights some of the traps associated with the most common performance measurement systems and provides general guidelines for effective incentive design and implementation, regardless of the chosen approach.

Traditional Accounting Measures

Historically, traditional accounting measures have been the most common performance measures used in annual incentive plans. While the prominence of different measures may change occasionally, some have enjoyed consistent popularity. Measures such as *net income*, *earnings per*



share (EPS), return on equity/capital employed (ROE/ROCE), and return on net assets (RONA) are still used in the majority of corporate incentive programs.

Traditional accounting measures have stood the test of time for several reasons:

► First, they are easily understood. Most measures are comprised of readily available statistics (especially for public companies), and they are relatively easy to calculate.

► Second, accounting measures are familiar to senior management. Historically, MBA and other management training programs have been focused on managers becoming well versed in the meaning and importance of the basic accounting measures.

► Third, the majority of today's back-office data systems already track monthly and quarterly accounting data. Therefore, it is relatively simple to adapt incentive programs to the existing systems.

► Fourth, and perhaps most important, is the general perception that Wall Street bases stock recommendations on quarterly EPS. The Street even goes a step further as it expects companies to beat earnings estimates. On the day earnings are announced, companies that just meet market expectations often see their stock price decline.

Given these systemic pressures, is it any wonder managers want incentives tied to these traditional measures?

However, there are several constraints that limit the efficacy of these traditional measures. One such constraint is that these measures are based on generally accepted accounting principles (GAAP). Companies need to work within strict accounting rules while attempting to use creativity in incentive design. When designing plans, practitioners need to anticipate how these constraints might affect many different situa-

tions. Here are just a few of the potential issues that, without proper planning, could unintentionally provide either a windfall or reduced payout:

- tax minimization
- one-time charges (write-offs, restructuring charges, legal liabilities)
- historical "baggage" (i.e. goodwill)
- unforeseen changes in accounting rules

Accounting Measure Traps

We have found that GAAP issues are only the tip of the iceberg. There are also several other design and implementation "traps" to be aware of when considering the use of accounting measures, including the following:

► *Participants feel unable to influence the outcome.* Companywide goals for net income growth are often too far removed to effectively motivate lower-level plan participants. In this case, business unit results might be a better measure. However, business unit program designs can run into their own difficulties. An attempt to push measures down to the unit level can lead to disagreements over such things as accounting processes, allocation of overhead costs, use of the business unit as a "tax shelter," and transfer pricing. Obviously, business unit managers will resist additional cost allocation to their own financial statements. Human resources practitioners must make the right compromises between business unit and corporate goals to promote plan credibility.

► *Wall Street negatively affects the program.* Incentive plans based on accounting measures can encourage managers to make short-term business decisions. A quarter-to-quarter focus without proper long-term planning will lead to trouble in the future. Human resources practitioners must be especially wary of implementing incentives that will motivate managers to make decisions that may

mortgage the future, such as filling the sales pipeline with product regardless of actual demand. Any motivated CFO can “find” another cent per share at the end of the quarter. But these actions sacrificing long-term success to look good over the short term will eventually catch up.

► **Complex business situations lead to unforeseen outcomes.** Many companies have become increasingly global. At the same time, financial institutions have increased the number of tax efficient yet complex products available to finance the business. Companies are taking advantage of both international growth and creative financing opportunities, often without fully understanding the implications. For example, it is important to consider the positive and negative effect of foreign exchange fluctuations. Significant exchange rate movements can lead to unexpected windfalls or losses.

► **Forecasting is difficult.** Linking incentives to budget goals based on accounting measures can interfere with running the business. For example, to ensure an incentive payout, some managers will intentionally lower performance expectations rather than providing a candid assessment of potential performance. One way to avoid managerial manipulation of performance goals is to use budget goals for budget and forecasting purposes and separate goals for incentive plan targets.

► **Measures lack a link to cost of capital.** Accounting measures reveal earnings as defined by GAAP, but they do not fully capture cash flows or the efficient use of capital. This issue has led to the rise of economic value-based measures.

Value-Based Measures

An economic value-based system basically assesses a company's performance relative to the cost of capital. If after-tax operating profits exceed the firm's cost of capital, value has been created. If the opposite occurs, value has been destroyed. This approach typically is implemented throughout the business, often at the business unit level. One of the most popular and well-known models is Economic Value Added (EVA)[™], a concept developed and marketed by Stern Stewart & Company. Other consulting firms have developed similar products that measure value creation using cash flow or shareholder return. Value-based programs originated as a management or strategy tool and quickly made their way into incentive compensation plans.

Value-based performance measurement is intended to provide a more direct link between management and shareholders. In many value-based systems, research and development and similar expenditures are treated as “investment projects” and capitalized and amortized rather than taken as an immediate expense. By directly monitoring and paying incentives according to the value created or destroyed in existing businesses, potential projects, and management decisions, companies supposedly will create a longer-term “shareholder mentality” among managers. Idle capital does not earn a return; thus, using a value-based approach will drive managers to deploy excess capital efficiently. This system also should help determine priorities: only projects that add the most value should be pursued. Managers may find that a project that may appear strategic and profitable may not create value once modeled and quantified by the value-added approach.

Value-based programs also provide a link between managers and shareholders without subjecting performance measurement to external factors such as market risk or industry performance. Critics of the approach have claimed that companies using EVA or other similar methods have not exhibited better market performance than companies using more traditional accounting measures. Conversely, supporters, including well-known companies such as Eli Lilly and Coca-Cola, have publicly attributed their growth and success, at least in part, to the EVA tool. These companies believe that EVA has changed their corporate culture and rallied management teams to look at businesses differently. The concept also has strong appeal to privately held firms that, without a public market, have no means to provide a constant, automatic valuation of the company.

Value-Based Measure Traps

Like traditional accounting methods, value-based measures also have potential pitfalls, including:

► **Unanticipated complexity.** As with any incentive measure, the simpler it is and the more easily participants can relate to it, the better the chance for success. All levels of management must be able to relate to the measure used. Value-based models can be customized to fit different businesses or industries, but with too many adjustments, the model may lose its meaning and potency. At some point, many companies will ask, “why not pick something more direct that will get

us to about the same place?" Keep in mind that the objective is to provide a line-of-sight goal.

► **Resistance to adopting a new approach.** Anything new and unfamiliar often faces skepticism. Adopting value-based systems can be quite disruptive if not handled correctly. Therefore, top management endorsement and consistency are essential to achieving participant buy-in. Without the support of senior operating managers, value-based incentive programs are difficult, if not impossible, to implement.

► **Assuming a sophisticated economic model will guarantee positive results.** While the chosen model may be sound, it is equally important to calculate the variables correctly. For example, the ability to accurately assess the cost of capital is fundamental to this approach. A company with little history (such as an initial public offering or start-up) may not yet have a stable cost of capital. Companies need to monitor and adjust their assumptions about variables such as interest rates and capital structure.

► **Underestimating implementation costs.** In addition to making significant changes in accounting systems, companies will have to allocate considerable staff time to implementing and communicating the new program. Economic value is likely to be unfamiliar to some managers, and therefore additional "hand holding" and reinforcement may be necessary. It is important to include in your cost estimate the consulting assistance required for your chosen model, and most importantly, how much of these costs will be ongoing for program review and updating.

► **Assuming the model approach works well in all business situations.** There are certain situations where a value-based approach may be suboptimal or difficult to implement. For example, it is difficult to measure intellectual capital and brand value. This has particular significance for professional service, hi-tech, and financial services industries. While the most straightforward uses of value-based systems are typically for companies with a significant amount of hard assets and capital allocation decisions, even these organizations must understand what aspects of the business cannot be captured.

► **Using the system as a tool to reduce management friction.** Adopting a value-based strategy may result in managers engaging in a more realistic budget process in which they set goals with greater candor. However, anticipate a new area of friction over asset and capital allocation.

Depending on incentive plan structure, managers may engage in fierce battles over resources, and an unintended "silo" effect may result. Thus, economic value measurement at the unit/business level must be balanced with overall company performance.

► **Believing that one measure is enough.** Value-based incentive measures assume that participants understand the entire chain of events that lead to value creation. The systems typically do not incorporate any nonfinancial measures such as teamwork, training, or customer service. If the company keeps these areas out of participants' line of sight, they may not recognize these nonfinancial measures as important to long-term value creation.

The Balanced Scorecard

Another performance management approach that has become a popular tool for incentive programs is the Balanced Scorecard, developed by Robert Kaplan and David Norton. The Balanced Scorecard takes a different approach from that of value-based management. While economic value tends to focus on a single measure (value added above capital cost), the Balanced Scorecard incorporates four main measurement categories, each with a wide range of potential submeasures. The four main measurement categories are *financial, customer, internal processes, and learning and growth*.

► **Financial goals** can range from traditional accounting measures to sophisticated value-added measures intended to link managerial goals to shareholder interests.

► **Customer perspective** focuses on such things as responsiveness, quality, and the value added to customers through products and services.

► **Internal processes** focus on performance in areas such as production and operations.

► **Learning and growth** objectives measure how a company develops and improves employee skills, technology, and information systems.

For incentive plan design purposes, the Balanced Scorecard places emphasis not only on financial measures but also on such measures as new product development, market share, acquisitions, safety, and pollution reduction. While the concept of combining financial and nonfinancial measures has been around for some time, the integration of the four areas is a new development.

**EXHIBIT 2
Setting up a Balanced Scorecard Approach**

Suppose a struggling manufacturing firm is looking for a new way to motivate employees. The business has been performing poorly, but why? A senior management team has found that customers are not satisfied and are returning products. Cycle times are higher than competitors', and anticipating demand is difficult. Importantly, highly trained employees are leaving to work at competitors. Given these circumstances, a Balanced Scorecard approach might resemble the following illustration. Note that this is a simplified scorecard designed to illustrate the concept. An actual scorecard might include more submeasures and more complex incentive schedules.

Simple Illustration of Balanced Scorecard Incentive Concept

Performance Measure	Target Incentive	Incentive Schedule		Actual Performance	Incentive Earned
		Performance	% Target		
Financial • Return on Capital Employed	\$100	20%+150%	18%	\$100
		16%-20% .....	.100%	
		12%-16% .....	.50%	
		Below 12% .....	.0%	
Customer • Product Returns	\$40	1 in:1	in 876	\$20
		1,000+ .....	.150%	
		900-999 .....	.100%	
		800-899 .....	.50%	
Internal • Cycle Time Reduction (%)	\$30	9%+150%	11%	\$45
		6%-9% .....	.100%	
		3%-6% .....	.50%	
		0%-3% .....	.0%	
Learning & Growth • Voluntary Employee	\$30	Below 5%150%	7%	\$30
		5%-8% .....	.100%	
		8%-12% .....	.50%	
Total Target Incentive	\$200			Total Target Incentive	\$195

When designing a Balanced Scorecard program, senior management must first determine the true drivers of performance for their company within each of the four main categories. For example, suppose a company currently uses ROE as a financial measure. However, after further analysis, executives might determine that ROCE provides a more complete picture of performance considering the company's capital structure. Determining performance drivers is often more difficult than expected, but if done correctly, it often reveals new insights about the true nature of the organization.

Once management determines the key performance drivers, customized scorecards are developed for all business levels, right down to individuals. Typically, management assigns weights to each measure based on its importance and the individual's ability to affect the outcome. For example, the financial category may make up 60% of a senior manager's overall incentive, with

EPS and ROCE measures each counting for 30%. A less senior employee's scorecard may be weighted heavily toward customer or internal measures, with a smaller financial component. The methodology allows virtually all employees to have a customized scorecard based on measures that are within their control (see Exhibit 2).

Balanced Scorecard Traps

There are several traps that can negate the effectiveness of the Balanced Scorecard approach, such as:

➤ **Assuming the Balanced Scorecard is a perfect tool for compensation.** Like value-based management, the Balanced Scorecard was initially designed to be a management system. Depending on the structure of the scorecard, participants can succeed in some measures while failing in others and still receive a significant payout. For example, if an employee reaches a target

for customer satisfaction, but the company suffers a financial loss, should incentives be paid?

Some companies have addressed this issue by placing thresholds on certain goals before payouts can occur. An alternative approach could be to allow for "negative leverage" in certain measures. In this case, not only could the payout for a measure equal zero, it could in fact subtract from the amounts earned based on performance in other measures. Correctly determining the weights and leverage for each measure is imperative.

► **Reduced focus on performance management.** Occasionally, companies expect incentive programs to act as managers. While well-designed programs certainly help, the distribution of scorecards will not be enough. Interaction, communication, and ongoing management must accompany the tool.

► **Using measures that are difficult to quantify.** Some measures are difficult to quantify, making it difficult to base compensation on them. Customer satisfaction is undoubtedly an important measure for any business. However, surveys, opinion boxes, or informal polls often capture a disproportionate number of dissatisfied customers. Happy, satisfied customers may never offer valuable, positive feedback. The measure must go to the root of the issue. Perhaps much of customer satisfaction is based on product defects, customer returns, or repeat business, which are accurately measured, easily tracked, and within the control of program participants.

► **Lack of focus.** The scorecard approach can lead to far too many performance measures. With too many goals in each category, participants will have difficulty determining which are important and may take none seriously. This could be called the "mission statement trap." Every possible measure is included "just to make sure we didn't miss anything." The result is a potentially powerful tool that has lost its impact because of ambiguity and a lack of focus.

► **Contradicting goals and benchmarking.** Goals should be consistent and compatible. Achieving this can become a problem when there are simply too many goals. For example, goals benchmarked to the competitor with the fastest turnaround coupled with goals benchmarked to the competitor with the highest product customization will confuse participants and, more importantly, be ineffective. Customers will likely receive shoddy orders that do not meet specifications, or well-made products weeks behind schedule. Additionally, there must be consistency

between short and long-term goals. Pressuring the finance department for overly aggressive quarterly earnings will in turn lead to cuts in training and other "unnecessary" costs.

► **Getting tied-up in implementation.** Successfully implementing the Balanced Scorecard approach takes time. Defining a company strategy and communicating measures and goals throughout an organization is a major undertaking. As feedback and adjustments are added to the process, the timeline extends even further. A basic scorecard structure might take five to six months to develop, with fine-tuning and adjustments bringing total development time to a year or more. Companies in a turnaround stage, high growth mode, or volatile industries may require something more immediate, especially for compensation purposes.

Nine Guidelines for Effective Incentive Design and Implementation

All of these performance measurement systems can be quite powerful if used correctly. Nevertheless, there is still no pre-packaged incentive program that works in every situation. Therefore, it is up to human resources professionals to develop customized incentive programs that capture the unique qualities of their organizations. Although the number of potential program variables is limitless, we have found the following nine guidelines to be helpful regardless of the performance measures utilized.

► **Emphasize a few key measures.** In most organizations, there are a few key drivers that influence long-term success. However, many incentive programs err toward too many or too few factors, either using a "laundry list" of measures (an overdeveloped Balanced Scorecard), or putting all the emphasis on a single measure (often value-based systems and their derivatives). When the number of performance measures in an incentive plan reaches six or seven, focus becomes an issue. When an executive's focus is spread too thin, the true drivers of success receive too little attention, while measures that may be interesting, but not crucial, are overemphasized. On the other hand, it is difficult to capture all of a company's key performance drivers in just one measure. For example, some proponents of value-based performance measures claim that earning more than the cost of capital is all that matters over the long term. While this may be true, most participants need a clearer "line of sight" during the near term in order to take the necessary

actions to achieve long-term value creation.

► **Focus on measures that participants can control.** Compensation experts have espoused this point for quite some time, and the logic is obvious. However, exceptional across-the-board corporate performance has masked the issue in recent years. Incentive programs have been paying above target bonuses, giving operating executives at the business unit level little reason to complain that their performance is being measured based on distant corporate objectives. However, when corporate performance again becomes more volatile, there is likely to be a renewed focus on business unit plans.

► **Avoid "all-or-nothing" programs.** Some programs pay fixed amounts for reaching certain performance milestones, with no further incentives beyond that point. For example, one such program based on earnings per share might pay a lump sum bonus for reaching \$0.50 EPS. However, if EPS is below \$0.50, no incentive is paid. While this type of program can create a powerful focus on an important performance driver, it can also have several unintended side effects. If executives believe that the goal is unattainable, the incentive becomes irrelevant. This often happens when unforeseen circumstances strike during the middle of the performance period, making once attainable (or already attained) goals out of reach. Conversely, if the

goal is met early in the performance period, executives have no incentive to keep pushing. Perhaps the most famous example of this is the case of Ross Perot, who, as a salesman for IBM, met his *annual* sales quota on January 19th! However, the most dangerous side effect of "all-or-nothing" programs usually occurs when performance is just below the milestone. In the earnings bonus example above, if it appears that EPS is going to come in around \$0.48, executives may be tempted to reach the \$0.50 goal by using creative accounting techniques, or by slashing investment in critical areas such as research and development or training.

► **Balance accuracy and simplicity.** One of our asset management clients wanted to base a small part of senior management incentives on asset growth within the firm's mutual funds. Although this measure seemed straightforward at first, deeper probing raised several questions. For example, should the measure include only net new assets? Should increases/decreases in assets due to investment performance be included? Should the performance of the overall market be accounted for? Should the average redemption rate (rate at which investors withdraw their money) of similar funds be considered? All were solid questions and incorporating each caveat would have given a "correct" answer. Unfortunately, tracking and implementing each measure would have been an administrative nightmare. The various costs of tracking each measure for mutual funds with different peer groups and market benchmarks would not have been worth the benefit. Furthermore, the result of each calculation would have been so far removed from the day-to-day operating decisions of the participant group that the measure would have been virtually meaningless. Our solution was to compromise on a methodology that produced a result that was probably only 80% "correct" but was simpler, more efficient, and motivated the proper behaviors.

► **Include an appropriate subjective element.** Although performance measurement systems have become more advanced, some aspects of performance continue to defy neat quantification. Consider the sales executive who is paid an override on his division's overall sales. Although the executive is paid on sales performance, there is no direct incentive to groom junior sales staff or to team-up with other sales divisions that might better suit a particular client. Further, consider the CEO who must decide whether to open

Key Emphases for Effective Incentive Design and Implementation

Regardless of the performance measures you utilize, we have found the following guidelines to be helpful in designing effective incentive compensation:

1. Emphasize a few measures.
2. Focus on measures that participants can control.
3. Avoid "all-or-nothing" programs.
4. Balance accuracy and simplicity.
5. Include an appropriate subjective element.
6. Mind the corporate culture.
7. Communicate up-front, then keep communicating.
8. Revisit the program design often.
9. Integrate with long-term incentives.

an office in China. Although opening the office may be the best long-term strategy, it may take years before the office is profitable. If the CEO's incentive is based solely on annual bottom-line performance, a valuable long-term opportunity might be missed. Although it seems that executives would realize that they could make more over the long-term by changing their behaviors, it seldom happens. Usually, senior executives and Boards of Directors must have the discretion to directly reward (or penalize) employees for the less tangible behaviors that are critical to longer-term success.

► **Mind the corporate culture.** Incentive programs should be consistent with the desired culture of the organization. Clearly, in a team-based environment, the program should incorporate team-based goals rather than individual incentives. More difficult, however, is using incentive programs to *change* an organization's culture. A large professional services firm was having trouble getting its geographical divisions to share information and refer new business leads. The divisions traditionally worked very independently and were on an aggressive commission system. The culture could best be described as "eat what you kill." Judging that team-based incentives in this culture would have been rejected, the company first implemented a cross-selling commission system. Now, employees could earn additional commissions by referring new business to the division best suited for the client. Over time, this was enough to change the thought process from "me" to "we" and open the door for a gradual shift to a more team-based approach.

► **Communicate up-front, then keep communicating.** The communication of incentive programs may be the most overlooked aspect of compensation design. Even the most well designed program must be completely understood to have the desired impact. The initial presentation of the program to participants should be as straightforward and brief as possible, with adequate time for questions. If possible, at least one senior manager from the participant group should participate in both the design and presentation of the program. This gives the participants a feeling of buy-in and reassurance that their voice was heard, at least if only through indirect representation.

However, the communication process must not end after the initial presentation. Obviously, any changes in the program should be announced

as soon as possible. A sure-fire way to decrease morale is to fall short of bonus expectations at the end of the year due to unannounced changes or unclear language in the plan document. One of the simplest ways to provide ongoing communication is with periodic performance updates. If the program is based on financial measures, each participant should have access to summary financial statements at least quarterly. If the program is more subjective, periodic memos from senior management provide a way to manage expectations throughout the year and keep participants focused.

► **Revisit the program design often.** It is important to reevaluate incentive design regularly. No business environment is static, and the appropriate performance measures today may be irrelevant, or worse, counterproductive, tomorrow. For example, a start-up company may initially need to emphasize R&D and new accounts at the expense of profitability but then shift the focus to return on investment and customer retention as the company grows.

Importantly, changes in the performance impact of various measures rarely follow the calendar year. Many organizations have long-term programs, but what about short-term programs? If it makes sense to measure and reward certain performance over a period of months, then do so. With a little creativity, incentive plans can be designed for rapidly changing business environments that measure and reward performance over short periods (e.g., three to six months). Payments could be made at the end of the plan if there is sufficient cash flow, or held until year-end to potentially "offset" poor performance in other plans.

► **Integrate with long-term incentives.** Annual incentive programs are only part of the incentive compensation spectrum. Equally important are long-term and stock-based compensation programs. Without a longer-term incentive, executives may be rewarded to deliver short-term results at the expense of long-term value creation. Of course, their destructive actions will catch up to them eventually, but not before they have already reaped considerable financial rewards.

Our preferred vehicle for most long-term programs is company stock. Stock grants provide a direct alignment with shareholders that is difficult to duplicate with cash-based plans. Market currents can drag down share price even if companies perform well in measures such as EPS, EVA, and customer service. Organizations that

have long-term incentive programs based solely on these measures have no way to ensure that at least part of management rewards will be the same as those of shareholders. Well-designed stock incentive programs make it much more difficult to win when shareholders lose.

Additionally, stock grants can increase executive shareholdings when combined with sensible ownership guidelines. While it is difficult to prove that long-term performance is significantly influenced by inside ownership levels, anecdotal evidence suggests that it does change behavior. For example, huge trading losses or legal troubles have forced some of the world's most powerful financial institutions to close their doors. Almost without exception, these firms had little or no inside ownership. Securities regulations and internal controls could not discourage experienced professionals from chasing high-risk (and sometimes illegal) trading profits. Ultimately, this led to the ruin of several institutions. However, some investment banks, trading the exact same financial instruments, have been able to consistently avoid major losses and legal difficulties. It is no coincidence that senior professionals in

these organizations have a substantial portion of their net worth tied-up in the company, providing a longer-term focus that aligns their interests with those of shareholders.

Implications for Human Resources Professionals

Human resources professionals have an overwhelming number of performance measurement systems at their disposal. The practitioner must sort through the traps of potential approaches, the marketing campaigns of consulting firms, and the differing opinions of what "performance" really means for their organization. They can no longer take performance measures for granted. They must rigorously test these measures against the true performance drivers of the company, business unit, and individual, which requires that they spend more time and effort in the design process. Clearly, incentive design has evolved from simply measuring performance to driving performance. As a result, human resources professionals will be called on to play an increasingly important role in the development and execution of corporate strategy.

Francine McKenzie is a vice president with Johnson Associates in New York. As a consultant specializing in executive compensation, she has designed annual and long-term incentive programs for clients in the manufacturing, technology, financial, and professional services industries. McKenzie has a B.S. in economics from Villanova University and an MBA in finance and accounting from New York University.

Matt Shilling is a consultant with Johnson Associates in New York. He is responsible for incentive design in a wide range of industries, with particular emphasis on special situations such as IPOs, mergers, and turnarounds. Shilling has an A.B. in economics from Princeton University.





AMERICAN MANAGEMENT ASSOCIATION

**1601 Broadway
New York, NY 10019
Phone: 800-262-9699**