

CASE STUDY

Small Pay Adjustments Lead to Big Impacts

Newport assisted a client with assessing the competitiveness of current Board Director compensation levels as compared to market. Newport also performed an analysis of the Board's strategic support capabilities.

Situation

A client in the rapidly evolving healthcare industry had not reviewed Board Director compensation levels in many years and was unaware of current trends in Board pay programs. In addition, the client wanted to ensure that the Board was structured appropriately to execute on the company's strategic imperatives.

Solution

Newport worked with the client to develop a peer group of publicly traded companies in the healthcare industry. Using a blend of peer data and published survey data, Newport assessed the competitiveness of the client's Board Pay Program including a review of chairperson and Director annual retainers, Board meeting fees, and committee pay levels.

Newport met with the client to discuss the company's strategy and evaluated the Board's ability to execute on the strategy. Specifically, Newport compared the Board's structure to market best practices including Director roles, committees, and charters required to elevate the Board's performance and enhance the Board's ability to navigate challenging headwinds to achieve success.

Outcome

Newport's analysis revealed that the client's Board Director pay levels were below market. The client decided to increase the annual retainer and eliminated Board meeting fees after our analysis revealed decreased utilization of Board meeting fees among the company's peers. At Newport's recommendation, the client created a "strategy committee" tasked with leading and evaluating the success of the company's strategic imperatives.

Fast Facts

- Client Industry: Healthcare
- Revenues: \$250 million
- Employees: 450
- Location: Midwest

How We Helped the Client

- Reviewed the client's Director compensation levels within the context of market best practices
- Eliminated Board meeting fees and increased the annual retainer
- Helped the client restructure its Board to better support the company's strategy
- Created a strategy committee

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